

Intellectual Property Practice Group Newsletter



Mexico issues a new Federal Law of Industrial Property Protection to comply with USMCA requirements

The new law substitutes the former Industrial Property Law, and clarifies several pending issues on practices on patents, trademarks and litigation proceedings.

The new Law includes changes that can be broadly classified in two categories:

- a. Substantive changes
- b. Modifications to incorporate into law current positions from the authority, or common practices.

The Mexican Institute of Industrial Property, in charge of application/enforcement of this law is referred to as "IMPI" below.

This note highlights some of the main changes.

I. General rules.

a. Substantive changes.

- » The prohibition to grant patents/trademark registrations that would affect "moral standards" is removed from the law.
- » IMPI is designated as a tax-collection authority, which grants it the capacity to directly collect fines (as opposed to submitting them to

SHCP).

- » Trade secret protection is reinforced.

b. Incorporation of current practices into law.

- » POA letters must include name and signature of two witnesses (this was common practice and is now included in the law).
- » Broader use of the Gazette to serve official actions (as opposed to direct notifications to applicants).

II. Trademarks.

a. Substantive changes.

- » The new law sets forth electronic-only requirements for certain proceedings (e.g., renewals).
- » Several modifications are made to the oppositions process. The former law established that an opposition would be served to applicant before IMPI does a study on the merits. Under the new rules, an opposition will be served to applicant for response along with the communication containing any objections identified directly by IMPI,

such as requirements or legal impediments.

- » The new law allows the granting of consent for the coexistence of identical marks for uses in similar products or services.
- » A definition of bad faith in trademark applications is set, defined as those filed to affect third party rights.
- » Last names and nicknames are included in the provision concerning analysis of invasion of rights.
- » The validity term of a trademark/slogan/commercial name will start on the date of granting (as opposed to the date of filing).
- » Causes for cancelation of certification marks are established.
- » If a date of first use is indicated in a trademark application, it will be mandatory to include the location of the establishment.
- » If a trademark application of a word mark is filed, it shall be understood that the applicant may use the mark in any style or letter size.
- » A license agreement will be valid even if is not registered before IMPI.
- » A cancelation of a license agreement shall be made unilateral if the term of the license has expired.

b. Incorporation of current practices into law.

- » Powers of Attorney for limitations of products & services or voluntary cancelation of trademarks will need to attest the capacity (general or special) for domain acts.

III. Patents.

a. Substantive changes.

- » Withdrawal of priorities does not change the deadlines given by the PCT.
- » A paragraph is included in article 45 section I, indicating that new uses of existing substances are patentable. This was already recognized by IMPI, but we highlight it as a substantive change, since the provision generated controversy in Congress during discussion of the new law.
- » Experimental production intended to secure a pharmaceutical product approval upon patent expiration is not considered patent infringement ("Bolar-type exemption; it existed before, but was limited to a 3-year period").
- » In a patent rehabilitation period (by delay of annuities payment), the use of claimed matter by a third party is not considered

patent infringement.

- » Applicants are allowed to petition IMPI to allow a divisional application in cases where divisional applications have already been filed.
- » **Patent term extensions for up to 5 years are allowed, in cases where grant takes more than 5 years as of the date of filing in Mexico. These extensions are granted through supplementary protection certificates and are allowed for all types of patents.** We will circulate a separate note analyzing this provision in detail.
- » **Utility Models** (as known as "Petty Patent" or "Minor Patent") **increase their protection term from 10 to 15 years.**
- » Sequences of animation (frames) are admissible as Industrial Designs.

b. Incorporation of current practices into law.

- » A specific reference is included to allow applicants to claim multiple priorities.
- » Double patenting is expressly forbidden.
- » Disclosure of an invention by a third party does not prevent a patent application from being filed, if the filing takes place within 12 months after said disclosure.
- » Recognition of matter based on biological materials and genes as an invention requires isolation through technical means.
- » The scope of Industrial Designs is provided by drawings and not by claims.

IV. Litigation.

a. Substantive changes.

- » IMPI is granted capacity to mediate between the parties in conciliation proceedings (when both parties agree to these proceedings).
- » In addition to issuing fines in infringement proceedings, IMPI is granted tax authority status, and will be able to collect said fines.
- » One of the main problems with litigation proceedings in Mexico is time frames before collection of damages. Under the previous law, a party suffering an infringement of an exclusive right had to obtain a favorable decision from IMPI and go through 2-3 stages of appeal before initiating a separate civil trial to collect damages. The new Federal Law establishes two alternatives, as follows:
 - ◇ To initiate infringement proceedings before IMPI. Once an infringement decision is issued (and administrative fine is imposed),

the IP Owner can request IMPI to determine an amount of damages. That monetary determination will then be submitted before a Civil Judge for execution, or

- ◊ To initiate infringement proceedings directly before a Civil Judge, seeking a decision combining infringement + damages. A counterclaim challenging the validity of the underlying right can then be submitted by the defendant before IMPI, which would suspend civil trial.

This dual system does not address the actual problem, since any litigation proceedings will still include several different stages before both IMPI and Civil Courts before coming to final decisions.

- » Partial invalidity and cancellation actions in trademarks are now available. When some products/services of a registered trademark invade third party rights, IMPI can declare a partial invalidation related to those products/services.
- » It is now stated that invalidity actions based on the same arguments and evidence submitted in an opposition procedure against a trademark application, will not be allowed.
- » Regarding lifting of injunctions, the 40% extra amount for bonds provided in the former IP Law has been deleted.
- » Fines related to infringement of IP rights have been raised, been the highest fine over \$20,000,000.00 Mexican pesos.

- » A false statement of first use in an application is no longer a cause for trademark invalidity.

b. Incorporation of current practices into law.

- » IMPI will be able to issue information requirements in infringement proceedings to other authorities/individuals.
- » IMPI is granted capacity to destroy infringing merchandise.
- » Filing without POA is no longer a cause for automatic dismissal. IMPI now will grant an 8-day term to file it in case it was not submitted.
- » The law clearly establishes that invalidity decisions will have retroactive effects, and cancellation decisions will only have future effects.

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