

IMPORTANT NOTICE

Amendments to the Law of Industrial Property

Some important amendments to the Mexican Law of Industrial Property have been published in the Federal Official Gazette on May 18, 2018, which will come into force on **August 10, 2018**.

The approved amendments involve substantial changes to our Industrial Property system, mainly in terms of Trademarks and associated proceedings. Accordingly, we would like to share with you some brief comments and recommendations regarding the mentioned amendments, with the main purpose of pointing out the changes that must be made for the management of Mexican trademark portfolios.

As mentioned above, these amendments affect Trademarks, but also legal proceedings associated to the same, such as oppositions. This communication is drafted in an order which we consider is important given the imminence of actions and planning that must be made to fully preserve effective trademark portfolios in our country.

I. TRADEMARKS:

With regards to Trademarks, our Law has been brought up to date in terms of, for example, the inclusion of non-traditional trademarks and other points, according to the following:

1. The amendment we consider the most important in terms of requiring immediate attention by trademark rights holders in Mexico is that which incorporates the need of filing declarations of use in Mexico, once again, as a mandatory action in order to preserve rights.

Under the new Law, declarations of use must be filed at two points during the life of a registration:

- Within three months following the third anniversary of a trademark registration, counted from the date of registration. (This amendment will only be applicable to trademarks which are granted registration on or after August 10, 2018 and not to currently existing registrations or those granted up to August 9, 2018).

- At the time of the filing of the renewal application, which is every ten years counted from the application date of the trademark. (This amendment will be immediately applicable to all trademarks which become due for renewal on or after August 10, 2018).

It is important to note the following regarding this use requirement in Mexico, under different scenarios applicable to national registrations and designations of Mexico of International Registrations.

- Under the amendments, as detailed in a separate point below, claiming class headings in trademarks will no longer be allowed, which involves having to point out specific goods/services as included in the alphabetical listing of the Nice Classification and the Complementary Listing published by the MPTO on a yearly basis. Unofficially, derived from a collaboration agreement signed with EUIPO, Harmonized goods/services from the TMClass system would also be allowable. Terms or phrases which form part of the class heading which are also contained in the alphabetical listing of goods/services of the Nice Classification may still be incorporated as such in applications.
- No evidence of use needs to be filed, but rather only the completion and execution of the Declaration of Use Official Form yet to be published by the MPTO will be required. This document would be completed and executed by us and must indicate the class in which the trademark is registered and the goods/services on which the trademark has been used, which will derive in an automatic limitation of the scope of protection to those for which use has been declared. Therefore, it will be necessary to carefully review the current scope of protection of trademarks and the goods/services for which use in Mexico exists at the time it is required to file a Declaration of Use, in order to determine which goods may be kept and which not, especially in cases in which the trademark was originally registered for a class heading, in order to make sure protection of the specific goods/services may be implied from the corresponding heading.

In the event the goods/services on which the trademark is being used may not be directly implied from the class heading, it might be necessary to proceed with a re-filing of the trademark, for which we would recommend anticipating the analysis of trademarks reaching Declaration of Use deadlines, in order to in any event, file a new application prior to the expiration of the registration.

- For the case of national registrations, the rules applicable are pretty clear, as mentioned above, regarding the time at which a Declaration of Use must be filed: (i) within three months following the third anniversary of a trademark, counted from the date of registration; and (ii) at the time of filing for renewal of the mark, as the declaration of use form is a part of the renewal form.

- For the case of International Registrations designating Mexico the situations is a bit more complex, given the plurality of dates existing in these cases (international dates and national dates):

The third-year declaration of use must be filed within three months following the third anniversary of the date on which the MPTO grants registration of the IR (date contained in the National Certificate of Registration that is issued by the MPTO in IR designations), which does not always correspond to the date on which the MPTO issues and/or notifies the Statement of Grant of Protection to WIPO, so caution should be taken in calculating these dates.

The Declaration of Use which must be filed at the time of renewal of a trademark registration will have to be filed with the MPTO and not WIPO, within three months of having filed for the renewal of the international registration with WIPO, which will require a great degree of coordination between the rights holder, his/her representative in the country of origin and Mexican Counsel, so the dates are not missed and the Mexican designation remains alive.

Additionally, holding a Power of Attorney from registrant will be required or must have been granted in the past for signing and filing the Third Year Declaration of Use and the Renewal and Declaration of Use forms, as these will be signed under oath regarding both use of the trademark on the goods/services listed in the same and the authority to represent registrant in the matter.

- In the event a Declaration of Use is not filed either on the third or the tenth anniversary of a trademark, registrations will be deemed cancelled and published as such in the Official Gazette, ceasing all effects in Mexico and making it necessary to re-file for the trademark, with the risk of having third-party trademarks constitute an obstacle for the new application.

Important Note:

Considering this amendment will come into force on August 10, 2018, we suggest reviewing your current portfolio in Mexico in order to determine whether any of your rights will become due for renewal **on or before February 9, 2019**, as these may be renewed prior to the entry into force of the amendment, considering renewal windows in Mexico open 6 months prior to the expiration date and close 6 months following the same.

Renewal prior to the entry into force would have two main advantages: (i) registrant would be able to retain the current scope of protection of the trademark for an additional 10-year period by not having to file a declaration of use at the time of renewal; and (ii) registrant would avoid having to incur in additional expenses

associated to the filing of the declaration of use (both in terms of official and professional fees) at the time of filing for renewal of a trademark registration prior to August 10, 2018.

2. As stated in the foregoing point, the amendment has incorporated the prohibition of claiming class headings at the time of filing a new trademark application and therefore the need to draft descriptions for specific goods/services, as listed in the alphabetical listing of the Nice Classification and the Complementary Listing issued yearly by the MPTO.

Accordingly, any new filings performed in Mexico as from August 10, 2018 will have to indicate goods/services which are contained in any of these two documents and, unofficially, derived from a collaboration agreement signed with EUIPO, Harmonized goods/services from the TMClass system should also be allowable. Terms or phrases which form part of class headings which are also contained in the alphabetical listing of goods/services of the Nice Classification may still be incorporated as such in applications.

For Mexican designations of International Registrations this amendment will with no doubt represent a challenge in terms of the acceptability of the descriptions of goods/services indicated in International Registrations, for which we would highly recommend assisting you in reviewing descriptions at the point at which Mexico is designated in an IR either initially or subsequently, in order to in any event file possible amended/restricted descriptions of those filed with WIPO which might avoid receiving provisional refusals on grounds of the descriptions contained in the same.

3. The definition of *“trademark”* has been modified to consider as such *“any sign perceptible by the senses and capable of being represented”*, which opens the possibility of protection of non-traditional trademarks, namely: scent, sound and holographic marks, as well as trade dress.

Therefore, these kinds of trademarks are now subject to protection and available for registration in Mexico.

The specific rules applicable and official fees associated to filing these new figures are yet to be made available by the MPTO and will therefore be communicated once they are known to us, which should be within the next couple of weeks, at the very latest, considering the date of entry into force of the amendment,

4. The figure of Certification Trademarks has also been incorporated, due to which it will now also be possible to protect these signs in Mexico.
5. Acquired Distinctiveness has been specifically defined as a means to achieve registration of trademarks that would otherwise be rejected by the MPTO on grounds of descriptiveness. Specific criteria applicable to the consideration of acquired distinctiveness/secondary meaning have not yet been made public by the MPTO in terms of elements to prove it, timeframe for which the mark must have been applied to the goods/services, nor scope of use in order to be able to qualify for the consideration of acquired distinctiveness.
6. Letters of Consent will now be expressly accepted by the MPTO only in cases of trademarks that are deemed confusingly similar, not so in the case of identical trademarks, regardless of if the goods/services falling within the same class could be considered related or not. Consents must be in written form, preferably certified by a Notary Public and then Legalized or passed through Apostille.
7. The amendment clarifies a point which has been unclear for many years regarding the date of first use that may be declared at the time of filing of an application, to specify that the same must be the date of first use in Mexico, if any. If no use exists in Mexico, then such an indication must be made in the application form.
8. The provision requiring that well-known trademarks need to first be registered in Mexico in order to obtain the corresponding declaration has been eliminated. Therefore, it will be possible to obtain a declaration of notoriety of a trademark in Mexico without the need of having first registered the trademark in the applicable classes.

II. TRADEMARK OPPOSITIONS:

1. Under the new text of the Law, the opposing party is now fully allowed to submit all means of evidence accepted in litigation proceedings, except for testimonials and confessions, which will only be allowable if contained in a document.
2. The amendment now allows for the filing of conclusions by the parties following the filing of a response to the opposition by the applicant, which must be filed within a 2-day term from having received the corresponding notice from the MPTO.

3. In order to conclude opposition proceedings, the MPTO will now issue a fully grounded and motivated decision stating its arguments for considering the mark as rejected or granted.

III. TRADEMARK LITIGATION PROCEEDINGS:

1. In litigation proceedings (cancellations and cancellations based on non-use) in which a legal standing based on the citation of a prior existing trademark is required, a deadline for requesting the suspension of the application which serves as legal standing must be filed within the term provided to file a response to the office action citing the prior existing trademark and the action lodged within the same term, otherwise the application shall be deemed abandoned and the proceeding will eventually be declared unfounded in terms of legal standing, making it necessary to re-file the application and await having the trademark cited again in order to suspend the application and lodge the action again.
2. Bad Faith trademarks have been expressly recognized in the Law, providing for the possibility of their rejection and/or cancellation on these grounds. Under the amendment, it should be understood that a trademark has been applied for in bad faith when it is evident that the same was applied for contrary to good use, customs and practices in the industrial property system, in commerce or in industry or that there is an intention to obtain an undue benefit or advantage which is detrimental to its legitimate owner. This provides additional elements to those existing under the current law to attack trademark misappropriation.
3. Statutes of Limitations for cancellation actions on different grounds have been changed and/or added, according to the existing and new ones under the amended law.

Specifically, all actions with a Statute of Limitations have been standardized to 5 years, therefore disappearing the 3-year term previously provided which was applicable to, for example, cancellation actions based on prior use of a trademark abroad.

As mentioned above, these amendments will come into force on August 10, 2018, for which a review of trademark portfolios prior to this date would be advisable for both National and International Registrations designating Mexico, in order to avoid loss of rights in our country.

In the case of International Registrations, we reiterate, more than ever and derived from the incorporation of mandatory declarations of use, to evaluate the possibility of designating domestic representatives or at least auditing portfolios, in order to comply with the third-

year and renewal declarations of use, which must be filed to preserve a registration in the terms provided in preceding paragraphs.

It is worth mentioning that all trademark applications filed before the entry into force of the new amendments will be prosecuted under the currently applicable legislation until they are concluded, but the new law will be applicable to these as from the granting of registration, if the same occurs after August 10, 2018.

Finally, we would like to mention that the corresponding amendments to the Regulations of the Law of Industrial Property, as well as the official forms and fees which will be applicable to the new and amended figures in our Law are currently in their final stage prior to publication, for which a further communication regarding the same will follow, as soon as these documents are finalized and published in the Federal Official Gazette.

We hope you find this information useful but remain at your service should you have any doubts or comments or should you wish to receive some additional and more thorough information on any specific point of the amendments described above.

Sincerely,

DUMONT BERGMAN BIDER & CO., S.C.