

# Intellectual Property & Technology Law Journal

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## Mexico's New Industrial Property Law in a Nutshell

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The Mexican Federal Law for Protection of Industrial Property ("IP") (*Ley Federal de Protección a la Propiedad Industrial*) took effect as of November 5, 2020. The decree issuing this law was published in the *Official Gazette of the Federation* (*Diario Oficial de la Federación*) on July 1, 2020, in response to the United States-Mexico-Canada Agreement ("USMCA") and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("CPTPP"). This new law abrogates and replaces the Mexican Industrial Property Law (*Ley de la Propiedad Industrial*).

In a nutshell, this new IP law made adjustments to the Mexican IP system, including the following:

### MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY'S AUTHORITY TO COLLECT PENALTIES

- The Mexican Institute of Industrial Property (*Instituto Mexicano de la Propiedad Industrial*) ("IMPI") is authorized to determine and impose

penalties and demand and collect the resulting tax credits.

### INVENTIONS

- *New Uses*: Patentability is allowed for any substance, component or composition comprised within state of the art, as long as its use is new.
- *Non-Patentability*: A list of non-patentable inventions is provided, including:
  - (1) Inventions for which commercial exploitation contravenes the public order or any legal provisions, including those for which exploitation shall be impeded to protect health or life of individuals, animals or vegetables, or to avoid severe damage to the environment;
  - (2) Plant varieties and animal breeds, except microorganisms;
  - (3) Essentially biological procedures for obtaining vegetables or animals or resulting products;
  - (4) Methods for surgical or therapeutic treatment of the human or animal body and methods of diagnostics applied to them; and

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(5) The human body in the different states of its constitution and development, as well as the simple discovery of one of its elements, including the full or partial sequence of a gene.

- *Double Patenting*: IMPI shall look after the public domain and impede double patenting of the same invention.
- *Bolar Provision*: The right conferred by a patent shall have no effects against third parties using, manufacturing, offering to sell or importing a product with patent in effect, exclusively for generating experimental tests, information, and production necessary to obtain the sanitary registrations of drugs for human health.
- *Validity of a Utility Model*: The validity of utility models' registrations is now 15 years from the filing date.
- *Divisional Applications*: Divisional applications can be filed voluntarily, as long as the initial application is still in process, and until two months following the granting of the patent or registration, before the payment of the corresponding government fees for the issuance of the certificate and relevant annuity or as requested by IMPI as part of the substantive examination. Divisional applications cannot consist of the division of other divisional applications, except when requested by IMPI, and must be filed simultaneously.
- *Supplementary Certificates*: It is possible to obtain supplementary certificates for unreasonable delays from IMPI on a patent issuance.
- *Partial Invalidation of Patents, Utility Models, and Industrial Designs*: Partial invalidation applies when invalidity causes partially affect a patent or registration of a utility model or industrial design.
- *Linkage System for Allopathic Drugs*: At a minimum of every six months, IMPI shall publish in the *Industrial Property Gazette (Gaceta de la Propiedad Industrial)* a list of patents related to inventions susceptible to be used in allopathic drugs according to Article 167 Bis of the Regulations on Health Inputs, which refers to active ingredients,

and shall coordinate with the competent sanitary authority to provide the information required within the process of authorization of commercialization of allopathic drugs.

## TRADE SECRETS

- *Misappropriation Exceptions*: There are exceptions for misappropriation of trade secrets, including:
  - (1) The independent discovery or creation of information, claimed as a trade secret;
  - (2) The observance, study, disassembly or test of a product or object available to the public or legally in possession of the person who obtains the information, not subject to a confidentiality obligation over the trade secret; or
  - (3) The legal acquisition of information from another person with no confidentiality obligation or without knowledge that the information was a trade secret.
- *Infringement of Trade Secrets*: Violations of trade secrets were added as causes of infringement.
- *Trade Secrets Criminal Offenses*: Criminal offenses related to trade secrets were modified.
- *Damages*: There is an option to claim damages for the violation of trade secrets.

## TRADEMARKS

- *Restrictions Related to Appellations of Origin and Geographical Indications*: Signs identical or similarly confusing to appellations of origin or geographical indications cannot be registered as trademarks.
- *Definition of Bad Faith for Trademark Applications*: The definition of bad faith was modified to specify that it shall be understood as applying for the registration of a sign with the purpose of obtaining a benefit or undue advantage in detriment of its legitimate holder.
- *Consent for Identical Trademarks*: It is possible to obtain consent to register both confusingly

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similar or identical trademarks for similar products or services.

- *Validity of a Trademark Registration:* The validity of trademark registrations is now 10 years from the granting date.
- *Misleading and Bad Faith Products or Services:* In the application for registration and at the time of renewal, a declaration under oath that the products or services offered or to be offered are free from misleading or bad faith is required. In case the competent authorities determine that a product or service violates the valid applicable legislation, IMPI may initiate an invalidity procedure against the corresponding registration.
- *Definition of Famous Trademark:* A trademark can be considered famous both when the majority of the consuming public recognizes it or when it is marketed or recognized in global commerce.
- *Declaration of Notoriety or Fame:* Information needed to obtain a declaration of notoriety or fame is reduced to exclude confidential information.
- *One Office Action for Examination and Opposition:* Concluding the period of one month following the publication of a trademark application, IMPI shall proceed to the formal and substantial examination, and it shall issue one single office action informing the applicant of the formal requirements, the substantive results and any opposition. The applicant shall have a two-month period to respond to the office action and the opposition, which may be extended by an additional two-month period.
- *Closing Arguments in Opposition Procedures:* The period for filing closing arguments has been extended to five days.
- *Statements of Use:*
  - (1) Statements of use for trademark registrations granted after August 10, 2018, shall be filed within three months following the third anniversary of their registration date and at the time of renewal;
  - (2) Statements of use for trademark registrations granted before August 10, 2018, shall be filed at the time of renewal;
  - (3) The registration shall only continue to cover those products or services specified on the statement of use.
- *License Agreements:* The need to record a license to have effects toward third parties is excluded.
- *Possibility to Break the Link Between Trademarks for Assignment Purposes:* When the holder of registrations or applications of two or more linked trademarks considers there is no confusion between them, it can file its written consent to request the dissolution of the link. This does not apply to identical trademarks covering identical products or services. IMPI shall resolve the request considering that the consuming public is not induced to an error regarding the source of the products or services.
- *Invalidation and Cancellation of Trademark Registrations:*
  - (1) Partial invalidations and cancellations are possible;
  - (2) When invalidation is requested regarding the lack of veracity of the date of first use, it is the holder of the registration who shall evidence such veracity;
  - (3) Applications for administrative invalidation of trademark registration shall not be admitted if opposition was filed during the application process when the arguments and evidence are the same as those presented in the opposition and IMPI has already resolved them;
  - (4) It is expressly stated that the declaration of invalidation retroactively destroys the effects of the registration to the date of its granting;
  - (5) It is expressly stated that the declaration of cancellation destroys the effects of the

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registration once the corresponding resolution is enforceable.

## APPELLATIONS OF ORIGIN AND GEOGRAPHICAL INDICATIONS

- *Specific Official Mexican Standard for Appellations of Origin:* Once a declaration on the protection of an appellation of origin is issued, it shall have a specific Official Mexican Standard.
- *Authorization of the Chambers of the Federal Congress:* The Chambers of the Federal Congress are authorized to apply for an appellation of origin or a geographical indication.
- *Certifying Entities:* There is a provision of requisites for legal entities to assume the responsibility to certify compliance of the rules for use of geographical indications.

## ENFORCEMENT

- *Assistance of Public Force:* IMPI may request the assistance of the public force, either federal, state or local, and any civil or armed institution, to effectively enforce its determinations related to the compliance with the rights provided by the laws which application corresponds to it.
- *Precautionary Measures for Goods in Transit:* IMPI is authorized to order the suspension of the free circulation of goods destined to: import, export, transit or, when applicable, any customs regime, constituting a violation of the provisions of the law, according to the applicable legal provisions for customs matters.
- *Precautionary Measures for Digital Content:* IMPI is authorized to order to the alleged infringer or third parties, as a precautionary measure, the suspension, blocking, removal of contents or ceasing of acts constituting a violation of the law through any virtual, digital or electronic means, known or unknown.
- *Closure of Establishment for Insufficiency of Precautionary Measures:* IMPI is authorized to order the suspension of the provision of services or the establishment's closure when other

precautionary measures are insufficient to prevent or avoid the violation of rights protected by the law.

- *Ex Officio Authority for Precautionary Measures:* IMPI may adopt ex officio precautionary measures.
- *Lifting Precautionary Measures:* The person against whom precautionary measures were adopted may present an indemnity bond to respond to the affectation caused to the petitioner, with the intention to lift them. However, IMPI shall resolve whether this is appropriate, considering the appearance of a prima facie case and the elements provided by the parties, analyzing and pondering whether the affectation that the person requesting the lift of precautionary measures is greater to that of the petitioner and that public order or general interest is not affected.
- *Authority to Destroy Preserved Goods:* IMPI is authorized to order the destruction of goods preserved as a precautionary measure if an administrative infringement is declared.
- *Settlement:* There is inclusion of a settlement procedure for infringement procedures. Either party may request it at any stage of the process before the issuance of the controversy's substantive resolution.
- *High Increase in Infringement Sanctions:* Sanctions for infringements may be up to 250,000 units of measurement and update in effect when the infringement is perpetrated, for each resulting conduct. This penalty currently amounts to approximately US\$1 million.
- *Exclusion of Recurrence as a Criminal Offense:* Recurrence of an infringement is no longer a criminal offense.
- *Definition of Counterfeiting:* Counterfeiting shall mean using a trademark in an identical form or in such a manner that the essential aspects may not be distinguished from one previously registered or protected by the law, with no authorization of its legitimate holder or its licensee, to falsely represent a product or service as original or authentic.

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## ACTION FOR DAMAGES

- *Authorization of IMPI to Condemn and Quantify the Payment of Damages:* IMPI is authorized to condemn payment of damages caused to an affected holder of rights in the procedures of administrative declaration of infringement and to quantify the amount of the respective compensation.
- *Two Options for Claiming Damages:* Compensation for the violation of industrial property rights covered by the law may be claimed at the holder's option either: (1) before IMPI, through an incidental procedure provided by the new IP law, or (2) directly before the courts, according to the provisions of the ordinary legislation, without the need of a prior administrative declaration.

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