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Insight to Mexico's IP

✦ *By Ana Castañeda & Jorge Leon from C & L ATTORNEYS, SC.*

Nowadays, there are new market trends that force most enterprises in the world to get rid of their tangible assets to focus towards investing in intangible assets, mainly trademarks. In the past there was the epic crusades and the historic conquests of the new worlds carried out by great empires through armies, cavalries and bloody war strategies; today the territories are constituted by big malls, supermarkets, department stores, hot spots and any sales point where products and services are commercialised, which are invaded virtually by big corporations through trademarks. As the great marketing gurus asseverate "Trademarks are the new Trojan horses", and they keep the companies' competitive strategy in order to conquer, to possess these territories.

One of the basic tools to conquest these new worlds is based in logistics, understanding it as the supplies and products, as well as a thoroughly studied and perfectly structured plan that includes transportation, storage, distribution, customs procedures, and an overall strategic time management that allows a significant saving of costs which will be reflected in an efficient relation between the suppliers and distributors, that also allows to offer competitive prices to the final product offered to the consumer.

Marketing must be added to the said logistics, understood as a complex trademark positioning plan, whose primal objective is based in that the quality of the product is no longer the base of the competitiveness, but the

perception that the market has regarding the advantages and benefits of the same. This positioning has raised awareness, that in order to compete, it is necessary to have your own identity, that is, differentiate yourself from the rest of the competitors. Therefore, a product without a trademark is a product without origin, and a trademark without identity is a non-existent product.

Thanks to this positioning the trademarks have created an identity bond between individuals, the market studies show two typical behaviours of the consumer when purchasing or acquiring products or services:

- a) The cognitive dissonance; in which there is no coherence between the desire, the need and the budget, so the consumer ends up acquiring something he/she does not need, want or have interest in, as he/she cannot take a firm decision.
- b) The unconscious rationalisation that identifies attitudes of internal conflict in the consumer, as he/she suffers a pitiful guilt for having acquired a product, which leads to perform a series of unconscious justification to take them to a conscious state.

Among many globalisation factors, there is the threatening feeling of loss of identity, of belonging to a determined region of the individual, so the trademarks that intend to compete in a global environment must integrate in their features the value of identity, reflected in emotional meanings of psychological and anthropological reach


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representing culture, idiosyncrasy and local life style. However, there is a trend in the global advertising campaigns to be transculturally aggressive, that have implicit the moral values of their creators; and by reaching the masses they create similar conditions; which, according to the experts, is shallow as it creates an individual with a very similar profile in all the regions, leaving behind the representative values of his identity.

Before this situation, it is important to bear in mind within the logistics and the marketing, the adaptation of the enterprises' values to the values of the place, in order to sensitise and build a friendly relationship internally with their employees as externally with the consumers.

In Mexico, in order to achieve the previous, the enterprises have used bicultural and bilingual people, who by having lived a certain period of time abroad, especially and due to the closeness of the United States of America, provide an efficient and effective bond between the said values, granting security to a business in its territory. Accordingly, nowadays one must bear in mind the marketing maxims, previously described, the trademarks deserve special protection not only by the complex acceptance campaign and the great investment they require, but because they also include part of the idiosyncrasy and folklore of a target location.

The previous concepts have not passed unnoticed in Mexico, a country that is constantly in motion and whose national producers are determined to conquer the foreign markets with their own trademarks, turning us into a recipient country and of great acceptance of the global trademarks as well as creative and innovator to introduce Mexican brands in foreign markets. Some

clear examples are the Mexican franchises that have successfully conquered European, American and Chinese markets in the previous years, for instance, El Fogoncito (taco restaurants), La Michoacana Natural (ice creams), Las Gaoneras, Maria Chuchena Mexican Cuisine, etc.

This evolution has been allowed by the flexibility and vision that our legislators have had to protect the trademarks in Mexico, as there has been more adaptation of our legislation to fit the demands of the global markets, which dictate the trends in industrial property right. According to this, we point out that Mexico has recently included in the Industrial Property Law a special chapter on the Declaration of Famous and Well Known Trademarks, this process of protection can be verified by our authorities, permeating and covering the vulnerability they are in due to over exposition. This juridical figure includes within the requirements to obtain it, precisely the market analysis that show the trademark positioning in the consumer public.

“ Trademarks that intend to compete in a global environment must integrate in their features the value of identity. ”

As Mexico is a developing country, it has detected the contemporary market trends, which allow us to attract foreign investors providing an effective protection to their brands, which also entail the impulse and competitiveness of the national trademarks.

Thanks to the previous, Mexico is not only a country that exploits its art, gastronomy and culture; it is also a country open to technology. Due to the fusion between the local and foreign values, our market has adopted the maxims of a cosmopolitan culture, which is the result of the acceptance of the market criteria of industrialised countries, based of course in the territory conquering trademarks.

Other considerations regarding local practice.

In order to continue with consistent growth, our country must pursue legislative updates to our local rules. Undeniably, our IP legislation is in constant transition due to international treaties and regulations including the North America Free Trade Agreement (NAFTA) and TRIPS which must be complied with in order to promote the investment of intangible assets including trademark registrations in our country.

Some of the regulations of the Mexican Industrial Property Law, which are now unified with the above mentioned agreements, are the provisions concerning legal action filed against trademark registrations.

Today, a trademark owner who has obtained registration can be certain that, for at least the initial three years after granted, the mark can not be cancelled through a non-use action filed by a third party.

Even though the Mexican Industrial Property Law foresees in section 152 that a registration shall lapse in the following cases:

- I. when it is not renewed as provided in this Law;
- II. when the mark ceases to be used

during the three consecutive years immediately prior to the application for administrative declaration of lapse, except where there are reasons for the non-use that are justified in the opinion of the Institute.'

And that in connection with the forenamed above, section 130 of the Mexican Industrial Property Law establishes:

'If for three consecutive years a mark is not used for the products or services for which it was registered, there shall be grounds for the lapse of the registration thereof, except where its owner or registered licensee has used it during the three consecutive years prior to the submission of the request for an administrative declaration of lapse, or where circumstances exist which have arisen independently of the will of the owner of the mark and which constitute an obstacle to the use thereof, such as import restrictions or other governmental requirements applicable to the goods or services to which the mark applies.

In the event that a non-use action is filed against a trademark registration

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which has been recently granted, this is, within its initial three years, it may not be confronted by a non-use action since the Industrial Property Law considers that the said legal action does not comply with the specifications established in sections 152 and 130 and thereof, Petitioner will not obtain positive results.'

Certainly, a non-use action should be intended against a registration which has been granted for three or more years since this period is considered the minimum sufficient time for the owner of the mark or its registered licensee to exploit the mark in commerce.

It is important to bear in mind that for the particular case of a trademark registration acquired through an

assignment of rights, the new owner of a trademark registration will not be privileged with the three year exemption, even though he has not owned the mark for a period of time that exceeds the three year period and may not comply with the requirement of Law to prove the use of the mark in commerce.

In this particular case, the new trademark owner must consider that the trademark registration is transferred by the previous owner with all its corresponding rights and vices, therefore, it is strong advice to foresee a Clause within the Assignment Agreement, which obliges the prior owner to provide sufficient evidence of the use of the mark for at least the three year period prior to the date the Assignment is duly signed.

According to section 192, all means of proof, except for testimonials and non written confessions are accepted by the Mexican Industrial Property Law, nevertheless, trademark owners should consider the most effective proof, the receipts, inventory publicity as well as census of importers, and custom forms which show that the mark has been introduced to our country.