

AMENDMENTS TO THE INDUSTRIAL PROPERTY LAW RELATED TO INDUSTRIAL DESIGNS, UTILITY MODELS, OPPOSITION, APPELLATIONS OF ORIGIN AND GEOGRAPHICAL INDICATIONS.

EXECUTIVE SUMMARY.

- The life of the industrial designs is extended from its current 15 to 25 years.
- Industrial Designs and Utility Models applications will be published in the Official Gazette of the Mexican Trademark and Patent Office (IMPI) however; they will not be subject to opposition.
- The period for filing an opposition against a pending patent application is reduced to 2 months from its current 6 months.
- The possibility of protecting Geographical Indications is incorporated into the Industrial Property Law.
- The possibility of recognizing and protecting in Mexico Appellations of Origin or Geographical Indications recognized abroad has been incorporated to the Industrial Property Law.
- New grounds for administrative infringement are incorporated into the Industrial Property Law, among which stands out the unauthorized use of translations or transliterations of protected Appellations of Origin or Geographical Indications or use words such as "genre", "type", "manner", "imitation", "produced in", "manufactured on" or other similar ones that may mislead the public into error, confusion or deception.
- A new specific criminal cause of action is incorporated related to the misuse of protected Appellations of Origin and/or Geographical Indications.

Recently, the Mexican Congress has approved an important series of reforms to the Industrial Property Law that affect, among other figures, Industrial Designs, Utility Models Geographical Indications and Appellations of Origin.

This reform will become effective on **April 27, 2018**, thus, below you will find the essential points of it.

a) Industrial Designs, Utility Models, and Opposition.

Since the beginning, the Industrial Property Law has considered as subject to protection those industrial designs that are considered as new. It has been referred that the novelty implies the "independent creation" of the designer that differs "to a significant degree" from other known designs; however, such concepts were not defined in the Law and there were no legal precedents correcting said omission.

The new reform defines such concepts as:

- **Independent Creation:** It exists when no other identical industrial design has been made public before the filing date of the corresponding application or before the recognized priority date.



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- **Significant Degree:** It is understood as the general impression that the industrial design produces in an expert in the matter that differs from the general impression produced by any other industrial design that has been made public before the filing date of the application for registration or before the recognized priority date.

The intention of the law makers is that, based on these definitions, the examiners and users have an objective parameter to define the novelty of the industrial designs whose protection is pursued in Mexico, providing greater legal certainty to the overall system.

On the other hand, the most important element of the reform in the field of Industrial Designs is the modification of their life or coverage. Currently, registered Industrial Designs are in full force and effect for 15 non-extendable years, however, the reform has modified this term to 5 years renewable until it reaches 25 years.

This reform has the following effects:

- The pending applications filed before the reform comes into force must express in writing before IMPI their desire to benefit from said reform no later than **June 11, 2018**.
- For the registered (in full force and effect) Industrial Designs before the reform comes into force they may be continue renewing their registrations for two additional periods of 5 years until they reach 25 years.

Another relevant aspect of the reform implies that applications for Industrial Designs or Utility Models will be published on IMPI's Official Gazette, once they have completed the formalities stage, which previously did not occur. This publication does not authorize third parties to file oppositions against such applications.

Finally, the recent amendment to the Industrial Property Law has shortened the deadline to file an opposition against any pending patent application, from 6 to only 2 months from the corresponding publication of the application on IMPI's Official Gazette.

b) Appellations of Origin and Geographical Indications.

The recent reform to the Industrial Property Law is, without a doubt, the deepest that has been made in this matter since 1991.

In first place, it should be noted that the reform incorporates the protection of **Geographical Indications** into the Industrial Property Law; defining them as the name of a *geographical area*¹ that refers to it because identifies a product originated from said area, that determines certain quality, reputation or other characteristics that are attributable to its geographical origin.

In the same way, the reformed Industrial Property Law maintains its traditional protection with respect to the **Appellations of Origin**, which defines them as the name of a geographical area that designates a product originated from it, when the characteristics of said product are exclusively or essentially from the geographical environment, natural and/or human factors that have given the product its reputation.

The essential difference between these two concepts is that the place of origin, the raw material and the processes and their relationship with the final product are more relevant and intricate in the Appellations of Origin, since the quality and/or the characteristics of the product must come exclusively or essentially from its geographical origin. In the case of Geographical Indications, it is enough for them to exist when a single quality is attributable to the product (even only its reputation), without the geographical environment or human intervention being relevant.

¹ Geographic Zone" is defined as that in which the whole territory consists or in a region, locality or place of a country.



The protection granted in Mexico to the Geographical Indications and the Appellations of Origin begins with the declaration issued by IMPI. It is owned by the Mexican Government and can only be exploited through an express authorization from IMPI.

Under the new reform, the following can request the issuance of a Declaration of Protection for a Geographical Indication or an Appellations of Origin:

- Individuals or corporate entities that are dedicated to the extraction, production or manufacturing of the product that they intend to protect.
- Chambers or Associations of producers or manufacturers linked to the product that is intended to protect.
- The agencies or entities of the Mexican Federal Government; and
- The governments of the different Mexican States in whose territory or geographical area the product intended to be protected is extracted, produced or manufactured.

Any request for protection must be submitted in writing before IMPI and must include, at least, the following information:

- Name and address of the applicant.
- The character of the applicant, indicating (i) its legal nature; and (ii) prove that its commercial activities are related to the manufacturing, production or extraction of the relevant product.
- The name that is intended to be used as an Appellation of Origin or a Geographical Indication.
- The detailed description of the finished product including its characteristics, components, form of extraction, production or manufacturing processes and its use in commerce.
- The Official Mexican Standards to be complied with by the product as well as its extraction form, elaboration processes and its packaging or bottling (if applicable).
- The criteria that establishes the characteristics and specifications that the product must comply with.
- The place or places of extraction, production or elaboration, delimiting the territory attending to the political divisions.
- The detailed indication of the links between denomination, product or territory and the human and natural factors for the exclusive case of the Appellations of Origin.
- Technical studies by a public or private authority or institution that supports said information.

Once all the formal requirements have been accomplished, IMPI will publish the request in the Official Journal of the Federation so that any third party that justifies its interest may oppose the request for protection and can formulate the objections and/or observations that it deems appropriate within a period of two months from the publication.

The authority will take into account said objections and/or observations at the moment of ruling on the respective file.



In case of considering appropriate, IMPI will grant the requested protection and will publish it in the Official Journal of the Federation. The terms of the Declaration of Protection may be modified at any time, at the request of a party or by the authority itself.

Whoever wants to exploit a Geographical Indication or an Appellations of Origin protected by IMPI must request an express authorization from IMPI who will grant it provided the applicant proves:

- That is directly engaged in the extraction, production or manufacturing of protected products.
- That performs these activities within the protected territory.
- That, if applicable, complies with the established Official Mexican Standards regarding the intended products.
- That meets all other specifications expressly referred in the Declaration of Protection.

The Mexican Government still needs to modify the Regulations of the Industrial Property Law, in order to refer what additional information has to accompany the request for the Authorization of Use.

The effects of the Authorization of Use will last 10 years from the filing date of the corresponding request and may be renewed indefinitely for equal periods of time.

The Authorized User must **(i)** use the Appellations of Origin or Geographical Indication as it appears in the Declaration of Protection; and **(ii)** Use the abbreviations “DOP” o “IGP” or “Denominación de Origen Protegida” or “Indicación Geográfica Protegida” on their respective products.

It should be noted that the penalty for failing to comply with the aforementioned obligations implies the loss of the entitlement to initiate civil, criminal and/or precautionary measures in terms of the provisions of Article 229 of the Industrial Property Law.

Pursuant to the new reform, the Declaration of Protection will cease to have effect only by another declaration of IMPI published for that purpose in the Official Journal of the Federation.

Authorizations of Use may be nullified when they have been granted against the provisions of the Industrial Property Law or have been requested based on false information. They may be cancelled when the authorized user uses it in a different way that established by the Declaration of Protection or when the authorized user fails to apply the legends or abbreviations “DOP” or “IGP”.

Another aspect to consider is that the Authorization of Use to exploit a protected Appellations of Origin or Geographical Indication may also expire when:

- It ceases to be used within the immediately preceding three years of the request for administrative cancellation action; or
- By the termination of its effect.

As with trademarks, the "use" in the new reform is understood to exist when **(i)** the products they distinguish carry the protected Appellations of Origin or Geographical Indication incorporated, applied, reproduced or recorded by any means; **(ii)** when the products are destined for export; or **(iii)** when the products have been placed on the market or are available in the market in the amount and way that corresponds to the uses and commercial customs.

The new reform refers to a precise list of what cannot be protected as Geographical Indications or as an Appellations of Origin:



- The name that is identical or confusingly similar to a Geographical Indication or Appellation of Origin, protected or in process, applied to the same or similar products unless IMPI expressly authorizes their coexistence.
- The technical, generic or commonly used name of the products to which the Geographical Indication or Appellations of Origin intends to apply.
- The denominations that, considering all of their characteristics, are descriptive of the products that they intend to protect.
- Names that are identical or confusingly similar to **(i)** a registered or pending trademark; **(ii)** a registered or pending slogan; and **(iii)** a registered or pending commercial name.
- The translation or transliteration of a non-protected Appellation of Origin or Geographical Indication.
- The names that constitute or contain the designation of a protected plant variety or an animal breed.

One of the most important additions to the Industrial Property Law in this area is the possibility that IMPI now has the power to recognize and protect the Appellations of Origin or Geographical Indications in Mexico which are protected abroad.

For the purposes of the aforementioned, IMPI will have a specific registry. The registration of the Appellations of Origin or Geographical Indications recognized abroad must be requested by the owner or legal holder of the same and must meet the following requirements:

- Name, address, and nationality of the applicant.
- Prove that it is an Appellation of Origin or a Protected Geographical Indication.
- Indicate the protected products and the territory of the geographical area of their extraction, production or processing.
- Indicate the Spanish translation of the Appellation of Origin or the Geographical Indication.
- Pay the corresponding government fees.
- Other foreseen by the Regulation of the Industrial Property Law.

The names or indications from abroad that fall within in any of the applicable impediments or exclusions to the Appellations of Origin or national Geographical Indications will not be registered nor protected in Mexico.

Once the application has been received, IMPI will study it to determine its origin and, in case there is an impediment, it will notify the applicant in order from them to answer what best suits its right.

Once the requirements have been accomplished, IMPI will publish in the Official Journal of the Federation an extract of the application in order that, within two months, any third party that justifies its interest may file an opposition which must be in writing and must include the evidence in which the opposition is based, and an arguments period will be opened.



In the event that it is favorable, IMPI will publish an extract of the registration in the Official Journal of the Federation.

The Owner of the registration of recognition of an Appellation of Origin or a Geographical Indication protected abroad will have the power to exercise the legal actions of protection of their respective rights; however, these will not produce effects against:

- Any person, who commercializes, distributes, acquires or uses the product to which they apply when it has been lawfully introduced into commerce by its owner or by its licensee.
- The import of legitimate products which are applied by any person for its use, distribution or commercialization in Mexico.

The recognition of an Appellation of Origin or a Geographical Indication protected abroad will cease to have effects in Mexico in the following cases:

- When granted against the provisions of the Industrial Property Law;
- When granted based on false information and/or documents; or
- When the document that recognizes them in their country of origin ceases its effects.

Finally, it should be noted that the new Industrial Property Law considers the following conducts as administrative infringements:

- Use without a corresponding Authorization of Use a protected Appellation of Origin or a Geographical Indication.
- Use a denomination or indication that is confusingly similar to a protected or foreign Appellation of Origin or Geographical Indication, recognized to protect the same or similar products.
- Use the translation or transliteration of an Appellation of Origin or a national or foreign Geographical Indication to protect the same or similar products.
- Produce, store, transport, distribute or sell products identical or confusingly similar to those that are protected by an Appellation of Origin or a Geographical Indication using any type of element or indication that creates confusion in the public consumer about its origin or quality. Words like "gender", "genre", "way", "imitation", "produced in", "manufactured in" or similar.

Said behaviors are punishable with a penalty up to USD \$ 100,000.00 approximately, and the affected party may claim the damages that may have been caused once the infraction procedure and its appeals have been concluded.

On the other hand, the Industrial Property Law includes a new criminal cause of action, considering as a crime the production, storage, distribution, transport or sale of products of national origin that do not have the corresponding certification according to an Appellation of Origin or a Geographical Indication and the corresponding Official Mexican Standards with the purpose of obtaining an economic benefit for themselves or for a third party. It is included in this case, the customs clearance for the introduction or departure from the country of these types of products.

There is no criminal liability when the Official Mexican Standards is not in force or the Evaluation Agency is not accredited in terms of the applicable legislation.



As we mentioned at the beginning of this newsletter, the reform whose scope we have outlined in this document will take effect on **April 27, 2018**, and most likely, its entry into force implies the modification of the government fees charged by IMPI, which will be timely informed to you.

We remain at your service to discuss any questions or comments you may have about the aforementioned, with our specialized lawyers in the field who can be contacted through the email contacto@avafirm.com

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