Amendments in Mexico Affect Licensing

Author reports highlights of Amendments, effective January 1987, to Patent and Trademark Law

BY JAIME DELGADO*

On January 16, 1987, an amendment to the Mexican Patent and Trademark Law was published in the Official Gazette. The effective date was January 17, 1987.

Following are highlights of the amendment.

PATENTS

Any new invention capable of industrial application is patentable.

A patent gives to the inventor or his assignee the right to exclusive use.

The new law provides that the following are not patentable inventions:

— Plant varieties and animal breeds.

— Alloys (but the procedures to obtain them shall be patentable).

— Foodstuffs and beverages for human consumption and the processes to obtain or modify the same.

— The inventions relating to nuclear energy and safety, excepting those which, in the opinion of the National Commission of Nuclear Safety and Safeguards, are deemed not to affect national security.

— The juxtaposition of known inventions or mixtures of known products, their change of shape, size or materials, unless it is actually a combination or fusion in such a manner that they cannot separately function or that the qualities or characteristic functions thereof are modified to obtain an industrial result non-obvious to a person with average technical skills in the art.

— The application or use, in industry of inventions that consist only of the use of a device, machine, or apparatus working according to known principles, even though said use is new.

— The biotechnological processes to obtain the following products: pharmaceuticals; drugs in general, beverages and foodstuffs for animal consumption; fertilizers, pesticides, herbicides, fungicides or those with biological activity.

— The new biological and genetic procedures to obtain plant varieties and animal breeds.

— Chemicals (per se).

— Pharmaceuticals, drugs in general, foodstuffs and beverages for animal consumption, fertilizers, pesticides, herbicides, fungicides and products with biological activity.

The processes to obtain, modify or apply all kinds of chemical products or mixtures thereof (except biotechnological procedures) *are patentable.*

Furthermore, the inventions mentioned in the last three items above will become *automatically patentable* in a term of 10 years.

The novelty examination of a patent application *must* be requested within 90 days after one year from the date of filing.

The novelty examination made by foreign patent offices in accordance with the PCT or by the European Patent Office will be acceptable in Mexico.

Patent applications covering more than one invention may be divided voluntarily by the applicant or at the request of the PTO. The legal date of the divisional applications shall be the same as that of the original application. A divisional application may be filed at any time before the initial application has been granted, rejected or abandoned.

A petition for a reconsideration of any rejection of a patent application may be filed within two months from the date following the date of notice of the rejection.

This amendment specifically recognizes partial or full priorities under the Paris Convention.

The existence of a patent does not grant to the patentee the right to import the patented product because that is a matter subject to import-export regulations.

The term of patents has been extended to 14 years.

Patent working has been changed to agree with the Paris Convention. Patent working must be started within three years from the date of grant.

In the absence of working the patent will become open for compulsory licensing.

A patent will lapse only if the patentee does not work the invention within two years after the date of grant of the first compulsory license provided the patentee is not working the invention.

Any interested person may apply for a compulsory license after three years from the date of grant if:

a. The invention has not been worked.

b. Working is suspended for more than six consecutive months.

c. Working is insufficient to satisfy the domestic or the export markets.

Before granting a compulsory license due to insufficient working the patentee shall have the opportunity to satisfy the market.

A compulsory license may only be granted after hearing the patentee. If granted, the government will determine the terms and conditions and the royalty payable

*Goodrich, Riquelme y Asociados, Mexico City, Mexico.

to the patentee.

The applicant for a compulsory license must file a manufacturing program and prove that he has sufficient technical and economical capability to work the invention.

It is interesting to note that since 1976 not a single compulsory license has been granted.

If a compulsory license is granted, the patentee must supply the necessary information to work the invention in a manner sufficiently clear and complete for a full understanding of the invention for a person of average skill in the subject matter.

No industrial or technical secrets must be disclosed.

CERTIFICATES OF INVENTION

Any patentable invention may be protected by a certificate of invention instead of a patent.

The certificate of invention does not grant the exclusive right to work the invention but it gives to the inventor or to his assignee the right to receive royalties.

Working a certificate of invention without authorization is equivalent to patent infringement.

A certificate of invention does not require working.

Any person interested in working the invention may apply for a license following the same procedure as that of a compulsory license.

In addition to those inventions that are patentable, an inventor or his assignee may apply for a certificate of invention for the following items, which are not patentable:

— Processes for obtaining beverages and foodstuffs for human consumption.

— Biotechnological processes to obtain the following products: pharmaceuticals; drugs in general, foodstuffs and beverages for animal consumption, fertilizers, pesticides, herbicides, fungicides and products with biological activity. Processes which are not biotechnological *are patentable.*

If a compulsory license is granted, the patentee must supply the necessary information to work the invention in a manner sufficiently clear and complete a full understanding of the invention for a person of average skill in the subject matter.

No industrial or technical secrets must be disclosed.

For industrial models or drawings, the term of protection is seven years from the date of grant.

TRADEMARKS

The following may be registered as trademarks:

— The names and visible signs, sufficiently distinctive, and any other means which may identify the products or services to which they are applied or intended for application.

— Trade names and corporate names.

The following are not registerable as trademarks:

— The names and signs that do not meet the requirements of the first paragraph above in this section.

— The proper names, technical names or names of common use of the products or services which are to be protected with the mark, as well as those words which, in common language or in commercial practices, have become the usual or generic designation thereof.

— The shape of containers which belong to public domain or which have become of common use and, in general, those lacking originality.

— The normal shapes of products due to their nature, function or the purpose for which they are used.

— The names, figures or phrases descriptive of the products or services that are intended to be protected as a trademark. A name shall not be regarded to be distinctive even if it bears fancy writing or artificial construction or if it is the product of joining two or more words which alone are descriptive.

Included are the descriptive words or those indicating the qualities, physical characteristics, type, nature, quality, amount, value, presentation or time of manufacturing of the products or of rendering of services.

— Single letters, numbers and colors, unless they are combined with the elements such as signs, devices or names which makes them distinctive. A single number is that consisting of one or more digits expressed by numbers or letters.

— Those that reproduce or imitate, without authorization, coats of arms, flags and emblems of any country, state, municipality or similar political divisions, as well as the names or initials of international governmental, inter-governmental, nongovernmental organizations or of any other officially recognized organization, or the verbal designation of the same.

— Those which reproduce or imitate official signs or seals of control and guarantee adopted by a state, without authorization of the competent authority.

— Those that reproduce or imitate coins, bank notes and other official means of payment, national or foreign, or commemorative coins.

— Those that reproduce or imitate decorations, medals or other awards obtained in officially recognized exhibitions, fairs, congresses, cultural or sport events.

— The names, pseudonyms, signatures, seals, and portraits of persons, without the consent of the interested parties or, if they are deceased, of their close relatives.

— The titles of literary, artistic or scientific works and the fictitious or symbolic characters, except with the consent of their author. When in accordance with the corresponding law the latter maintains his rights in full force and effect, as well as the characterization of human characters, except when their consent is obtained.

— The geographical proper or common names, as well as surnames, names and adjectives when they indicate the origin of the products or services and can create confusion among the consumers or mistake as to their origin, as well as the names of towns or places that are characterized by the production of certain products, to cover the same, unless they are names of places or private property, when they are essential and not confusing and have the consent of the owner.

— The maps. However, they can constitute an element of a trademark if they correspond to the country of origin of the products or services it distinguishes, provided it is registered in such a country.

— The names, signs or figures that might deceive the public or cause mistake, such as those trademarks that constitute false indications of the nature, origin, components or qualities of the products or services.

— The names or signs, which according to other legal

provisions, cannot be utilized for commercial purposes or by reason of public interest, or which the Ministry of Commerce and Industrial Development considers to be unsuitable for registration.

— Anything against morals, goods manners, public order and anything which ridicules ideas or persons.

— The names or signs that are identical or similar to a trademark considered by the Ministry of Commerce and Industrial Development to be well known in Mexico, to cover the same or similar products or services or those that may create confusion so that the public can lead to error.

— The translation to other languages or words that are not fit for registration.

— A trademark identical to another, previously registered and in force, to cover the same or similar products or services.

— A trademark that is similar to another registered trademark in force, applied to the same or similar products or services, in such a degree that it can be confused with the latter, as a whole or taking into account its elements.

— A trademark that is identical to or confusingly similar to a trade name applied to the same or similar services, which are rendered in the place of business.

The right derived from registration is not effective against the third party that used a trademark in Mexico at least one year before the date of registration or of the date of first use as stated by the registrant.

The first user has the right to claim the nullity of the trademark registration within one year from the date of publication of said registration.

A trademark not renewed or cancelled due to nonuse or voluntarily, may be re-registered only by the previous registrant within one year from the date of lapsing.

The preferential one-year term is subject to the payment of substantial government fees (of about $1,000US).

Even if the new application is filed within the one-year preferential term it will be subject to registrability and to novelty examination.

It will not be granted automatically.

After the one-year preferential term, anyone may apply for the registration of the same mark.

Under Mexican Law the only way to protect a trade or service mark is by obtaining the respective registration.

Prior use or registration abroad does not grant any preferential rights (except as provided by the Paris Convention).

Prior use in Mexico grants to the user a preferential right to register, but only through registration it is possible to obtain the exclusive right of use.

International priority may be claimed within six months from the date of filing in any country member of the Paris Convention, but the Mexican application may not cover products exceeding those of the original application

Mexico has not yet adopted the international classification of goods and services. Therefore, it is usually very difficult to claim priority of a prior application using said international classification.

During novelty examination of a trademark the Mexican Patent and Trademark Office may cite as anticipation prior identical or confusingly similar applications or registrations.

The applicant may then either modify its trademark, argue that citations are not applicable, or claim that the prior registrations are null and void.

In the latter case the applicant must file a cancellation action against the previous registrations.

The linking requirement for trademarks has been *abolished.*

Local companies using foreign trademarks have the option to use their own trademarks alongside foreign trademarks.

Compulsory trademark licenses may be granted for reasons of public interest or to maintain the operation of a company.

All products and services made, sold or rendered by a licensee must be of the same or equivalent quality, shape or nature of those manufactured or sold by the licensor.

A trademark can be renewed only if the owner proves continued and effective commercial use directly or throughf a registered licensed user. Use by a third party without a registered license does not inure to the benefit of the trademark owner.

If a trademark is registered in several classes it is sufficient to prove use in one class.

Phrases or sentences may be registered to advertise a business or commercial establishment.

This registration is regulated by the same rule as trademarks.

GENERAL

All patent and trademark applications may be filed by an agent.

If the applicant is an individual the power of attorney requires two witnesses (include name and address) but no notarization or legalization with the Mexican Consul, even if issued abroad.

If the applicant is a corporation it is necessary to prove the legal existance of the corporation and that the person who signs the power of attorney has sufficient authority to do so.

A power of attorney from a corporation must be notarized and legalized with the Mexican Consul if issued by a non-Mexican corporation.

A single power of attorney may be used for all cases of the same person or corporation.

The applicants or the owners of any patent or trademark right, must designate a domicile and a person to receive notices *in Mexico.*

INFRINGEMENT

Certain actions are considered as administrative infringements and a simplified procedure may be followed directly at the Patent and Trademark Office.

The PTO has authority to impose a fine upon infringers, to close temporarily or permanently their place of business, and to impose an administrative arrest of up to 36 hours.

The willful infringement of patent and trademark rights are considered as felonies punishable with two to six years' incarceration and a fine.