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Why we urgently need partial cancellation actions in Mexico?

Victor Ramirez and Carlos Reyes of OLIVARES look at the substantive changes that need to be adopted by Mexican IP law.

Differently from other jurisdictions, and even if some rights are granted to the first user of a trademark, Mexico has, as general rule, a "first-to-file" system, where trademark protection is granted on a first come first serve basis. This approach implies that an applicant does not need to prove trademark use in regard to any product or services for obtaining a trademark registration, which is not per se pernicious, unless this absence of need to prove use is linked to a system that does not provide with efficient and cost effective mechanisms to cut down unduly wide claims like partial non-use cancellation actions. In this regard, we would dare to affirm that only a few trademark registrations in Mexico cover the products or services (or even a clear sub-category of products or services) they are actually used for, and that this fact is causing a real blockage at Mexican registry, were is more and more difficult to obtain protection for a trademark through its registration.

Moreover, in the great majority of cases a Mexican trademark registration covers a long list of products/services or the entire heading of an international class, or even worse, having begun its days covering "food and its ingredients" or "raw materials" in a former national class, it has been generously reclassified in several international classes for covering almost all products or services someone could imagine.

Also, the Mexican Trademark registry shows that most of the trademark registrations have been historically granted in relation with entire and quite undetermined categories of products or services like for example "pharmaceutical products", "machines and machine tools", "scientific apparatus", "chemicals for use in the industry", "hand tools", "printed matter", "alcoholic beverages", "business management", "financial affairs", "installation services", "telecommunications", "transport", "treatment of materials", "sporting and cultural activities".

Victor Ramirez

Carlos Reyes

This is, a trademark registration system that does not require applicants to prove any use to obtain such an exclusive right of use and difficult the marks' cancellation when not used or does not provide for partial non-use cancellation actions, encourages the applicants to claim goods/services in more classes than needed and, also, to go for a wider range of goods/services in each class, including those that they are not even likely to use in the future.

We know that a continued increased volume of registered trademarks is a good sign of the good health of the economy and commerce, but affects the business in case the registration system does not provide with fast and efficient ways of cleaning the registry from those marks that are not being used at all or are being used for a few specific products/services while registered in relation with wide or generic categories of products/services.

These trademark blocking rights increase the costs of protection by increasing the efforts required to obtain exclusive rights of use over new distinctive signs. That is derived on an always increased likelihood of trespassing over an earlier trademark right, including the need of more accurate clearance searches, responding oppositions or office actions based on prior trademark rights that in several cases are not actually being used on related products or services but that however cover wide lists of products/services that overlap them.

No need to say that the earlier trademark holder is sat on a comfortable position that makes it rare and difficult to obtain from him a reasonable coexistence agreement or a letter of consent. That is because he does not need too much legal advice to know that the newly arrived would have to file against him a time and money costly non-use cancellation action, that can last 4 to 6 years, with two appeals available, in case the earlier mark is not used at all, or worse; because his mark registration could not be canceled in all hypothesis of partial use, when he could be using his mark in relation with only one single product or service and his mark registration covers as it is usual, a whole Nice class, a long and exhausting list of products or services, or very generic and undetermined categories of products or services like "machines" or "telecommunications".

This lack of an efficient way for limiting a trademark registration granted in relation with unfairly wide or undetermined categories of products or services has an adverse impact to the market health and fair competition and acts against the very nature of trademarks as distinctive signs, which essential function are to distinguish products or services from one entrepreneur from those of others in the market and to warrant the source and characteristics of such products or services. In other words, a trademark that is not being used in the market in relation with some products or services is not acting as a distinctive sign for those but is instead unfairly trapped as an instrument of monopolistic and anticompetitive practices.

Thus, there were and there is an evident agreement between most of trademark practitioners in relation with the need for effective mechanisms of quickly removing non-used or limiting partially used marks from trademark registers.

Some more than two years ago we discussed about a modification approved in relation to the IP Law, that was proposed to unblock the trademark registry from all those such trademark registrations registered in relation to long or generic products or services descriptions even and were used for one or a few ones.

However, the magical measure we found to give solution to this cluttering, included in the modifications to the IP Law in 2018, was the declaration of "real and effective use", and the practice is that to this date this declaration has served a nothing or has had a little impact for unlocking the registry.

> **"Only a few trademark registrations in Mexico cover the products or services they are actually used for."**

The reasons for this ineffectiveness of the so-called declaration of real and effective for clearing the registry are various and in our opinion were quite obvious. We can mention firstly that the term "real and effective use" is not clearly delimited, leaving the trademark owners the liberty to determine when their marks are having such "real and effective use" to then decide to file a use declaration, which we know can freely include any symbolic or token use at the election of the trademark owner and, secondly, as happened before with the then already existent and symbolic declaration of use required for a trademark registration renewal, the fact that this declaration have no rule about the need of proving actual use of the mark

Résumés

Victor Ramirez

Victor joined the firm in 1999 becoming a partner in 2020. Victor's work focuses mostly on trademark availability searches, filing and prosecution. He is also experienced on oppositions and trademark litigation (invalidity, caducity and enforcement) at the Mexican Trademark Office.

Carlos Reyes

Carlos joined OLIVARES in October 2008. His current practice in the firm is in trademark prosecution, providing legal advice relating trademark Law and the protection of trademarks, responding substantive examination refusals and preparing oppositions.

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A continued increased volume of registered trademarks is a good sign of the good health of the economy.

makes possible to unprincipled trademark owners to file declarations of "real and effective use" when there is no trademark use at all.

On the other hand, considering that most of trademark registrations - as mentioned before - are filed in relation with generic –not clearly determined- categories of products or services, the lack of a clear rule makes feasible for the trademark owners to file a declaration of "real and effective use" in relation with wide and undetermined categories of products or services, like for example "pharmaceutical products", maintaining the protection of the mark in relation with all that can be considered as a pharmaceutical products while using it for e.g. a generic sickness medicine, or to declare trademark use for "machines and machine tools", while using the mark for a specific vacuum cleaner, or in relation with "chemicals for use in the industry" while the mark is not used but for only a very specialized soldering chemical, or for "alcoholic beverages" while using the mark for only a D.O.C. wine, or in relation with such a generic and undetermined descriptions as "telecommunications", "transport" or "treatment of materials".

Considering that we already have a long and costly - with a procedure that has almost the same costs and timing of an invalidation action - non-use cancellation action, not having non-use partial cancellation actions is an urgent need to clear our trademark registry and to avoid that a trademark registration could be used for monopolistic and anti-competitive practices and as a barrier to trade, not having any or having a very limited factual effect in the market, instead of being an important business tool, a distinctive sign serving to identify goods and services from other of other origins.

It is important to mention that on November 2019, two relevant reform acts have been presented before the Mexican senate, one of them addressed to amend the current Industrial Property Law (IPL) and the other to fully enact a new statutory IPL.

The proposals have been presented by different political parties and intend to both comply with recent international treaties subscribed by Mexico, such as CPTPP and the USMCA but also improve and update the current IP legal framework.

In relation with trademark Law substantive chances, among other, we expect the long-awaited partial non-use cancellation to be finally regulated.

Contact

OLIVARES
Pedro Luis Ogazón 17, Col. San Ángel,
Ciudad de México 01000
Tel: +52 (55) 5322 3000
Fax: +52 (55) 5322 3001
https://www.olivares.mx