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New criterion for recognising letters of consent in Mexico

By **Alejandro Luna Fandiño**
and **Carlos Alberto Flores Ruiz**,
Olivares & Cia, SC

Historically, the Mexican Trademark Office (IMPI) has recognised letters of consent as a valid means to overcome anticipations cited during the prosecution of a trademark application. Through a letter of consent, the owner of a senior registered trademark and a trademark applicant express their consent to registration, confirming that the owner of the senior registered trademark is not affected by the granting of registration for the proposed trademark. However, the IMPI recently adopted a new criterion which, in certain cases, disregards the value of the letter of consent.

Property rights

Before analysing the IMPI's new criterion, we should consider the concept of property, which involves the right to use, to exploit (even destroy) and to enjoy the property. The right to exploit the property allows the holder to transfer to third parties the property or the rights deriving therefrom. This transfer may be either total or partial. The law categorises property rights as either *in rem* (ie, attached to the material property) or *in personam* (ie, derived from obligations and contracts).

Under the Mexican Civil Code, a person's patrimony is considered to be all of that person's assets and liabilities which are capable of monetary valuation and are subject to execution for a creditor's benefit.

A trademark registration is intangible property, but forms part of the holder's patrimony under the Industrial Property Law, which envisages that anyone can use a trademark in industry, in commerce or in relation to the services it provides. In addition, under the Mexican trademark system, registration provides the title holder with an exclusive right, which is granted by means of registration, to use, license and

reproduce the protected trademark in relation to the products or services which are subject to protection. This prerogative is foreseen in Article 87 of the Industrial Property Law.

Trademark examination

With regard to the prosecution of a trademark application, the IMPI legally established an official Trademark Denial Department four years ago. As there is no opposition system in Mexico that allows third parties to oppose registration of a trademark, the examination process is performed exclusively by the IMPI and the trademark applicant.

IMPI policies specify the timeframes within which the IMPI must respond to an application. The IMPI must provide an initial response to a trademark application within six months of the filing date; this first response may be either an official action objecting to the application based on formal requirements, legal impediments or anticipations, or a decision granting the certificate of registration. In the event of an official action, there is no specified timeframe within which the IMPI must issue a final resolution.

However, these rules cannot be considered part of the Mexican legal system as they have not been passed by the Mexican Congress, and as such are neither binding nor enforceable.

Article 125 of the Industrial Property Law provides that once the prosecution of a trademark application has concluded and the examiner has determined that the application complies with the legal and regulatory requirements, the certificate of registration should be issued.

First, the examiner will conduct a formal examination of the trademark application. If the formal examination reveals no impediment to registration, an examination on the merits will then be conducted. If an anticipation is revealed, it must be

communicated in writing to the applicant, which then has two months to respond.

Overcoming anticipations

There are two main grounds on which to deny registration of a trademark: legal barriers to registration and anticipations that are not overcome. Usually, anticipations cited by the IMPI are confusingly similar senior registrations and/or applications.

If the anticipation cited by the IMPI cannot be overcome by a nullity or cancellation action, the applicant will usually endeavour to obtain a letter of consent to overcome the anticipation. A letter of consent confirms that the owner of the registered trademark which was cited as an anticipation has no objection to the granting of registration to the applicant, as it will be unaffected by this.

The title holder of a trademark is the sole party interested in protecting the mark against possible infringement by third parties that may wish to imitate it. Therefore, the title holder is the only party that can consent to registration of a different trademark where this presents no inconvenience.

However, problems now arise where a trademark applicant obtains a letter of consent from the title holder of the senior registration cited as an anticipation: the IMPI may disregard this letter based on the argument that the law does not recognise the value of such letters of consent as grounds for granting registration.

Problems with IMPI's new position

It has thus become apparent that the IMPI lacks a uniform policy in this regard: in the past, it accepted letters of consent without objection, but its criteria have now changed and it will disregard letters of consent without legal foundation.

In adopting this new position, the IMPI appears to be more interested in protecting the interests of consumers rather than those of mark owners and applicants. This is questionable, given that the IMPI's primary function is to protect the exclusive rights of owners of industrial property rights as contemplated in the Industrial Property Law, and also in the Mexican Civil Code with respect to the general rights of property owners.

The IMPI's new criterion contradicts the principles that are enshrined in the Industrial Property Law for the benefit of owners of industrial property rights, leaving trademark applicants defenceless. If an applicant obtains a letter of consent which is duly granted according to the civil law and files it as proof for the purpose of overcoming an

anticipation, in some cases the IMPI may disregard the letter, on the grounds that one of its main duties is to protect the interests of public consumers of products and services. Therefore, registration of the proposed trademark may be denied in spite of the letter of consent.

However, the protection of consumers in this regard is governed not by the Industrial Property Law, but rather by Article 32 of the Law on Protection of Consumers, which provides that information or publicity materials relating to products or services, whether under the same or a different trademark, cannot be misleading. The protection of consumers thus does not fall within the IMPI's mandate.

Moreover, a letter of consent which is granted by the title holder of a senior registered trademark in favour of a trademark applicant constitutes a valid document which must be accepted. The IMPI is free to allow registration of a trademark if there is written agreement by the parties, even if the trademarks are identical, as long as the parties clearly identify the source of the goods or services. Therefore, in case of agreement between the parties, there is no room to refuse registration on the grounds of the public interest.

It is accepted that it is the parties themselves which are best placed to decide how to prevent confusion on the market and to ensure that the sources of the trademarked products are adequately identified. For this reason, the IMPI's argument of consumer protection is not valid. Also, even if consumers are nonetheless affected, there is a special law which protects their rights and a special court before which they can bring any disputes that might arise in this regard.

Potential solution

One solution to the problems caused by the IMPI's new criterion, in the absence of objective parameters in the Industrial Property Law, is that public confusion can be prevented by ensuring that use of each trademark is limited to certain specific goods addressed to a specific market. In this way the trademarks can be individualised, ensuring that they remain distinctive and original.

In such circumstances, in spite of the legal loopholes on which its new criterion is founded, the IMPI will nonetheless accept the letter of consent and allow registration of the proposed trademark.

However, in the authors' view, the letter of consent alone should be sufficient to overcome any anticipation cited by the IMPI,

as it signifies that the parties involved have arrived at an agreement in this regard. By failing to recognise this agreement, the IMPI undermines legal certainty for title holders of registered trademarks, as their rights as owners of the same are not recognised.

Therefore, upon assessing a letter of consent, the IMPI should consider the will of the parties in agreeing that their trademarks may coexist on the market. This would make full acknowledgement of the parties' rights under the Industrial Property Law; while any consumers who might subsequently be affected could seek recourse before the proper court to enforce their rights.

Trademark applicants which are denied trademark registration on the grounds of the IMPI's new criterion may challenge it by way of an appeal before the Federal Court, and in most cases should succeed in this appeal. In previous decisions the Federal Court has recognised the free will of the title holder of a registered trademark to consent to registration of a subsequent mark, and has ordered the IMPI to take the letter of consent into consideration.

However, this does not represent an ideal solution to the problem. First of all, the applicant loses time and money in having to

appeal. But more importantly, it means that the IMPI still lacks an appropriate and uniform system for evaluating letters of consent which are filed in order to overcome cited anticipations. The Industrial Property Law should thus be amended in order to standardise the criteria according to which the IMPI evaluates letters of consent, and to require the IMPI to guarantee registration of a trademark where a letter of consent has been signed by the owner of a registration which has been cited as an anticipation.

Conclusion

If the Industrial Property Law is not amended, the existing situation will prevail and - even though in reality similar trademarks can coexist in the market if the title holders have expressly consented thereto - this is not legally recognised due to the new criterion incorrectly adopted by the IMPI. The IMPI's new criterion in fact runs counter to the Industrial Property Law - specifically, in regard to the rights conferred on trademark owners.

In the meantime, we would recommend that the solutions outlined above should be explored, taking into consideration that each particular situation should be analysed on a case-by-case basis.



A graduate of the Universidad Latinoamericana, Alejandro Luna has obtained four specialist degrees from the Universidad Panamericana and a master's degree in intellectual property law from the Franklin Pierce Law Center in Concord, New Hampshire, USA.

He has participated in actions against the unconstitutionality and inefficiency of certain amendments to the Federal Law of Administrative Proceedings, and has sponsored a proposal to modify the industrial property litigation system. Mr Luna is the author of several articles on IP issues that have been published both in Mexico and abroad, and is a distinguished member of several associations.

He is in charge of Olivares & Cia's appeals department and is a part-time professor at the National University.

Alejandro Luna Fandiño

Partner

Email: alf@olivares.com.mx

Tel: +52 55 5322 3000

Olivares & Cia, SC

Mexico

www.olivares.com.mx



Carlos Alberto Flores Ruiz was born in Mexico City in 1982 and has been a lawyer in the litigation department of Olivares & Cia in Mexico City for one year. He also undertook an internship at the Mexican Senate. He was educated at the Universidad Nacional Autónoma de México, graduating with honours in 2007. His thesis was entitled "Claiming damages for violations of intellectual property rights, with special emphasis on registered trademarks".

Carlos Alberto Flores Ruiz

Associate

Email: afr@olivares.com.mx

Tel: +52 55 5322 3000

Olivares & Cia, SC

Mexico

www.olivares.com.mx