KGF
1629
.A67
E58
1996
c. 2

# International Intellectual Property Practice Series
# Third Annual Seminar
# Protecting Industrial Property in Mexico/Central America
# September 20-21, 1996

Franklin Pierce Law Center
2 White Street
Concord, New Hampshire 03301
Telephone 603-228-1541/Fax 603-224-3342/
http://www.fplc.edu

**Table of Contents** (*in the order in which they appear*)

**Program Schedule**

**Biographies**

**Handout Materials:**

| | |
|---|---|
| The Perspective of a U.S. Corporate Practitioner | Donald E. Hasse |
| Practical Tips for U.S. Practitioners on Prosecuting Patent Applications before IMPI and Central American Patent Offices | Fred E. McKelvey |
| Industrial Property Law/United Mexican States — Appendix 1 | Fred E. McKelvey |
| Regulations under the Industrial Property Law — Appendix 2 | Fred E. McKelvey |
| Industrial Property in Central America — An Overview | Marco Antonio Palacios |
| The Perspective of the Private Practitioner in Light of the Mexican System of Intellectual Property Law | Luis C. Schmidt |
| Computer Software and the North American Free Trade Agreement: Will Mexican Law Represent a Trade Barrier? — Appendix 1 | Luis C. Schmidt |
| From Minimum to Maximum — Appendix 2 | Luis C. Schmidt and Antonio Lorca |
| Nullity and Lapse Actions under Mexican law — Appendix 3 | Luis C. Schmidt and Antonio Belaunzaran |
| Patenting of Computer Software — Appendix 4 | Luis C. Schmidt and Cesar Ramos, Jr. and Javier Uhthoff |

FRANKLIN PIERCE
LAW CENTER LIBRARY
CONCORD, N.H.
JUN 26 2003
ETS

Trademark Licensing and Franchising — Appendix 5 Luis C. Schmidt
Legal Aspects of Merchandising — Appendix 6 Luis C. Schmidt
The Mexican Law of 1991 and the Amendments and Regulations of 1994: A Step Forward to Enhanced Trademark Protection — Appendix 7 Luis C. Schmidt
Mexico Battles Wave of Parallel Imports — Appendix 8 Luis C. Schmidt
Available Remedies and Enforcement of Intellectual Property Rights in Mexico: A Mexican Attorney's Perspective — Appendix 9 Luis C. Schmidt

Investment-Oriented Intellectual Property Protection: A Numerical Rating System
Robert M. Sherwood

International Intellectual Property Practice Series
Third Annual Seminar
Protecting Industrial Property in Mexico/Central America
September 20-21, 1996

Franklin Pierce Law Center
Concord, New Hampshire

**Friday, September 20, 1996 — Holiday, Inn, Bartlett Room**

| | |
|---|---|
| 8:30-9:00AM | Registration and Continental Breakfast |
| 9:00-9:15AM | Welcome and Introduction<br>Robert M. Viles, President and Dean and<br>Karl F. Jorda, Professor of Law<br>Franklin Pierce Law Center, Concord, NH |
| 9:15-10:15AM | The Role of the Mexican Institute of Industrial Property (IMPI)<br>Lic. Jorge Amigo, Director General, IMPI<br>Mexico City, Mexico |
| 10:15-10:30AM | Refreshment Break |
| 10:30AM-Noon | Investment Stimulation: A Comparative Assessment of IP Systems in Mexico and Central America<br>Robert M. Sherwood, International Business Counselor<br>Alexandria, VA |
| Noon-1:15PM | Lunch Break |
| 1:15-2:30PM | Mexican Industrial Property Law — A U.S. Perspective<br>Fred E. McKelvey, Senior Administrative Patent Judge, USPTO<br>Arlington, VA |
| 2:30-2:45PM | Refreshment Break |
| 2:45-3:30PM | Enforcement of Industrial Property Rights in Mexico<br>Lic. Jesús Mejía, Director of Legal Affairs, IMPI<br>Mexico City, Mexico |

**Saturday, September 21, 1996 — Franklin Pierce Law Center, Room 229**

| | |
|---|---|
| 8:00-8:30AM | Continental Breakfast |
| 8:30-9:30AM | The Perspective of a Mexican Practitioner<br>Lic. Luis C. Schmidt, Olivares & Cia.<br>Mexico City, Mexico |
| 9:30-10:30AM | The Perspective of a U.S. Corporate Practitioner<br>Donald E. Hasse, Esq., Associate General Counsel, Patents<br>The Procter & Gamble Company, Cincinnati, OH |
| 10:30-:10:45AM | Refreshment Break |
| 10:45-12:15PM | Central American Patent and Trademark Systems<br>Lic. Marco Antonio Palacios, Consultant<br>Permanent Secretariat for the Central American Economic Integration Treaty (SIECA), Guatemala City, Guatemala |
| 12:15-1:00PM | Practical Tips for U.S. Practitioners on Prosecuting Applications before IMPI and Other Central American IP Offices<br>Fred E. McKelvey, Senior Administrative Patent Judge, USPTO<br>Arlington, VA |

KFJ/Ruh/REV.8.27.96

# Biographies

Donald E. Hasse

Luis C. Schmidt

Robert M. Sherwood

# RESUME

## Donald E. Hasse

**Degrees:** B.S. Metallurgical Engineering and Material Science, University of Notre Dame, 1975.

J.D., University of South Carolina, 1978.

**Bars:** Ohio (1978), USPTO (1979) CAFC (1989).

**Position:** Patent Attorney with The Procter & Gamble Company since 1978. Currently Associate General Counsel – Patents, with responsibility for Canada and Latin America.

**Associations:**
American Intellectual Property Law Association
American Bar Association
American Corporate Counsel Association
Cincinnati Intellectual Property Law Association
Mexico Ad Hoc Group on Intellectual Property Matters
Brazil Ad Hoc Group

**CURRICULUM**

**LUIS C. SCHMIDT**

- Partner with the Intellectual Property Firm Olivares & Cia., in Mexico City.

- Master of Intellectual Property Law, Franklin Pierce Law Center.

- President of the Mexican Group of the International Industrial Property Association (AIPPI).

- Counsel to International IP organizations as the Business Software Alliance, and the International Intellectual Property Alliance.

# ROBERT M. SHERWOOD

INTERNATIONAL BUSINESS COUNSELOR

7617 Leith Place
Alexandria, VA 22307-1928
703-768-4118

FAX: 703-768-4630
:76655.443@compuserve.com


Robert M. Sherwood provides specialized advice and assistance to multilateral development banks, U.S. government agencies, and U.S. and European corporations, associations and law firms regarding the reform of intellectual property systems in developing countries.

As an advisor to the InterAmerican Development Bank (IDB) in the context of its investment sector loan program, he formulated and conducted comprehensive diagnoses of the intellectual property systems of nine Latin American and Caribbean countries and is currently developing action plans to upgrade public administration and enforcement of intellectual property in several of them.

He is the author of a book titled Intellectual Property and Economic Development published by Westview Press (1990). (It is now out of print after a second printing.) In 1992, a Brazilian edition in Portuguese was published by the University of Sao Paulo Press and a Spanish edition was published in Buenos Aires. He is also the author of numerous articles and papers on the subject of intellectual property in development, among them commissioned papers for the National Research Council (U.S.), The Fraser Institute (Canada), and the United Nations Development Fund (UNDP).

He was recently nominated by the U.S. Commissioner of Patents and Trademarks to conduct a study commissioned by the World Intellectual Property Organization regarding the implications of the TRIPS Agreement for developing countries. With Carlos Primo Braga of the World Bank, he prepared a paper commissioned by the Institute of the Americas regarding an IP negotiating agenda for the Western Hemisphere free trade area arrangements (FTAA). With Geoffrey Shepherd of the World Bank and Celso Marcos de Souza of Brazil's foreign ministry, he co-authored the paper "Judicial Systems and Economic Performance". With Pauline Newman, a U.S. federal judge, he wrote "Legal Framework of the Industrial Economy: Judicial Systems and the Laws of Intellectual Property" commissioned for an advanced NATO Seminar for transition countries.

Since 1987, a multi-industry group of 15 major U.S. and British companies has retained him to confer with Brazilian officials and congressmen, university researchers and business leaders in an effort to strengthen intellectual property protection and improve technology transfer rules in Brazil. This educational effort is based on demonstrating how reforms will benefit Brazilian interests. He has made repeated visits and spent over 35 weeks there in this effort. He has been active in a comparable group focussed on Mexico since 1978.

Supported by another group of U.S. and British companies he has, since 1988, worked with over 70 World Bank officials in Washington to increase their awareness of the role intellectual property protection plays in the development process. This pioneering educational effort has led to new research within the Bank and to new policy directions.

While a corporate lawyer, he worked intensively on foreign direct investment and technology transfer issues, particularly in Latin America. He has business operating experience in developing countries and has done policy representation in Washington.

In April, 1990, he led a delegation of American and Canadian lawyers and technology managers to the Soviet Union for two weeks of discussions with Soviet officials about their plans for technology transfer and intellectual property protection and joint venture formation. His heavy emphasis on the role of trade secrets in technology creation and transfer contributed to enactment of a trade secret law by the Soviets the following year.

He taught a graduate seminar at the University of Miami Graduate School of International Studies and has lectured at Fletcher School of Law and Diplomacy, Georgetown University, George Mason University, The George Washington University, University of Miami Law School, Franklin Pierce Law Center, University of Toronto, Instituto de Pesquisas Tecnologicas (Sao Paulo) and the Aspen Institute. He has addressed several SEPAL conferences on intellectual property issues.

He has addressed intellectual property issues on nine USIA WorldNet satellite broadcasts to Latin America, the Middle East and Indonesia and made a speaking tour in Pakistan for USIA in early 1994.

At the invitation of the InterAmerican Development Bank, he addressed the Second Conference on Justice and Development in Latin America and the Caribbean which took place in Montevideo, Uruguay, on October 19 and 20, 1995. The subject of his presentation was "Judicial Systems and National Economic Performance".

In 1995, he initiated work in Ecuador at the request of U.S. AID to help local organizations upgrade that nation's intellectual property protection and enhance public administration of the patent and trademark function. At the request of the World Bank, he proposed a similar program for the governments of Colombia and El Salvador.

Over time, Mr. Sherwood's client list has included the Brazil-U.S. Business Council, the Intellectual Property Committee (IPC), the InterAmerican Development Bank, the InterAmerican Investment Corporation, the International Anticounterfeiting Coalition (IACC), the International Intellectual Property Alliance (copyright), National Economic Research Associates (NERA), the U.S. Agency for International Development (AID), U.S. Information Agency (USIA), the World Bank (FIAS), and various corporations and law firms.

Mr. Sherwood is a graduate of Harvard College (B.A.), Columbia University (M.A.) and Harvard Law School (J.D.) and was admitted to practice law in New York State.

August 1996

# PROTECTING INDUSTRIAL PROPERTY IN MEXICO AND CENTRAL AMERICA
# THE PERSPECTIVE OF A U.S. CORPORATE PRACTITIONER

**Outline of Presentation -- September 21, 1996**
**Franklin Pierce Law Center**

**Donald E. Hasse**
**Associate General Counsel - Patents**
**The Procter & Gamble Company**

I. Background on Procter & Gamble
   A. Global consumer products company
      (1) More than 300 brands sold in over 140 countries
      (2) More than 100,000 employees
      (3) Plants and offices in 61 countries
      (4) Sales over $35 billion
   B. Operations in Latin America
      (1) Mexico since 1948
      (2) Central America
      (3) All major countries, with headquarters in Caracas
   C. Products have well established brand equity
      (1) Achieved through continuous investment in
         (a) Research and development
         (b) Manufacturing plants and processes
         (c) Advertising support for brands
      (2) Long history of developing new and improved products

II. Procter & Gamble's use of patent and trademark systems
   A. Protects investments in research and brand development
   B. Talk focuses on patents, although other I.P. protection important
   C. Procter & Gamble patents
      (1) Worldwide
      (2) Mexico

D. Decision to file/maintain patents
   (1) Made by Research & Development
   (2) Takes into account:
      (a) Scope and importance of the invention
      (b) Perceived value of patent in country
      (c) Cost, time and effort to obtain patent

E. Patent costs in countries where we file
   (1) Track costs for "average" patent for its full term
   (2) Broken down into five year intervals
   (3) Totals about $483,000 for one patent in 52 countries
   (4) Costs in Mexico
      (a) About mid-range overall
      (b) Relatively high in first five years after filing
      (c) Modest in subsequent five year periods
   (5) Costs in Central America -- estimate lower than Mexico

F. Assessment of patent value in a country considers:
   (1) Scope of protection available
      (a) Any limitations on patentable subject matter
      (b) Whether claims are unduly narrowed during prosecution
      (c) Length of patent term
   (2) Enforceability of the patent
   (3) Working requirements/compulsory licensing provisions
   (4) Size of the market
   (5) Patents available in larger, neighboring countries

G. High patent filing rate in Mexico
   (1) Reflects substantial improvements in patent laws
   (2) Improved patent administration
      (a) Pendency reduced
      (b) Better substantive examination

H. Patent Cooperation Treaty
   (1) Procter & Gamble files most applications under PCT
   (2) Additional 18 months available to make filing decisions
   (3) Fewer national filings using PCT
   (4) Significant savings in filing and translation costs
   (5) Valuable tool to manage large patent portfolio at lowest costs

I. Seldom file patents in Central America
   (1) Smaller markets
   (2) Greater concerns about the value of patents
   (3) Centralized patent system may be beneficial

III. Enforcement
   A. Work needed to bring up to world standards
   B. Business management expects enforcement
   C. Climate for enforcement improving – GATT/NAFTA
      (1) Access to the latest technology
      (2) Benefits of free trade
      (3) Encourage investment
      (4) Development of local technology
   D. "Effective" enforcement requires:
      (1) Prompt action to resolve infringement
      (2) Adequate remedies
         (a) Preliminary and permanent injunctions
         (b) Damages to compensate for and deter infringement
   E. Confidence in system will encourage settlement
      (1) Gives business managers certainty
      (2) Frees up administrative and judicial resources
   F. Mexican Institute of Industrial Property
      (1) Good record of enforcement in trademarks
         (a) Inspections/seizures/closure of facilities
         (b) Prompt resolution of infringement
      (2) Patent enforcement is more difficult
         (a) Complicated technical issues
         (b) Chemical and physical analyses required
         (c) Expert opinions often necessary
         (d) Delays resolution of infringement
   G. Specialized Industrial Property Court for Mexico
      (1) Would remove the burden of enforcement from IMPI
      (2) Court should quickly and reliably resolve disputes
      (3) Should be given resources to develop technical expertise
      (4) Important step in providing effective enforcement
      (5) Model for improved enforcement in Latin America

# Mexican Industrial Property Law
# a U.S. Perspective

## Patents in Mexico

Fred E. McKelvey[1]

---

[1] Senior Administrative Patent Judge, Board of Patent Appeals and Interferences, U.S. Patent and Trademark Office. Communications may be mailed to Senior Judge Fred E. McKelvey, P.O. Box 15647, Arlington, Virginia 22215. The views expressed herein are those of the author and do not necessarily represent the views of other officials of the U.S. Patent and Trademark Office or the official position of the U.S. Government. The author's understanding of Mexican jurisprudence in general and the ins and outs of the Mexican Industrial Property Law are due in large part to much appreciated assistance received by the author over many years from Jorge Amigo, Director General of IMPI, and Jesús Mejía, Director of Legal Affairs of IMPI. Both are "compadres."

## Table of Contents


A. Diario Oficial de la Federación . . . . . 1

B. Law, Regulations and Rules . . . . . 1

1. Industrial Property Law (IPL) . . . . . 1

2. Regulations under the IPL . . . . . 2

3. Rules for the Presentation of Applications before IMPI . . . . . 2

4. PCT . . . . . 2

C. Mexican Institute of Industrial Property--IMPI . . . . . 2

D. Patentability Standards . . . . . 3

1. Invention . . . . . 4

2. Exceptions to the definition of invention . . . . . 4

3. Patentable Subject Matter . . . . . 6

a. Novelty . . . . . 7

b. Inventive Step--Obviousness . . . . . 10

c. Industrial Application . . . . . 10

d. Exceptions . . . . . 10

E. Patent Application Requirements . . . . . 11

F. Examination of Patent Applications . . . . . 13

G. Patent Rights . . . . . 14

1. Term . . . . . 14

2. Scope of a Patent . . . . . 14

3. Product Protection . . . . . 14

4. Process Protection . . . . . 15

5. Exclusions from Patent Protection . . . . . 15

a. Experimental and Academic Exception . . . . . 15

b. Exhaustion of Patent Rights . . . . . 16

(1) The Director General's Speech . . . . . 16

(2) Action by the Mexican Congress During Consideration of 1991 and 1994 Legislation . . . . . 17

c. Prior User Rights . . . . . 22

d. Transit Vehicle Exception . . . . . 22

H. Enforcement . . . . . 22

1. Infringement . . . . . 22

a. Application for administrative determination of infringement . . . . . 22

b. Inspections by IMPI . . . . . 23

c. Response by alleged infringer . . . . . 24

d. Decision . . . . . 24

e. Remedies . . . . . 24

f. Standards for Determining Remedies . . . . . 25

2. Sanctions . . . . . 26

3. Invalidity . . . . . 27

4. Judicial review . . . . . 27

5. Money damages . . . . . 27

A. Diario Oficial de la Federación

All laws enacted in Mexico and regulations established by the Executive Branch of the Mexican government are published in the Diario Oficial de la Federación. The Diario Oficial is roughly the equivalent of a combination of the Federal Register, the Congressional Record, and the U.S. Statutes at Large. The version published in the Diario Oficial is considered the official version.

B. Law, Regulations and Rules

1. Industrial Property Law (IPL)

a. In 1991, Mexico modernized its patent law adopting standards accepted by most industrialized countries. Law for the Development and Protection of Industrial Property (LDPPI) published in the Diario Oficial on June 27, 1991.

b. In 1994, after adherence to NAFTA and in anticipation of approval of TRIPS, Mexico revised the 1991 law, renaming it Industrial Property Law. Revisions to the 1991 law are published in the Diario Oficial on August 2, 1994.

c. The Diario Oficial of August 2, 1994 contains only changes made by the Mexican Congress to the 1991 law. Hence, for a complete text of the IPL, as revised in 1994, it is necessary to have copies of both the Diario Oficial for June 27, 1991 and the Diario Oficial for August 2, 1994. A typed version in both English and Spanish of the IPL is provided as Appendix 1.

d. Parts of the legislative history of the LDPPI and the IPL, in a form somewhat similar to reports issued by Committees and Subcommittees of the U.S. Congress, can be found in Fernando Serrano Migallón, La Propiedad Industrial en México (2ª ed. 1995), published by Editorial Porrúa, S.A., Avenida República Argentina 15, México, D.F., México (hereafter "Propiedad Industrial").

e. The IPL is administered by the Executive Branch of the Mexican Government through the Mexican Institute of Industrial Property, known as IMPI based on its Spanish language name "Instituto Mexicano de la Propiedad Industrial."

2. Regulations under the IPL

a. The IPL contemplates issuance of a "Reglamento" ("Regulations") by the Executive Branch. Article 6, Section III. The formal name of the Regulations is "Regulations of the Industrial Property Law." When not inconsistent with law, the Regulations have the force and effect of law.

b. The Regulations were approved by the President of Mexico and published in the Diario Oficial of November 23, 1994. A typed version in both English and Spanish of the Regulations in both English and Spanish is provided as Appendix 2.

3. Rules for the Presentation of Applications before IMPI

a. The Regulations authorize the Director General of IMPI to promulgate "rules." Regulations, Article 3.

b. In an effort to provide assistance to those having business before IMPI, the Director General established rules, known in Spanish as "reglas," for the presentation of applications before IMPI.

c. The rules were published in the Diario Oficial of December 14, 1994.

d. Articles 13-32 of the rules concern presentation of patent applications containing nucleotide and aminoacid sequences.

4. PCT

Mexico has adhered to the PCT. See the Diario Oficial of July 25, 1994.

C. Mexican Institute of Industrial Property--IMPI

1. IMPI is a government organization known in Mexico as a "decentralized" entity within the meaning of the Mexican "Ley Federal de las Entidades Paraestatales." See IPL, Article 6. While connected with a "dotted line" to the Mexican Department of Commerce and Industrial Development (Secretaria de Comercio y Fomento Industrial), it nevertheless establishes its own budget, owns its property, can be sued and sue in its own name, and raises it own "income" through fees. Fee schedules are published from time to time in the Diario Oficial. See the Diario Oficial of August 23, 1995, as revised in the Diario Oficial of December 29,

1995. Unfortunately, as is the case with the U.S. Patent and Trademark Office (USPTO), IMPI is not able to keep and spend all of its fee income.

2. IMPI is overseen by a Director General and a Governing Board. IPL, Article 7. The Governing Board consists of various officials of the Mexican government. IPL, Article 7 bis. The Director General is appointed by a Governing Board subject to approval of the Secretary of Commerce and Industrial Development. IPL, Article 7 bis 1.

3. IMPI is organized into various directorates ("direcciones" in Spanish). See the Regulations of the Mexican Institute of Industrial Property approved by the President of Mexico and published in the Diario Oficial on November 23, 1994, and the IMPI Charter and Delegation of Authority, both approved by the Director General and published in the same Diario Oficial on December 5, 1994.

4. Some of the directorates are:

   a. Patents--ex parte examination of patent applications.

   b. Trademarks--ex parte examination of applications to register a trademark.

   c. Inter partes, known formally as the Directorate for the Protection of Industrial Property and informally as "Contencioso," where inter partes infringement and nullity actions are decided.

   d. Technical--automation and other computer services.

   e. Legal affairs--legal matters (e.g., advice and legal clearance) and court appearances on behalf of IMPI.

5. Two "subdirectorates" are:

   a. Administration and Finance.

   b. National and International Relations and Cooperation.

D. Patentability Standards

The Mexican patentability standards are in large measure similar to those of the United States. However, the analysis under Mexican law of whether an invention is

"patentable subject matter" and patentable differs somewhat from the analysis in the U.S.

First, a determination is made whether the subject matter sought to be patented is an "invention" within the meaning of the IPL.

Second, a determination is then made whether the subject matter falls within an "exception" to what constitutes an invention.

Third, a determination is then made whether the invention is subject matter which is excluded from patentability.

Fourth, a determination is then made whether the subject matter sought to be patented is new, involves an inventive step and has industrial applicability.

1. Invention

   a. The definition of invention in the IPL is quite broad.

   b. An invention is any human creation that allows matter or energy existing in nature to be transformed for utilization by mankind for the immediate satisfaction of a definite need. IPL, Article 15.

2. Exceptions to the definition of invention

   There are human creations which might be deemed to otherwise fit the definition of "invention" in IPL, Article 15, which are nevertheless not considered to be inventions within the meaning of the IPL:

   a. Consistent with U.S. law, theoretical or scientific principles. IPL, Article 19, Section I.

   b. Consistent with U.S. law, products of nature. IPL, Article 19, Section II.

   c. Partially consistent with U.S. law:

      (1) schemes, plans, rules and methods for carrying mental processes for:

         (a) playing games or

         (b) doing business.

IPL, Article 19, Section III. At least one panel of the Board of Patent Appeals and Interferences of the USPTO has determined that there is no statutory basis under 35 U.S.C. § 101 to refuse a claim merely because it is directed to a "method of doing business." To my knowledge, there is no Mexican jurisprudence on the meaning of the language "doing business." A method of operating a chemical plant and thereby earning a profit is a method of doing business. It is difficult to imagine IMPI rejecting a method of operating a chemical process under IPL, Article 19, Section II. On the other hand, it is not difficult to imagine that IMPI would reject the auction method claimed in In re Schrader, 22 F.3d 290, 30 USPQ2d 1455 (Fed. Cir. 1994).

d. Consistent with U.S. law, computer programs. IPL, Article 19, Section IV. It is my understanding that the language "computer programs" in the IPL is interpreted to mean computer programs per se, i.e., source code. It is also my understanding that a computer loaded with a particular program is patentable subject matter.

e. Probably consistent with U.S. law, methods of presenting information. IPL, Article 19, Section V. My understanding of Section V is that it excludes the artistic manner in which information is presented as opposed to a method of using apparatus for presenting information.

f. Consistent with U.S. law, aesthetic creations and artistic or literary works. IPL, Article 19, Section VI.

g. Inconsistent with U.S. law, methods of surgical, therapeutic or diagnostic treatment applicable to the human body and to animals. IPL, Article 19, Section VII. Nevertheless, IMPI, like the European Patent Office (EPO), will allow a claim in the following form:

> Uso de una composición X para la manufactura de un medicamento en una aplicación terapéutica Z.

which translates:

> Use of composition X for the manufacture of a medicine for use in treating therapeutic need Z.

In my opinion, IMPI and EPO permit this form of claiming to "get around" provisions in their respective laws which seem to preclude patenting a therapeutic use of a known compound or a "second" use as a therapeutic of a compound having a known first use.

One might ask: "What must be proved to establish infringement of the claim set out above?" First, the infringer must at least use a medicine containing composition X. Second, the infringer must use the medicine to treat disease Z. Accordingly, proof of infringement requires one to show that the infringer is using composition X to treat a disease. In short, the patent owner must prove infringement of the following claim:

> A method of using composition X to treat disease Z.

The other side of the coin is that if the IMPI approach "works," then take advantage of it.

h. Essentially consistent with 35 U.S.C. § 103, but not consistent with the way the U.S. defines patentable subject matter in 35 U.S.C. § 101, the:

> juxtaposition of known inventions or mixtures of known products, or alteration of the use, form, dimensions or material thereof, except where in reality they are so combined or managed that they cannot function separately, or where their characteristic qualities or functions have been so modified as to produce an industrial result or use not obvious to a person skilled in the art.

IPL, Article 19, Section VIII. The IPL seemingly requires a pre-"obvious" evaluation to determine whether claimed subject matter is an invention. Based on my discussions with IMPI personnel, the analysis required by Article 19, Section VIII really takes place when a determination is made as to whether subject matter involves an inventive step--a matter discussed infra.

3. Patentable Subject Matter

With certain "exceptions," inventions which constitute patentable subject matter must be (1) new, (2) the result of an inventive step and (3) susceptible of industrial application. In my opinion, there is no

meaningful difference between the three Mexican criteria and the new, useful and unobvious criteria of U.S. law, although the IPL defines the prior art differently.

a. Novelty

(1) "New" is defined in the IPL as "anything not in the state of the art." IPL, Article 12, Section I.

(2) "State of the art" includes technical knowledge that has been made public by oral or written description, by use or other means of dissemination. IPL, Article 12, Section II.

(3) The determination of novelty is made on the basis of the state of the art "on" the filing date of the patent application. It is unclear to me what "on" means. Given language in other portions of the IPL, it is possible to make a plausible argument that a document published the same day a patent application is filed is "prior art" as to that application. Definitely considered as part of the state of the art are Mexican published patent applications filed before the filing date of the application being examined. IPL, Article 17; Regulations, Article 22. Hence, Mexico has what is equivalent to 35 U.S.C. § 102(e), but only for novelty. Other countries use pending applications to defeat both novelty and show obviousness. See, e.g., (a) United States: 35 U.S.C. § 102(e); (b) Chile, Law Nº 19.039, Article 33; (c) El Salvador, Decreto Nº 604, Article 113; (d) Honduras, Decreto Nº 142-93, Article 9, second paragraph; and (e) Panama, Ley de Propiedad Industrial, Ley Nº ___, Article 12. In my opinion, the position of these latter countries is better from a public policy point of view. When earlier applications are considered only to evaluate novelty, the result inherently will be that two patents issue for what is really the same patentable invention. In short, issuance of a patent to the second inventor may not advance the useful arts. When two patents issue for essentially the same invention, then a citizen or foreigner attempting to do business in the country must secure two

licenses even though there is but one inventive concept. The need for two licenses makes it more difficult (but not impossible) to set up business. It would seem that countries considered to be developing countries would prefer to make it easier, not more difficult, to establish commercial activity within the county.

(4) What happens when two applications are filed on the same day? In Mexico, unlike the U.S., all patent applications are stamped with a date and hour of receipt at IMPI. IPL, Article 38 bis, first paragraph; Regulations, Article 7, Section I, paragraph (a). Applications can also be filed with regional offices of the Department of Commerce and Industrial Development. IPL, Article 12, Section VI; Regulations, Article 5 (I recommend that applications be filed at IMPI in Mexico City). Hence, when two applications are filed on the same day, the one filed earliest in the day is prior art to the later filed application. IPL, Article 10 bis, second paragraph, and IPL, Article 42. One point which is not entirely clear to me is: What happens when the two applications claim priority based on applications filed in foreign countries where both foreign applications were filed on the same day? I leave it to others to figure this one out in the highly unlikely event my question needs to be resolved at some future time.

(5) Mexico is not an "absolute novelty" country. Not included within the "state of the art" is an applicant's disclosure of the invention by "any means of communication, by putting the invention into practice or by having displayed it at a national or international exhibition" within one year from the date the application is filed in IMPI, or where priority is claimed, one year before the priority date. IPL, Article 18. According to Article 18, "[w]hen the corresponding [patent] application is filed, the evidentiary documents shall be included in the manner set out in the regulations under this Law." Article 24 of the Regulations provides that "the patent application shall indicate the date on which the invention was

the object of a prior disclosure, in accordance with the provisions set forth in article 18 of the Law, indicating the means of communication by which it was made known, the information relating to the exhibition in which the invention was displayed, or that relating to the first time in which the invention was put into practice."

The scope of the "exception" in IPL, Article 18 is not entirely clear and should be studied closely. On the one hand, an argument can be made that an independent third-party publication of an invention will not affect novelty where the inventor made the invention known prior to the third-party publication and within one year from filing a patent application. If the inventor can prove that the invention was made known prior to a third-party publication, it could then be argued that the third-party publication does not affect novelty. On the other hand, IPL, Article 18 can be read to mean that only the inventor's disclosure of the invention is included within the "exception." If so, then an independent third-party publication after the inventor makes known an invention, but before a patent application is filed, would not be included within the "exception." It is not clear to me that IPL, Article 18 provides a means to antedate prior art under a practice similar to Rule 131 [35 U.S.C. § 1.131] practice before the USPTO. In recently enacted patent laws in some Central American countries, the exception is clear: the disclosure of the invention, to fall within the "exception," must result directly or indirectly from the inventor's disclosure of the invention. El Salvador, Decreto Nº 604, Article 113, third paragraph; Honduras, Decreto Nº 142-93, Article 9, third paragraph; Panama, Ley de la Propiedad Industrial, Ley Nº ___, Article 13. Thus, if a third party, who did not derive the invention from the patent applicant, publishes independently after a patent applicant or its assignee discloses the invention, the third-party publication may well be "prior art." Suppose that a patent applicant makes known an invention in a trade show, "C" then publishes a document which describes the invention, and then the patent

applicant files a patent application in IMPI. Is C's publication prior art? How would you go about proving that C obtained information from B who obtained information from A who attended the trade show?

b. Inventive Step--Obviousness

The IPL defines "inventive step" as "the creative process the results of which are not obviously deducible from the state of the art by a person skilled in the relevant art." IPL, Article 16, Section III.

It is my opinion that IMPI evaluates "inventive step" using essentially the same standard as the USPTO uses to evaluate obviousness under 35 U.S.C. § 103.

IMPI and the USPTO ordinarily should reach the same obviousness result on the same set of facts. Nevertheless, obviousness is a subjective determination and therefore a possibility exists that IMPI and the USPTO could reach different conclusions on the same facts.

c. Industrial Application

To be patentable, an invention must "be susceptible of industrial application." IPL, Article 16.

"Industrial application" is defined as "the possibility of an invention being produced or used in any branch of economic activity." IPL, Article 12, Section IV.

It is my opinion that there is little difference between "useful" under 35 U.S.C. § 101 and "industrial application" under IPL, Article 116.

d. Exceptions

There are five exceptions to the provisions of Article 16. Thus, even though subject matter may be an invention and be new, involve an inventive step and be susceptible of industrial application, it may nevertheless be unpatentable:

(1) Essentially biological processes for production, reproduction and propagation of plants and animals. IPL, Article 16,

Section I. This exception prevents patenting of the method by which a known rooster and a known hen make chicks and the method by which the hen hatches the chicks.

(2) Biological and genetic material as found in nature. IPL, Article 16, Section II. This exception is consistent with U.S. law because the invention lacks novelty.

(3) Animal breeds. IPL, Article 16, Section III.

(4) A human body and the living parts which make up the human body.

(5) Plant varieties. Mexico contemplates protection of plant varieties through a UPOV type statute. A UPOV law is under consideration in Mexico.

E. Patent Application Requirements

1. A patent application must be presented in writing to IMPI. IPL, Article 38. The application must be in Spanish. IPL, Article 179.

In general, attorneys doing business before IMPI present a copy which is date-stamped by IMPI and returned to the attorney. The stamped copy serves to prove timely filing of the original in the event proof of filing is later needed. Regulations, Article 7, Section III.

2. An address in Mexico must be provided where communications can be mailed. Regulations, Article 5, Section IV. In practice, however, most attorneys engaged in business before IMPI have their mail picked up daily at IMPI. See Regulations, Article 13, fifth paragraph.

3. Mexico is a member of the Paris Convention and recognizes a right of priority. IPL, Article 40. A certified copy of the priority application must be filed in IMPI within three months of the date a Mexican application is presented to IMPI. IPL, Article 41, Section III. The Mexican patent application may claim material described in a priority application, but not claimed in the priority application. IPL, Article II, second paragraph. Prior to the 1994 revision to the LDPPI, the subject matter claimed in Mexico could not be broader than the subject matter claimed in the

priority document. See LDPPI, Article 41, Section II, published in the Diario Oficial on June 27, 1991.

4. The application must include a description of the invention, drawings when necessar to understand the invention, one or more claims, and an abstract. IPL, Article 47.

a. Description

Like the U.S., the description of the invention must "be sufficiently clear and complete to be fully understood and where appropriate to serve as a guide for a person with average skill in the art to make it." IPL, Article 47, Section I, first paragraph. The IPL also has a best mode provision. Id.

Like U.S. practice, when a written description of a biological material is not sufficient, the IPL authorizes an inventor to deposit the material in an institution recognized by IMPI. IPL, Article 47, Section I, second paragraph; Regulations, Article 28, Section V. Deposits are required when:

(1) a micro-organism itself is being claimed;

(2) the biological material to which the application relates is not available to the public, and

(3) description given of the biological material is insufficient for one skilled in the art to be able to reproduce it.

Regulations, Article 37. Pursuant to Article 35 of the Regulations, a list of the institutions in which a deposit can be made can be published in the Diario Oficial. While Mexico has not adhered to the Budapest Treaty, IMPI nevertheless recognizes Budapest depositories.

The description should comply with the format requirements of Article 28 of the Regulations.

b. Drawings

It is my opinion that the requirement for the need for a drawing is essentially the same as the requirement under U.S. practice.

See Article 30 of the Regulations for IMPI drawing format requirements.

c. Claims

One or more claims must accompany the application. Unlike U.S. practice, the IPL does not explicitly make the claims part of the specification. IPL, Article 47, Section III. The claims "may not exceed the contents of the description." Id. Claims may be narrowed to conform to the description. Whether an amendment to broaden the scope of the description can be based on an original claim is more problematic. However, it will be noted that the IPL provides that "voluntary amendments, may not contain additional material or claims which broaden the scope beyond that contained in the original application considered in its entirety." IPL, Article 55 bis.

Claims should comply with the format requirements of Article 29 of the Regulations.

d. Abstract

An abstract is required. IPL, Article 47, Section IV. The abstract will be viewed as important by IMPI. Unlike the USPTO's automated date base which includes all text and drawings of patents, the IMPI data base contains only the abstract. Hence, it is my experience that IMPI will insist on an accurate and detailed abstract since the abstract is used as a significant search tool.

Abstracts should comply with the formatting requirements of Article 33 of the Regulations.

F. Examination of Patent Applications

IMPI performs two examinations of a patent application. IPL, Article 38.

The first is for "form." IPL, Article 50. The application is published after 18 months, at which time it should have been determined that the application complies with the requirements related to "form." IPL, Article 52; Regulations, Articles 39 and 40.

The second is an examination on the merits. IPL, Article 53.

If upon examination on the merits it is determined that a patent should issue, the applicant is notified so that the issue fee may be paid. IPL, Article 57.

If upon examination, it is determined that a patent should not issue, the applicant is informed in writing. IPL, Article 56. The legal basis for the rejection must be stated. Id.; Regulations, Article 45, first paragraph; and Mexican Constitution, Article 16, first paragraph. The Mexican Constitution requires that government action must "funde" and "motive" (provide the statutory and regulatory basis for the action and provide an explanation for the decision).

A final decision of the Directorate of Patents denying a patent is subject, at the request of the applicant, to review by "an appeal for reconsideration." IPL, Article 200. A decision on an appeal for reconsideration is a final decision by IMPI.

A final adverse decision denying a patent is subject to judicial review by way of a proceeding in a district court known as an "amparo" proceeding. Those interested in amparo proceedings, in general, may consult Burgoa, El Juicio de Amparo (30ª ed. 1992), published by Editorial Porrúa, S.A., Avenida República Argentina 15, México, D.F., México

G. Patent Rights

1. Term

The term of a patent is 20 years from the date an application is filed for the patent. IPL, Article 23. Maintenance fees are required.

2. Scope of a Patent

The right conferred by the patent is determined by the claims. IPL, Article 21. The description, the drawings, and any biological deposit may be used to interpret the meaning of the claims. Id.

3. Product Protection

Consistent with TRIPS, product claims give the patent owner the right to prevent other persons from manufacturing, using, selling, offering for sale or importing the patented product without the owner's consent. IPL, Article 25, Section I.

4. Process Protection

Also consistent with TRIPS, process claims give the patent owner the right to prevent other persons from using the process, and from using, selling, offering for sale or importing the product directly obtained from the process, without the owner's consent. IPL, Article 25, Section II.

When the subject matter of a patent is a process for making a product, an accused infringer will be required to prove that the product was manufactured by a process different from the patented process, when:

a. the product obtained by the patented process is new, IPL, Article 192 bis 1, Section I, or

b. there is a significant probability that the product has been made using the patented process, and the patent owner, notwithstanding an attempt to do so, has not succeeded in establishing that the process was actually used, IPL, Article 192 bis 1, Section II.

5. Exclusions from Patent Protection

There are six exclusions from patent protection. Four of those exclusions are discussed below.

a. Experimental and Academic Exception

According to the IPL, there is no infringement when a third party, in a private or academic sphere and for non-commercial purposes, engages in scientific or technological research activities for purely experimental, testing or teaching purposes, and to that end manufactures or uses a patented product or a process. IPL, Article 23, Section I.

To my knowledge, the scope of the exception has not been administratively or judicially determined. The obvious concern would be with respect to inventions which are made for the purpose of teaching. Would such inventions come within the scope of the exception? An argument might be made that such inventions literally fall within the scope of the exception. However, Mexico is a WTO country and therefore has adhered to TRIPS. Article 30 of TRIPS authorizes exceptions to the exclusive rights conferred by a patent "provided that such exceptions do not

unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties" (emphasis added). The IPL provides that it should be interpreted in light of treaties to which Mexico has adhered. IPL, Article 1. When the invention relates to an apparatus used for teaching, then it would be difficult to imagine how the exception would apply in the face of TRIPS.

b. Exhaustion of Patent Rights

A patent shall not have any effect with respect to "any person who markets, acquires or uses the patented product or the product obtained by means of the patented process after the said product has been lawfully placed on the market." IPL, Article 22, Section II.

In my opinion, Article 22, Section II of the IPL provides for national exhaustion and the IPL does not authorize parallel imports without the consent of the patent owner.

(1) The Director General's Speech

In October of 1993, the current Director General of IMPI (then the DGDT or "Dirección General de Desarrollo Tecnológico") delivered an address in Oaxaca on the subject of parallel imports. In his speech, the Director General made the following observation:

> As can be appreciated . . ., [Article 22] recognizes the principle of exhaustion rights solely at the national level, and does not make reference to exhaustion of the rights at the international level, accordingly it can be affirmed that, in the case of patents, parallel imports are not considered permitted, as importation of products is not specifically contemplated within the exceptions to the exclusive rights that a patent confers.
>
> In the area of patents, parallel imports are forbidden based on the

argument that there exists a greater need to stimulate technological development in the country, permitting the owner of the patent to obtain an adequate remuneration to stimulate greater investments in research and technological development in the country * * *.

(2) Action by the Mexican Congress During Consideration of 1991 and 1994 Legislation

The Director General's legal conclusion that parallel imports are not permitted in the case of patents is clearly consistent with action taken by the Mexican Congress during its deliberations with respect to both the 1991 and the 1994 legislative efforts.

On December 4, 1990, the Mexican President forwarded to the Mexican Congress an initiative to amend Mexico's industrial property law. Two articles in the initiative are relevant to a parallel import analysis, one relating to patents and the other relating to trademarks:

(a) The President's initiative proposed an Article 22, relating to patents, in part as follows:

"The right conferred by a patent shall not have any effect against:

* * *

II. any person who markets, acquires or uses the patented product or the product obtained by means of the patented process after the said product has been lawfully placed on the market * * *.

This case shall include the importation of patented products or products made by a patented process carried out by any person for their use or marketing in Mexico or for incorporation into products to be sold in the national market or exported, pursuant to the terms and conditions laid down in the regulations under this law.

(b) The Mexican President's initiative proposed an Article 92, relating to trademarks, in part as follows:

"Registration of a mark shall not be effective against:

* * *

II. any person who markets, distributes, acquires or uses the product to which the trademark is applied after the said product has been lawfully introduced to the market by the owner of the registered mark or his licensee.

This case shall include the importation of the authentic products to which the mark applies, carried out by any person for their use, distribution or marketing in Mexico pursuant to the terms and conditions laid down in the regulations under this law * * *."

(c) In deliberations before the Mexican Senate with respect to the 1991 legislation, it was proposed to eliminate the second paragraph of proposed Article 22 relating to patents. A first Senate report notes:

> It needs to be reiterated that individuals and juristic entities who develop inventions in Mexico need to be able to count on adequate legal protection and thereby exploit their inventions industrially. In this sense, imports of patented products from countries where legal protection is doubtful or unsatisfactory would adversely effect patent owners.
>
> Accordingly, it is proposed to eliminate the second paragraph of Section II of Article 22.

The quoted portion of the first Mexican Senate report is reproduced in Spanish in Propiedad Industrial at page 65. No

corresponding change was proposed with respect to Article 92 dealing with trademarks.

(d) In further deliberations before the Mexican Senate with respect to the 1991 legislation, the Senate continued to recommend elimination of the second paragraph of Section II of Article 22, as proposed in the Mexican President's initiative. A second Senate report notes:

> There is included in the second chapter (Inventions) of the referred to Title II of the law project [something] that concerns us and it deals with those situations in which a patent would not have no effect and in particular, the hypothetical case where a person commercializes, acquires or uses a patented product or a product produced by a patented process after the product have been lawfully introduced in commerce. In this respect, the [Mexican] Senate determined that the lawful introduction into commerce should be done by the owner of the patent or by a person to whom the owner has given a license. Attentive respect should be given to the reasoning of the H. Colegisladora to omit the last provisions [of Section II of Article 22], because its mention is redundant since lawful commercial exploitation can be made only the owner of the patent or a person to whom the owner has conceded a license.

The quoted portion of the second Mexican Senate report is reproduced in Spanish in **Propiedad Industrial** at pages 81-82.

(e) The LDPPI, as enacted in 1991, did not contain the second paragraph of Article 22, Section II, as proposed in the Mexican President's initiative.

(f) When revisions to the 1991 law were considered by the Mexican Congress in 1994, an "objection" concerning parallel imports was raised by the Asociación Nacional de Fabricantes de Medicamentos, A.C. [National Association of Pharmaceutical Manufacturers--representing generic drug manufacturers]. A report of the Mexican House of Deputies addresses the "objection" as follows:

> An observation is made relating to the possibility of permitting parallel imports with respect to patents, the relevant provisions relating thereto being contained in article 22 of the current law, with respect to which no proposal was made in the present project [of law] being studied, about which it can be mentioned that the initiative of law which was debated in 1991 contained a provision which permitted parallel imports in patents by proposing a second paragraph to Section II of Article 22, which would have established the following:
>
> > The importation of patented products or products made by a patented process carried out by any person for their use or marketing in Mexico or for incorporation into products to be sold in the national market or exported, pursuant to the terms and conditions laid down in the regulations under this law.
>
> With respect to that proposal of the Federal Executive, the LIV Legislature had the following opinion:
>
> > It needs to be reiterated that individuals and juristic entities who develop inventions in Mexico need to be able to count on adequate

legal protection and thereby exploit their invention industrially. In this sense, imports of patented products from countries where legal protection is doubtful or unsatisfactory would adversely effect patent owners. Accordingly, it is proposed to eliminate the second paragraph of Section II of Article 22

The document presented [by the Asociación Nacional de Fabricantes de Medicamentos, A.C. ] does not provide a justifiable rationale which would call for a change in the provisions adopted by the LIV Legislature, in addition to the manner in which it was considered, this project of law should not be used to reopen differences of opinion which remain from the debate in 1991, for which reason no recommendation will be made to modify article 22 of the Law.

The quoted portion of the Mexican House of Deputies report is reproduced in Spanish in **Propiedad Industrial** at pages 139-40.

(g) Thus, the IPL did not authorize issuance of regulations with respect to parallel imports regarding patented inventions. On the other hand, the IPL does authorize regulations with respect to parallel imports regarding products bearing registered trademarks. Article 54 of the Regulations provides:

For the purposes of the provisions specified in article 92, section II of the Law, it shall be assumed, among other assumptions, that the goods being imported are legal, provided that the following requirements are fulfilled:

I. The introduction of the goods to the market from the country from which they are imported is carried out by the person in that country who is the owner or licensee of the registered mark, and

II. The owners of the mark registered in Mexico or in the foreign country are, on the date on which the goods are imported, the same person or members of the same joint interest, economic group, or are the licensees or sublicensees of said mark.

c. Prior User Rights

The U.S. has no prior user right statute and, to my knowledge, there is no definitive American jurisprudence on the issue. Mexico has legislation which expressly excepts prior users. The IPL provides that a patent shall not have an effect against "any person who, prior to the filing date of the patent application, or where applicable the recognized priority date, uses the patented process, manufactures the patented product or makes the necessary preparations for such use or manufacture." IPL, Article 22, Section III.

d. Transit Vehicle Exception

The IPL provides for a transit vehicle exception essentially in the same terms as U.S. law. See IPL, Article 22, Section IV and compare 35 U.S.C. § 272.

H. Enforcement

Infringement and validity are determined in the first instance by IMPI and not by a Mexican court. Money damages are determined in the Mexican judicial system.

1. Infringement

a. Application for administrative determination of infringement

Among other things, the following are "administrative infringements:"

(1) Manufacturing or producing products covered by a patent without the consent of the owner. IPL, Article 213, Section XI.

(2) Offering for ale or placing in circulation products covered by a patent with knowledge that they were manufactured or produced without the consent of the owner of the patent. IPL, Article 213, Section XII.

(3) Using a patented processes without the consent of the owner of the patent or without the appropriate license. IPL, Article 213, Section XIII.

(4) Offering for sale or bringing into circulation products that are made by patented processes with knowledge that the processes were used without the consent of the owner of the patent. IPL, Article 213, Section XIV.

A patentee seeking to establish that a third party is infringing a patent must file an application for a determination of administrative infringement. The application is filed in IMPI. IPL, Article 189; Regulations, Article 69.

The evidence supporting the allegation of infringement is submitted with the application. IPL, Article 190.

IMPI may order an alleged infringer to supply evidence under its the control. IPL, Article 192 bis, second paragraph. IMPI is authorized to draw such adverse inferences as it deems appropriate where a party (applicant or alleged infringer) unreasonably refuses to produce relevant evidence within its control. IPL, Article 192 bis, third paragraph.

b. Inspections by IMPI

In order to insure that there is compliance with the IPL, IMPI is authorized to conduct inspections. IPL, Article 203, Section II.

In an appropriate circumstance, an inspector, as a precautionary measure, may confiscate material. IPL, Article 211. The confiscation may involve:

(1) Equipment, instruments, machinery, devices, drawings, specifications, plans, manuals, molds, plates and, in general, any other means used in the accomplishment of the acts and events consic red to be an infringement under the IPL. IPL, Article 212 bis, Section I

(2) Books, records, documents, models, specimens, labels, stationary, advertising material, invoices and, in general, anything else that might constitute evidence. IPL, Article 212 bis, Section II.

(3) Merchandise, products and any other goods which infringe the rights of a patent owner. IPL, Article 212 bis, Section III.

c. Response by alleged infringer

When an application for determination of administrative infringement is accepted, MPI notifies the alleged infringer and permits the alleged infringer to submit a response. IPL, Article 193.

d. Decision

When an application and response have been submitted, IMPI makes a ruling on whether there is infringement. IPL, Article 199, first paragraph. Equitable remedies may be determined at the time a decision is made on the issue of infringement. IPL, Article 199, second paragraph.

e. Remedies

IMPI is authorized to impose a wide variety of remedies, but cannot award damages to the patent owner. The remedies include:

(1) Ordering withdrawal from circulation or preventing circulation of goods that infringe rights of the patent owner. IPL, Article 199 bis, Section I.

(2) Ordering the following to be withdrawn from circulation (IPL, Article 199 bis, Section II):

(a) Goods that have been manufactured or used illegally;

(b) Objects, wrappers, containers, packages, stationary, advertising material and the like which infringe the patent owner's rights;

(c) Advertisements, signs, labels, stationary and the like which infringe the patent owner's rights; and

(d) Devices or instruments designed for or used in the manufacture, use or acquisition of any of those items specified in (a), (b) and (c).

(3) Prohibiting the marketing or use of products which violate the rights of the patent owner. IPL, Article 199 bis, Section III.

(4) Ordering the seizure of goods. IPL, Article 199 bis, Section IV. See IPL, Articles 211 to 212 bis 2 for procedures relating to seizure of goods.

(5) Ordering the presumed infringer or third parties to suspend or stop taking actions which constitute a violation of the rights of the patent owner.

(6) Ordering the suspension of the service or closure of any establishment when the measures provided for in the foregoing paragraphs are insufficient to prevent or avoid violation of the patent owner's rights.

f. Standards for Determining Remedies

In order to determine whether to implement a particular remedy, IMPI requires an applicant for an administrative determination of infringement to (IPL, Article 199 bis 1):

(1) Prove ownership of the patent or otherwise prove a right to enforce the patent and any of the following circumstances:

(a) Existence of a violation of the patent right;

(b) A violation of is imminent;

(c) Existence of the possibility of suffering irreparable damages, and

(d) Existence of a well-founded suspicion that the evidence might be destroyed, concealed, lost or altered.

(2) Offer a sufficient bond for damages that might be caused to the alleged infringer; and

(3) Supply information necessary to identify the goods, services or establishments by which and wherein the violation of the patent is committed.

The person against whom a remedy is ordered may submit a counter-bond for damages that might be caused to the requestor of the remedy, and thereby may have the remedy lifted. IPL, Article 199 bis 1, second paragraph (after Section III).

IMPI will take into consideration the seriousness of the infringement and the nature of the requested remedy in order to choose the remedy to be implemented and to determine the amount of the bond and counter-bond. IPL, Article 199 bis 1, third paragraph.

2. Sanctions

IMPI cannot award money damages to a patent owner. However, IMPI can (and usually does) impose an administrative fine for infringement of a patent. IPL, Article 214; Regulations, Article 75. The sanctions include the following:

a. A fine of up to 20,000 days of the general minimum salary payable in the Federal District. IPL, Article 214, Section I. It is my understanding that the minimum salary payable in the Federal District is currently 22.30 Mexican pesos (or about U.S. $3.00).

b. An additional fine of up to the amount of 500 days of the general minimum salary payable in the Federal District for each day that an infringement persists. IPL, Article 214, Section II; Regulations, Article 78.

c. Temporary closure for up to 90 days. IPL, Article 214, Section III.

d. Permanent closure. IPL, Article 214, Section IV.

e. Administrative detention for up to 36 hours. IPL, Article 214, Section V.

3. Invalidity

An allegation that a patent is invalid is not a direct answer to an application for an administrative determination of infringement. In other words, an alleged infringer cannot answer an application for an administrative determination of infringement with a "defense" that the patent is invalid. Rather, the accused infringer must present an application for an administrative determination of nullity to obtain a declaration from IMPI that the patent was not lawfully issued. IPL, Article 187. A patent that is nullified cannot be infringed.

The procedure for presenting the application for nullification and the response by the patent owner are similar to the process described above. IMPI may consolidate the proceeding on an application for administrative determination with the proceeding on an application for a determination of nullity.

4. Judicial review

There is judicial review by "amparo" of any final decision of IMPI on an application for an administrative determination of infringement or nullity. There is also "amparo" review of any order entering a remedy and/or a sanction.

5. Money damages

Once a final determination has been made, either by IMPI without "amparo" review or after "amparo" review, then a patent owner may present a complaint in a Mexican court requesting a determination of damages. Any prior infringement and validity determinations are not relitigated in the damage phase of enforcement.

# Practical Tips for U.S. Practitioners on Prosecuting Patent Applications before IMPI and Central American Patent Offices

Fred E. McKelvey[1]

Table of Contents


A. Associating with a local attorney . . . . . 1

B. Microorganism deposits . . . . . 2

C. Inter partes customs . . . . . 2

D. Examination of a Patent Applications . . . . . 2

1. Patentable in the U.S., but not Mexico . . . . . 3

2. Patentable in Mexico, but not the U.S. . . . . 4

3. "Continuation" practice . . . . . 4

a. Example 1 . . . . . 5

b. Example 2 . . . . . 6

E. Abstracts . . . . . 7

F. Revival of Abandoned Applications and Lapsed Patents . . 7

G. Classification . . . . . 7

H. Perfecting priority . . . . . 7


---

[1] Senior Administrative Patent Judge, Board of Patent Appeals and Interferences, U.S. Patent and Trademark Office. Communications may be mailed to Senior Judge Fred E. McKelvey, P.O. Box 15647, Arlington, Virginia 22215. The views expressed herein are those of the author and do not necessarily represent the views of other officials of the U.S. Patent and Trademark Office or the official position of the U.S. Government.

The following is a discussion of what hopefully will be helpful hints to U.S. practitioners having business before the Mexican Institute of Industrial Property (IMPI). The hints are listed in no particular order of importance.

**A. Associating with a local attorney**

A U.S. practitioner should not expect to do business directly with IMPI. All applicants for patent must supply an address in Mexico where notifications can be made. Regulations, Article 5, Section IV.

It is necessary from a practical point of view to associate with an attorney in the country in which patent protection is sought. Mexico has a legal system which is based on the Civil Code, as well as customs which differ from those in the U.S. A local practitioner is in a much better position to know local law, regulations and customs. For example, the postal system is not generally used by IMPI to communicate with practitioners. Likewise, practitioners do not mail papers to the IMPI, because any material mailed to IMPI is deemed filed when received. Regulations, Article 5, Section IX, fifth paragraph. There is no "certificate of mailing" or "Express Mail" provision in the Regulations. Rather, papers are generally picked up at the IMPI by practitioners and practitioners hand-deliver papers to the IMPI. Regulations, Article 13, fourth paragraph. Papers may be submitted by fax, but an original must be filed one day after the fax is sent. Regulations, Article 5 Section IX, last paragraph.

The Mexican educational system is not readily designed to permit an individual to obtain a "title" in both engineering and law. Hence, attorneys engaged in the area of intellectual property in Mexico are not likely to be engineers. Likewise, engineers engaged in the area of intellectual property in Mexico are not likely to attorneys.

There are no practitioners registered to practice before IMPI in the same sense that attorneys and agents are registered to practice before the U.S. Patent and Trademark Office (USPTO) under 35 U.S.C. § 31. Rather, Mexican law firms will have engineers on their staff and Mexican engineering firms will have attorneys on their staff.

U.S. practitioners may have "expectations" from Mexican firms retained to prosecute patent applications before IMPI. If so, make those expectations known. A U.S. practitioner cannot assume that customs in all countries are similar to those in the U.S. Mexican firms also have expectations. Mexican attorneys also have expectations. One point of view is presented by Mariano Soní, a Mexican attorney engaged in practice in intellectual property in Mexico City. Soní, ¿Qué Espera un

Abogado de su Cliente?, Urânia, Año 2, Nº 11, page 26 (May-June 1996).

**B. Microorganism deposits**

A microorganism deposit must be made prior to the date a patent application is filed in IMPI. IPL, Article 47, Section I, second paragraph; Regulations, Article 28, Section V, Article 34 and Article 37. The deposit must be in a depository institution recognized by IMPI.

The IPL does not explicitly require a deposit prior to the priority date when priority is claimed. Other countries require the deposit prior to the priority date when priority is claimed. El Salvador, Decreto Nº 604, Article 138, third paragraph, published in the Diario Oficial of August 16, 1993; Honduras, Decreto Nº 142-93, Article 46, fourth paragraph, published in La Gaceta of December 23, 1993.

I would expect IMPI to require that a deposit be made in an institution prior to the date the priority application is filed.

**C. Inter partes customs**

Unlike practice under U.S. law, in an inter partes proceeding before IMPI, it is not impermissible for an attorney for a party to talk to a deciding official without the presence of the attorney for the opponent.

Normally, papers are not required to be "served" in the sense we are required to serve papers in court proceedings and inter partes proceedings in the USPTO. Rather, IMPI will send a copy to an opponent of a paper filed by a party when IMPI deems it appropriate to have the opponent comment on the paper filed by the party.

When an application for determination of administrative infringement or an application for declaration of nullity is presented before IMPI, the evidence in support of the application should accompany the application.

**D. Examination of a Patent Applications**

IMPI performs a form and merits examination.

The form examination ensures that all the necessary papers are present and that fees have been paid. After the form examination is satisfactorily completed, a patent application is published.

IMPI thereafter conducts a merits examination of a patent application.

There are numerous steps a U.S. practitioner can take to simplify the merits examination process, assist IMPI and thereby expedite issuance of a patent in Mexico. Some of those steps will be discussed below.

The following gratuitous observations are made for what they may be worth. My "experience" is that practice under the Civil Code form of law tends to be considerably more formalistic than practice under U.S. jurisprudence. For example, numerous papers are filed with an application to establish the authority of an attorney to represent an applicant. My view is that Mexican attorneys can, and do, stand on form more than U.S. attorneys. My recommendation is that a U.S. practitioner not permit a "formal" issue to become a significant side show apart from the main event which is the merits. In other words, the fact that the IPL or the Regulations or the Reglas may not require a U.S. practitioner (or rather, the client) to take some or all of the steps I recommend below is no reason for not taking the steps.

On another occasion, I had an opportunity to express my views on how IMPI has been modernized. McKelvey, "El IMPI--Visto Desde Fuera," Lynia, Año 2, Nº 10, page 38 (Mar.-Apr. 1996). Nevertheless, IMPI does not have unlimited resources. Resources are harder to come by in the industrial property offices of the Central American countries. Those involved in efforts to secure patent protection should take the position that they ought to help the industrial property offices charged by the national law of a country to conduct examination and issue patents when consistent with the national interest as expressed in the law of the country involved.

The IPL provides that IMPI "may accept the result of the substantive examination or its equivalent as conducted by foreign patent offices . . ." (emphasis mine). IPL, Article 54.

A patent applicant may have a patent application pending before IMPI and the USPTO issues a U.S. patent based on a corresponding U.S. patent application. IMPI would like to know about the issuance of the U.S. patent. A patent applicant does not have to wait until IMPI asks whether a U.S. patent has issued. Rather, the patent applicant may file a paper in IMPI, with a copy of the U.S. patent, thereby advising IMPI that a U.S. patent has issued. Will a Mexican patent issue? Maybe.

1. Patentable in the U.S., but not Mexico

There may be subject matter patentable in the U.S. which is not patentable in Mexico[2] or subject matter may be patentable in

---

[2] Presently in Guatemala, a patent cannot be issued to a chemical compound.

Mexico when claims are presented in a different form. For example, a patent may not be issued for methods of surgical, therapeutic or diagnostic treatment applicable to the human body or to animals. IPL, Article 19, Section VII. But, patents are issued to claims in the following form:

> Use of composition X for the manufacture of a medicine for use in treating therapeutic need Z.

A patent applicant makes it a whole lot easier for IMPI to issue, and your client to receive, a Mexican patent if you take care of the differences without being asked to do so.

2. Patentable in Mexico, but not the U.S.

There may be subject matter patentable in Mexico which is not patentable in the U.S. For example, a U.S. applicant may have been required to narrow claim in a U.S. application because of prior art available under 35 U.S.C. § 102(e). The U.S. patent which is prior art to the applicant under § 102(e) may not be prior art in Mexico because a U.S. patent is prior art in Mexico as of the date the U.S. patent issues. IPL, Article 12, Section II. If a patent applicant desires broader protection which may be available in Mexico than was obtained in the U.S., the applicant should present those portions of the file wrapper of the U.S. application which demonstrate that narrow U.S. protection was compelled due to a § 102(e) reference which is not prior art in Mexico.

Patent applicants should remember that if there is a "§ 102(e) reference" in Mexico in the form of an earlier filed Mexican application, the "reference" is prior art only for the purpose of novelty. IPL, Article 17. Hence, broader protection may be available in Mexico than was available in the U.S.

3. "Continuation" practice

There is no "continuation" or "continuation-in-part" (CIP practice) in Mexico or Central or South America. Rather, a patent applicant "refiles" and gets a new filing date--period.

In the U.S., we have "continuation" and "continuation-in-part" practice (hereafter "CIP practice"). I think our CIP practice is unique, and to put it as mild as I can, is "a big pain in the neck for other countries" attempting to give some weight to the issuance of U.S. patents which have been involved in the CIP practice.

During recent years, I have been asked to make presentations to the patent examiners of IMPI. CIP practice generates more questions than all other subjects combined.

a. Example 1

Some of the difficulties can be appreciated with a simple (I emphasize simple) example.

(1) A patent applicant files a patent application in the U.S. and claims invention A and invention B.

(2) Within the priority year, a corresponding application is filed in Mexico (or Guatemala, El Salvador, etc.) which also claims inventions A and B.

(3) The U.S. examiner decides that invention A is patentable, but invention B is not patentable.

(4) The patent applicant cancels B and lets a patent issue claiming only invention A.

(5) The patent applicant files a CIP which claims invention B.

(6) The IMPI patent examiner finds out that a U.S. patent has issued for invention A--hopefully because the patent applicant advised the IMPI patent examiner.

Now what? If the patent applicant limits the Mexican patent application to invention A, a Mexican patent may well issue. However, if the patent applicant persists in claiming both inventions A and B, then the IMPI patent examiner surely will want to know: "What happened to invention B before the USPTO?"

What is the patent applicant going to tell the IMPI examiner?

One possibility is to voluntarily divide the Mexican application and limit the claims in one application to invention A and limit the claims in the other application to invention B. A Mexican patent may well issue for invention A. The patent applicant need not be concerned with "double patenting" because there is no such thing as "double patenting" in Mexico. "Terminal disclaimers" are inherent in every Mexican divisional application. When and if a second Mexican patent issues for invention B, both patents will expire on the same day and the patent owner will have to pay maintenance fees on both patents.

Another possibility is to advise the IMPI patent examiner of "what is going on" in the CIP claiming invention B. It is not likely that IMPI will issue a Mexican patent claiming invention B until a final resolution is made by the USPTO with respect to the patentability of invention B.

The message I am trying to convey is: if patent protection in other countries, including Mexico and the Central American countries is important, then a patent applicant needs to think about what happens in prosecuting CIP applications before the USPTO.

b. Example 2

Another example (again a simple example) may be useful.

(a) A patent applicant files a patent application in the U.S. and claims invention C.

(b) Within the priority year, a corresponding application is filed in Mexico (or Guatemala, El Salvador, etc.) which also claims invention C.

(c) The patent applicant and the U.S. patent examiner cannot resolve patentability during prosecution of the application.

(d) The application is abandoned in favor of a now "famous" CIP--supposedly to continue prosecution seeking protection for invention C.

(e) The IMPI patent examiner reaches the Mexican application for examination and finds out that the "priority" application filed in the U.S. is abandoned.

The USPTO will advise the IMPI of the status of a priority application. It has long been USPTO practice to advise the "public" whether a U.S. application mentioned in a foreign patent document is "pending," "abandoned," or "patented." So, when the IMPI patent examiner finds out that the U.S. priority application is abandoned, a logical conclusion is that the USPTO determined that invention C is not patentable. Of course, unknown to the IMPI patent examiner is the stealth CIP still floating around the USPTO. The IMPI patent examiner may ask for a copy of the file wrapper of the "parent" priority application. IPL, Article 55; Regulations, Articles 43 and 44. You can expect a rejection if all the IMPI patent examiner has is the information contained in the "parent" priority application. Hence, the patent applicant will need to advise the IMPI patent examiner of the pendency of the CIP. Depending on the need for patent protection in Mexico, the best course of action may be to ask the IMPI patent examiner to suspend proceedings before IMPI pending a determination by the USPTO on the CIP.

There will be some situations which are so complicated that only ad hoc determinations will be satisfactory. One can imagine

what foreign patent offices think of a situation where there is a great-grandparent, two grandparents, three parents, and five CIP's.

**E. Abstracts**

Abstracts in patent applications are very important in Mexico and Central American countries. The abstract is published in the publication phase of patent examining. More important, the text of the abstract can form a data base for searching. IMPI, at this time, does not have access to a data base like the Automated Patent System of the USPTO. Hence, IMPI and other patent offices are limited to searching with other means--all of which are slower and more tedious than the searching methods available at the USPTO. An abstract should be written with the idea that it will form part of a searching data base. If it is not, a patent applicant will be required to present a new abstract and issuance of a Mexican patent will be delayed.

**F. Revival of Abandoned Applications and Lapsed Patents**

There are two "rules" associated with abandoned applications where IMPI is concerned:

Rule 1. An abandoned application cannot be revived. Regulations, Article 8.

Rule 2. In case of doubt, apply Rule 1.

There is no such thing as "unavoidable delay" or "unintentional abandonment" in Mexico.

If a patent applicant abandons a patent application or the patent application is declared abandoned, a new application with a new filing date can be filed, but all documents published between the filing date of the abandoned application and the new application are "prior art."

A patent which lapses for failure to pay a maintenance fee can be "revived" within a six-month grace period. IPL, Article 81.

**G. Classification**

It is helpful if the International Classification is given, if known, when an application is filed.

**H. Perfecting priority**

Mexico, like the U.S., requires that a certified copy of the priority documents be presented for inclusion in the file of the patent application. Mexico, unlike the U.S., requires that the

certified copy be presented within three months of the date a patent application is filed in IMPI. Failure to timely present the certified copy will result in a loss of a right to claim priority.

# Industrial Property Law[1]
# United Mexican States

# Ley de la Propiedad Industrial[2]
# Estados Unidos Mexicanos

[1] Published in the Diario Oficial de la Federación (June 27, 1991), as the Law for the Development and Protection of Industrial Property; revised, renamed Industrial Property Law and published in the Diario Oficial de la Federación (August 2, 1994).

[2] Publicada en el Diario Oficial de la Federación (27 de junio de 1991) con título de Ley de Fomento y Protección de la Propiedad Industrial; reformada, renombrada con título de Ley de la Propiedad Industrial y publicada en el Diario Oficial de la Federación (2ª de agosto de 1994).

INDICE


TITULO PRIMERO . . . . . 1
Disposiciones Generales . . . . . 1
Capítulo Único . . . . . 1
Artículos 1º a 8º . . . . . 1

TITULO SEGUNDO . . . . . 8
De las Invenciones, Modelos de Utilidad y Diseños Industriales . . . . . 8
Capítulo I . . . . . 8
Disposiciones Preliminares . . . . . 8
Artículos 9º a 14 . . . . . 8
Capítulo II . . . . . 9
De las Invenciones . . . . . 9
Artículos 15 a 26 . . . . . 9
Capítulo III . . . . . 13
De los Modelos de Utilidad . . . . . 13
Artículos 27 a 30 . . . . . 13
Capítulo IV . . . . . 13
De los Diseños Industriales . . . . . 13
Artículos 31 a 37 . . . . . 13
Capítulo V . . . . . 15
De la Tramitación de Patentes . . . . . 15
Artículos 38 a 61 . . . . . 15
Capítulo VI . . . . . 21
De las Licencias y la Transmisión de Derechos . . . . . 21
Artículos 62 a 77 . . . . . 21
Capítulo VII . . . . . 24
De la Nulidad y Caducidad de Patentes y Registros . . . . . 24
Artículos 78 a 81 . . . . . 24

TITULO TERCERO . . . . . 26
De los Secretos Industriales . . . . . 26
Capítulo Único . . . . . 26
Artículos 82 a 86 bis 1 . . . . . 26

TABLE OF CONTENTS


TITLE I . . . . . 1
General Provisions . . . . . 1
Sole Chapter . . . . . 1
Articles 1 through 8 . . . . . 1

TITLE II . . . . . 8
Inventions, Utility Models and Industrial Designs . . . 8
Chapter I . . . . . 8
Preliminary Provisions . . . . . 8
Articles 9 through 14 . . . . . 8
Chapter II . . . . . 9
Inventions . . . . . 9
Articles 15 through 26 . . . . . 9
Chapter III . . . . . 13
Utility Models . . . . . 13
Articles 27 through 30 . . . . . 13
Chapter IV . . . . . 13
Industrial Designs . . . . . 13
Articles 31 through 37 . . . . . 13
Chapter V . . . . . 15
Processing of Patents . . . . . 15
Articles 38 through 61 . . . . . 15
Chapter VI . . . . . 21
Licensing and the Transfer of Rights . . . . . 21
Articles 62 through 77 . . . . . 21
Chapter VII . . . . . 24
Invalidity and Lapse of Patents and Registrations . . . . . 24
Articles 78 through 81 . . . . . 24

TITLE III . . . . . 26
Trade Secrets . . . . . 26
Sole Chapter . . . . . 26
Articles 82 through 86 bis 1 . . . . . 26

TITULO CUARTO . . . . . 28
De las Marcas y de los Avisos y Nombres Comerciales . . 28
Capítulo I . . . . . 28
De las Marcas . . . . . 28
Artículos 87 a 95 . . . . . 28
Capítulo II . . . . . 33
De las Marcas Colectivas . . . . . 33
Artículos 96 a 98 . . . . . 33
Capítulo III . . . . . 33
De los Avisos Comerciales . . . . . 33
Artículos 99 a 104 . . . . . 33
Capítulo IV . . . . . 34
De los Nombres Comerciales . . . . . 34
Artículos 105 a 112 . . . . . 34
Capítulo V . . . . . 35
Del Registro de Marcas . . . . . 35
Artículos 113 a 135 . . . . . 35
Capítulo VI . . . . . 40
De las Licencias y la Transmisión de Derechos . . . . . 40
Artículos 136 a 150 . . . . . 40
Capítulo VII . . . . . 42
De la Nulidad, Caducidad y Cancelación de Registro . . . . . 42
Artículos 151 a 155 . . . . . 42

TITULO QUINTO . . . . . 45
De la Denominación de Origen . . . . . 45
Capítulo I . . . . . 45
De la Protección a la Denominación de Origen . 45
Artículos 156 a 168 . . . . . 45
Capítulo II . . . . . 48
De la Autorización Para su Uso . . . . . 48
Artículos 169 a 178 . . . . . 48

TITULO SEXTO . . . . . 50
De los Procedimientos Administrativos . . . . . 50
Capítulo I . . . . . 50
Reglas Generales de los Procedimientos . . . . 50
Artículos 179 a 186 . . . . . 50
Capítulo II . . . . . 52
Del Procedimiento de Declaración de Nulidad, Caducidad y Cancelación . . . . . 52
Artículos 187 a 199 bis 8 . . . . . 52
Capítulo III . . . . . 59
Del Recurso de Reconsideración . . . . . 59
Artículos 200 a 202 . . . . . 59

TITLE IV . . . . . 28
Marks, Advertising Slogans and Trade Names . . . . . 28
Chapter I . . . . . 28
Marks . . . . . 28
Articles 87 through 95 . . . . . 28
Chapter II . . . . . 33
Collective Marks . . . . . 33
Articles 96 through 98 . . . . . 33
Chapter III . . . . . 33
Advertising Slogans . . . . . 33
Articles 99 through 104 . . . . . 33
Chapter IV . . . . . 34
Trade Names . . . . . 34
Articles 105 through 112 . . . . . 34
Chapter V . . . . . 35
Registration of Marks . . . . . 35
Articles 113 through 135 . . . . . 35
Chapter VI . . . . . 40
Licensing and Assignment of Rights . . . . . 40
Articles 136 through 150 . . . . . 40
Chapter VII . . . . . 42
Invalidity, Lapse and Cancellation of Registration . . . . . 42
Articles 151 through 155 . . . . . 42

TITLE V . . . . . 45
Appellations of Origin . . . . . 45
Chapter I . . . . . 45
Protection of Appellations of Origin . . . . . 45
Articles 156 through 168 . . . . . 45
Chapter II . . . . . 48
Authorization of Use . . . . . 48
Articles 169 through 178 . . . . . 48

TITLE VI . . . . . 50
Administrative Procedures . . . . . 50
Chapter I . . . . . 50
General Rules of Procedure . . . . . 50
Articles 179 through 186 . . . . . 50
Chapter II . . . . . 52
Chapter III . . . . . 59
Appeal for Reconsideration . . . . . 59
Articles 200 through 202 . . . . . 59

TITULO SÉPTIMO . . . . . 60
De la Inspección, de las Infracciones y Sanciones Administrativas y de los Delitos . . . 60
Capítulo I . . . . . 60
De la Inspección . . . . . 60
Artículos 203 a 212 bis 2 . . . . . 60
Capítulo II . . . . . 64
De las Infracciones y Sanciones Administrativas . . . . . 64
Artículos 213 a 222 . . . . . 64
Capítulo III . . . . . 68
De los Delitos . . . . . 68
Artículos 223 a 229 . . . . . 68

Transitorios de la Ley de 1991 . . . . . 71
Artículos 1º a 14 . . . . . 71

Rúbricas de la ley de 1991 . . . . . 75

Transitorios de la Ley de 1994 . . . . . 76
Artículos 1º a 9º . . . . . 76

Rúbricas de la ley de 1994 . . . . . 78

Sujetos . . . . . 79

TITLE VII . . . . . 60
Inspection, Administrative Infringement and Sanctions, and Offenses . . . . . 60
Chapter I . . . . . 60
Inspection . . . . . 60
Articles 203 through 212 bis 2 . . . . . 60
Chapter II . . . . . 64
Administrative Infringements and Sanctions . . 64
Articles 213 through 222 . . . . . 64
Chapter III . . . . . 68
Offenses . . . . . 68
Articles 223 through 227 . . . . . 68

Transitional Provisions of the 1991 Law . . . . . 71
Articles 1 through 14 . . . . . 71

Rúbricas to the 1991 Law . . . . . 75

Transitional Provisions of the 1994 Law . . . . . 76
Articles 1 through 9 . . . . . 76

Rúbricas to the 1994 Law . . . . . 78

Notes on Translation . . . . . 79

Index . . . . . 80

## TITULO PRIMERO

## Disposiciones Generales

### Capítulo Único
### Artículos 1º a 8º

**Artículo 1º.-** Las disposiciones de esta ley son de orden público y de observancia general en toda la República, sin perjuicio de lo establecido en los Tratados Internacionales de los que México sea parte. Su aplicación administrativa corresponde al Ejecutivo Federal por conducto del Instituto Mexicano de la Propiedad Industrial.

**Artículo 2º.-** Esta ley tiene por objeto:

I. Establecer las bases para que, en las actividades industriales y comerciales del país, tenga lugar un sistema permanente de perfeccionamiento de sus procesos y productos;

II. Promover y fomentar la actividad inventiva de aplicación industrial, las mejoras técnicas y la difusión de conocimientos tecnológicos dentro de los sectores productivos;

III. Propiciar e impulsar el mejoramiento de la calidad de los bienes y servicios en la industria y en el comercio, conforme a los intereses de los consumidores;

IV. Favorecer la creatividad para el diseño y la presentación de productos nuevos y útiles;

V. Proteger la propiedad industrial mediante la regulación y otorgamiento de patentes de invención; de registros de modelos de utilidad, diseños industriales, marcas y avisos comerciales; publicación de nombres comerciales; declaración de protección de denominaciones de origen, y regulación de secretos industriales, y

VI. Prevenir los actos que atenten contra la propiedad industrial o que constituyan competencia desleal relacionada con la misma y establecer las sanciones y penas respecto a ellos.

# TITLE I

## General Provisions

### Sole Chapter
### Articles 1 through 8

**Article 1.** The provisions of this Law are a matter of public policy and are to be applied with throughout the Republic, without prejudice to the provisions of the international treaties to which Mexico is a party. Its administrative enforcement is the responsibility of the Federal Executive, through the Mexican Institute of Industrial Property.

**Article 2.** The purpose of this Law is:

I. to establish the bases that will permit the industrial and commercial activities of the country to have a permanent system for the improvement of processes and products;

II. to promote and encourage inventive activity having industrial application, technical improvements, and the dissemination of technological knowledge in production sectors;

III. to promote and stimulate the improvement of the quality of goods and services in industry and trade in a manner consistent with the interests of consumers;

IV. to encourage creativeness in the design and presentation of new and useful products;

V. to protect industrial property by regulating and granting patents, registration of utility models, industrial designs, trademarks and advertising slogans, by publishing trade names, by declaring protection of appellations of origin, and by regulating trade secrets; and

VI. to prevent acts that infringe industrial property or constitute unfair competition with respect to industrial property, and to introduce sanctions and penalties for such acts.

**Artículo 3º.-** Para los efectos de esta ley se entiende por:

I. Ley, a la presente ley;

II. Tratados Internacionales, a los celebrados por México de conformidad con la Ley Sobre la Celebración de Tratados;

III. Derogada;

IV. Instituto, al Instituto Mexicano de la Propiedad Industrial;

V. Diario Oficial, al Diario Oficial de la Federación;

VI. Gaceta, a la Gaceta a que se refiere el artículo 8º. de esta ley.

**Artículo 4º.-** No se otorgará patente, registro o autorización, ni se dará publicidad en la Gaceta, a ninguna de la figuras o instituciones jurídicas que regula esta Ley, cuando sus contenidos o forma sean contrarios al orden público, a la moral y a las buenas costumbres o contravengan cualquier disposición legal.

**Artículo 5º.-** Derogada.

**Artículo 6º.-** El Instituto Mexicano de la Propiedad Industrial, autoridad administrativa en materia de propiedad industrial, es un organismo descentralizado, con personalidad jurídica y patrimonio propio, el cual tendrá las siguientes facultades:

I. Coordinarse con las unidades administrativas de la Secretaría de Comercio y Fomento Industrial, así como con las diversas instituciones públicas y privadas, nacionales, extranjeras e internacionales, que tengan por objeto el fomento y protección de los derechos de propiedad industrial, la transferencia de tecnología, el estudio y promoción del desarrollo tecnológico, la innovación, la diferenciación de productos, así como proporcionar la información y la cooperación técnica que le sea requerida por las autoridades competentes, conforme a las normas y políticas establecidas al efecto;

**Article 3.** For the purposes of this Law,

I. "Law" means the present Law;

II. "International Treaties" means those adhered to by Mexico in conformity with the Law Relating to the Formalization of Treaties;

III. Repealed;

IV. "Institute" means the Mexican Institute of Industrial Property;

V. "Diario Oficial" means the Diario Oficial de la Federacion (Daily Official Journal of the Federation);

VI. "Gazette" ("Gaceta") means the Gazette referred to in article 8 of this Law.

**Article 4.** No patent, registration or authorization shall be granted, nor shall any publicity be given in the Gazette in respect of any of the legal devices or institutions regulated by this Law, when their contents or form are contrary to public policy, morality or proper practice, or if they violate any provision of law.

**Article 5.** Repealed.

**Article 6.** As an administrative authority in matters pertaining to industrial property, the Mexican Institute of Industrial Property is a decentralized agency with its own legal personality and assets, and shall have the power:

I. To coordinate with the administrative units of the Secretariat for Commerce and Industrial Development, as well as with the various national, foreign and international public and private institutions involved in the development and protection of industrial property rights, the transfer of technology, the study and promotion of technological development, innovation, the differentiation of products, as well as to provide the information and technical cooperation requested of it by the competent authorities, in accordance with the standards and policies established for such purpose;

II. Propiciar la participación del sector industrial en el desarrollo y aplicación de tecnologías que incrementen la calidad, competitividad y productividad del mismo, así como realizar investigaciones sobre el avance y aplicación de la tecnología industrial nacional e internacional y su incidencia en el cumplimiento de tales objetivos, y proponer políticas para fomentar su desarrollo;

III. Tramitar y, en su caso, otorgar patentes de invención, y registros de modelos de utilidad, diseños industriales, marcas, y avisos comerciales, emitir declaratorias de protección a denominaciones de origen, autorizar el uso de las mismas; la publicación de nombres comerciales, así como la inscripción de sus renovaciones, transmisiones o licencias de uso y explotación, y las demás que le otorga esta Ley y su reglamento, para el reconocimiento y conservación de los derechos de propiedad industrial;

IV. Sustanciar los procedimientos de nulidad, caducidad y cancelación de los derechos de propiedad industrial, formular las resoluciones y emitir las declaraciones administrativas correspondientes, conforme lo dispone esta Ley y su reglamento y, en general, resolver las solicitudes que se susciten con motivo de la aplicación de la misma;

V. Realizar las investigaciones de presuntas infracciones administrativas; ordenar y practicar visitas de inspección; requerir información y datos; ordenar y ejecutar las medidas provisionales para prevenir o hacer cesar la violación a los derechos de propiedad industrial; oír en su defensa a los presuntos infractores, e imponer las sanciones administrativas correspondientes en materia de propiedad industrial;

VI. Designar peritos cuando se le solicite conforme a la ley; emitir los dictámenes técnicos que le sean requeridos por los particulares o por el Ministerio Público Federal; efectuar las diligencias y recabar las pruebas que sean necesarias para la emisión de dichos dictámenes;

II. To promote the participation of the industrial sector and the development and application of technologies that advance the quality, competitiveness and productivity of said industrial sector, as well as to conduct research relating to the advancement and application of national and international industrial technology and its impact on the fulfillment of such objectives, and to propose policies promoting the development of said industrial sector;

III. To prosecute and, where applicable, grant patents of invention, and registrations of utility models, industrial designs, trademarks and advertising slogans; to issue declarations of protection of appellations of origin and to authorize their use; to publish trade names, as well as the registration of their renewal, assignment or licensing to use and exploit, and those others granted to it by this Law and its Regulations, for the recognition and preservation of industrial property rights;

IV. To establish the procedures for the invalidation, lapse and cancellation of industrial property rights; to formulate decisions and issue the corresponding administrative declarations, in accordance with the provisions of this Law and its Regulations and, in general, to make decisions regarding applications that arise as a result of the implementation of said Law;

V. To carry out investigations of presumed administrative infractions; to order and carry out inspection tours; to request information and data; to order and execute provisional measures to prevent or halt the violation of industrial property rights; to hear the defense of presumed infringers, and to impose the corresponding administrative sanctions in matters pertaining to industrial property;

VI. To designate experts when so requested according to law; to issue technical rulings requested by private individuals or by the Federal Public Prosecutor; to carry out the inspections and gather the evidence necessary for issuing said rulings;

VII. Actuar como depositario cuando se le designe conforme a la ley y poner a disposición de la autoridad competente los bienes que se hubieren asegurado;

VIII. Sustanciar y r·solver los recursos administrativos previstos en esta Ley, que se interpongan contra las resoluciones que emita, relativas a los actos de aplicación de la misma, de su reglamento y demás disposiciones en la materia;

IX. Fungir como árbitro en la resolución de controversias relacionadas con el pago de los daños y perjuicios derivados de la violación a los derechos de propiedad industrial que tutela esta Ley, cuando los involucrados lo designen expresamente como tal; de conformidad con las disposiciones contenidas en el Título Cuarto del Libro Quinto del Código de Comercio;

X. Efectuar la publicación legal, a través de la Gaceta, así como difundir la información derivada de las patentes, registros, autorizaciones y publicaciones concedidos y de cualesquier ·tras referentes a los derechos de propiedad industrial que le confiere esta Ley;

XI. Difundir, asesorar y dar servicio al público en materia de propiedad industrial;

XII. Promover la creación de invenciones de aplicación industrial, apoyar su desarrollo y explotación en la industria y el comercio, e impulsar la transferencia de tecnología mediante:

a) La divulgación de acervos documentales sobre invenciones publicadas en el país o en el extranjero y la asesoría sobre su consulta y aprovechamiento;

b) La elaboración, actualización y difusión de directorios de personas físicas y morales dedicadas a la generación de invenciones y actividades de investigación tecnológica;

c) La realización de concursos, certámenes o exposiciones y el otorgamiento de premios y reconocimientos que estimulen la actividad inventiva y la creatividad en el diseño y la presentación de productos;

VII. To act as a depository when so designated according to law and to place the goods that shall have been seized at the disposal of the competent authority;

VIII. To consider and decide upon the administrative appeals provided for in this Law, which are filed in opposition to the decisions handed down relating to the enforcement of said Law, its Regulations and other related provisions;

IX. To act as an arbiter in the resolution of disputes related to the payment of damages resulting from the violation of the industrial property rights protected under this Law, when the parties concerned specifically designate the Institute as such, in accordance with the provisions contained in Title IV, Book V of the Commercial Code;

X. To publish legal notice in the Gaceta, as well as furnish the information derived from issued patents, registrations, authorizations and publications and from any other sources relating to the industrial property rights conferred to the Institute by this Law;

XI. To encourage, advise and provide services to the public in matters pertaining to industrial property;

XII. To promote the creation of inventions having industrial application, support their development and use in industry and commerce, and stimulate the transfer of technology by:

a) the disclosure of reports on inventions published within the country or abroad and the provision of assistance in their consultation and use;

b) the preparation, updating and circulation of directories of natural persons and legal entities engaged in the making of inventions and technological research activities;

c) the holding of contests, competitions and exhibitions, and the award of prizes or other recognition to stimulate inventive activity and creativity in the design and presentation of products;

d) La asesoría a empresas o a intermediarios financieros para emprender o financiar la construcción de prototipos y para el desarrollo industrial o comercial de determinadas invenciones;

e) La difusión entre las personas, grupos, asociaciones o instituciones de investigación, enseñanza superior o de asistencia técnica, del conocimiento y alcance de las disposiciones de esta Ley, que faciliten sus actividades en la generación de invenciones y en su desarrollo industrial y comercial subsecuente, y

f) La celebración de convenios de cooperación, coordinación y concertación, con los gobiernos de las entidades federativas, así como con instituciones públicas o privadas, nacionales o extranjeras, para promover y fomentar las invenciones y creaciones de aplicación industrial y comercial;

XIII. Participar en los programas de otorgamiento de estímulos y apoyos para la protección de la propiedad industrial, tendientes a la generación, desarrollo y aplicación de tecnología mexicana en la actividad económica, así como para mejorar sus niveles de productividad y competitividad;

XIV. Formar y mantener actualizados los acervos sobre invenciones publicadas en el país y en el extranjero;

XV. Efectuar investigaciones sobre el estado de la técnica en los distintos sectores de la industria y la tecnología;

XVI. Promover la cooperación internacional mediante el intercambio de experiencias administrativas y jurídicas con instituciones encargadas del registro y protección legal de la propiedad industrial en otros países, incluyendo entre otras: la capacitación y el entrenamiento profesional de personal, la transferencia de metodologías de trabajo y organización, el intercambio de publicaciones y la actualización de acervos documentales y bases de datos en materia de propiedad industrial;

XVII. Realizar estudios sobre la situación de la propiedad industrial en el ámbito internacional y participar en las reuniones o foros internacionales relacionados con esta materia;

d) advisory services for the benefit of firms and financial intermediaries proposing to undertake or to finance the construction of prototype and the industrial or commercial development of certain inventions;

e) the circulation of information among persons, groups, associations or institutions concerned with research, higher education or technical assistance concerning the existence and scope of those provisions of this Law that facilitate their activities in the making of inventions and in their subsequent industrial and commercial development, and

f) the entering into of cooperation, coordination and joint venture agreements with the governments of the federative entities, as well as with national or foreign public or private institutions, in order to promote and further inventions and creations having industrial or commercial application;

XIII. To participate in programs for providing incentives and support for the protection of industrial property within the economic environment, which are likely to produce, develop and apply Mexican technology, as well as in order to improve its levels of productivity and competitiveness;

XIV. To compile and maintain updated cumulative records concerning inventions published within the country and abroad;

XV. To conduct state-of-the-art searches in the different areas of industry and technology;

XVI. To promote international cooperation through the exchange of administrative and judicial knowledge with institutions charged with the registration and protection under law of industrial property in other countries, including, among other things: the education and training of personnel, the transfer of working and organizational methods, the exchange of publications and the updating of cumulative reports and data bases in matters pertaining to industrial property;

XVII. To conduct studies relating to the condition of industrial property within the international sphere and to participate in related international meetings or forum;

XVIII. Actuar como órgano de consulta en materia de propiedad industrial de las distintas dependencias y entidades de la administración pública federal, así como asesorar a instituciones sociales y privadas;

XIX. Participar en la formación de recursos humanos especializados en las diversas disciplinas de la propiedad industrial, a través de la formulación y ejecución de programas y cursos de capacitación, enseñanza y especialización de personal profesional, técnico y auxiliar;

XX. Formular y ejecutar su programa institucional de operación;

XXI. Participar, en coordinación con las unidades competentes de la Secretaría de Comercio y Fomento Industrial, en las negociaciones que correspondan al ámbito de sus atribuciones, y

XXII. Prestar los demás servicios y realizar las actividades necesarias para el debido cumplimiento de sus facultades conforme a esta Ley y a las demás disposiciones legales aplicables.

**Artículo 7º.-** Los órganos de administración del Institute serán la Junta de Gobierno y un Director General, quienes tentrán las facultades previstas en la Ley Federal de las Entidades Paraestatales y en el ordenamiento legal de su creación, sin perjuicio de lo previsto en lost artículos 6 y 7 bis 2 de esta Ley.

**Artículo 7º bis.-** La Junta de Gobierno se integrará por diez representantes:

I. El Secretario de Comercio y Fomento Industrial, quien la preside;

II. Un representante designado por la Secretaría de Comercio y Fomento Industrial;

III. Dos representantes designados por la Secretaría de Hacienda y Crédito Público;

XVIII. To act as a consulting agency in matters pertaining to industrial property to the different branches and entities of the federal government, as well as to provide assistance to corporate and private institutions;

XIX. To participate in the formation of human resources specialized in the various disciplines of industrial property, by designing and carrying out programs and courses for training, educating and offering specialized instruction to professional, technical and support staff;

XX. To design and carry out its institutional operating program;

XXI. To participate, in cooperation with the competent units of the Secretariat for Trade and Industrial Development, in negotiations falling within the scope of its responsibilities, and

XXII. To provide other services and carry out other activities required in order to properly exercise its authority in accordance with this Law and other applicable provisions under law.

**Article 7.** The units administering the Institute shall consist of the Governing Board and a Director General, who shall hold the powers provided for in the Federal Law on Quasi-Public Entities[3] and in the law providing for their creation, without prejudice to the provisions set forth in articles 6 and 7 bis 2 of this Law.

**Article 7 bis.** The Governing Board shall be composed of ten representatives:

I. The Secretary for Trade and Industrial Development, who shall preside over the Board;

II. One representative appointed by the Secretariat for Trade and Industrial Development;

III. Two representatives appointed by the Secretariat of the Treasury and Public Credit;

---

[3] Ley Federal de las Entidades Paraestatales.

IV. Sendos representantes de las secretarías de Relaciones Exteriores, Agricultura y Recursos Hidráulicos, Educación Pública y Salud; así como del Consejo Nacional de Ciencia y Tecnología y del Centro Nacional de Metrología.

Por cada representante propietario, será designado un suplente, quien asistirá a las sesiones de la Junta de Gobierno en ausencia del primero, con todas las facultades y derechos que a éste correspondan.

**Artículo 7º bis 1.-** El Director General, o su equivalente, es el representante legal del Instituto y es designado a indicación del Ejecutivo Federal, a través del Secretario de Comercio y Fomento Industrial por la Junta de Gobierno.

**Artículo 7º bis 2.-** Corresponde al Director General del Instituto el ejercicio de las facultades a que se refiere el artículo 6 de esta Ley, quien, sin perjuicio de su ejercicio directo, podrá delegarlas en los términos que se establezcan en los acuerdos respectivos, que deberán ser aprobados por la Junta de Gobierno y publicados en el Diario Oficial.

**Artículo 8º.-** El Instituto editará mensualmente la Gaceta, en la que se harán las publicaciones a que esta Ley se refiere y donde se dará a conocer cualquier inconformidad de interés sobre la propiedad industrial y las demás materias que se determinen. Los actos que consten en dicho órgano de información surtirán efectos ante terceros a partir del día siguiente de la fecha en que se ponga en circulación, misma que deberá hacerse constar en cada ejemplar.

IV. One representative each from the Secretariats of State, Agriculture and Water Resources, Public Education and Health, as well as from the National Council of Science and Technology and the National Meteorology Center.

For each regular member, an alternate shall be designated who will attend the sessions of the Governing Board in the absence of the former, with all of the powers and rights belonging to said regular member.

**Article 7 bis 1.** The Director General or his equivalent is the legal representative of the Institute and is appointed by the Governing Board with the consent of the Federal Executive as represented by the Secretary for Trade and Industrial Development.

**Article 7 bis 2.** It is incumbent on the Director General of the Institute to exercise the powers referred to in article 6 of this Law, who, without prejudice to their direct exercise, may delegate them according to the terms set forth in administrative orders, which must be approved by the Governing Board and published in the Diario Oficial.

**Article 8.** The Institute shall publish the Gaceta monthly, it shall be used for the publications referred to in this Law and for providing any information of interest pertaining to industrial property and any other subject to be specified. The acts recorded in said information medium shall take effect with respect to third parties as of the day following the date on which it is brought into circulation, which date must be specified on each copy.

## TITULO SEGUNDO

## De las Invenciones, Modelos de Utilidad y Diseños Industriales

### Capítulo I

### Disposiciones Preliminares
### Artículos 9º a 14

**Artículo 9º.-** La persona física que realice una invención, modelo de utilidad o diseño industrial, o su causahabiente, tendrán el derecho exclusivo de su explotación en su provecho, por sí o por otros con su consentimiento, de acuerdo con las disposiciones contenidas en esta Ley y su reglamento.

**Artículo 10.-** El derecho a que se refiere el artículo anterior se otorgará a través de patente en el caso de las invenciones y de registros por lo que hace a los modelos de utilidad y diseños industriales.

**Artículo 10 bis.-** El derecho a obtener una patente pertenecerá al inventor o diseñador, según el caso, sin perjuicio de lo dispuesto en el artículo 14 de esta Ley. Si la invención, modelo de utilidad o diseño industrial hubiese sido realizado por dos o más personas conjuntamente, el derecho a obtener la patente o el registro les pertenecerá a todos en común.

Si varias personas hicieran la misma invención o modelo de utilidad independientemente unas de otras, tendrá mejor derecho a obtener la patente o el registro aquella que primero presente la solicitud respectiva o que reivindique la prioridad de fecha más antigua, siempre que la solicitud no sea abandonada ni denegada.

**Artículo 11.-** Los titulares de patentes o de registros podrán ser personas físicas o morales.

**Artículo 12.-** Para los efectos de este título se considerará como:

I. Nuevo, a todo aquello que no se encuentre en el estado de la técnica;

II. Estado de la técnica, al conjunto de conocimientos técnicos que se han hecho públicos mediante una descripción oral o escrita, por la explotación o por cualquier otro medio de difusión o información, en el país o en el extranjero;

## TITLE II

## Inventions, Utility Models and Industrial Designs

### Chapter I

### Preliminary Provisions
### Articles 9 through 14

**Article 9.** An individual who makes an invention or utility model or creates an industrial design, or any successor in title, shall have the exclusive right to use it for their benefit, either themselves or through others with their consent in accordance with the provisions of this Law and the regulations under it.

**Article 10.** The right referred to in the foregoing article shall be granted in the form of a patent for inventions and registration for utility models or industrial designs.

**Article 10 bis.** The right to obtain a patent shall belong to the inventor or designer, as the case may be, without prejudice to the provisions of article 14 of this Law. If the invention, utility model or industrial design was made by two or more persons jointly, the right to obtain the patent or registration shall belong to all of them in common.

If different persons made the same invention or utility model independently of each other, the one who is first to file the respective application or claims the earliest priority date shall be entitled to obtain the patent or registration, provided that the application has not be abandoned or refused.

The right to obtain a patent or registration may be transferred by instruments executed between living persons or by succession.

**Article 11.** The owners of patents or registrations may be natural persons or legal entitles.

**Article 12.** For the purposes of this Title:

I. "new" means anything not in the state of the art;

II. "state of the art" means the body of technical knowledge that has been made public by oral or written description, by use or by any other means or dissemination of information both within the country and abroad;

III. Actividad inventiva, al proceso creativo cuyos resultados no se deduzcan del estado de la técnica en forma evidente para un técnico en la materia;

IV. Aplicación industrial, a la posibilidad de que una invención pueda ser producida o utilizada en cualquier rama de la actividad económica;

V. Reivindicación, a la característica esencial de un producto o proceso cuya protección se reclama de manera precisa y específica en la solicitud de patente o de registro y se otorga, en su caso, en el título correspondiente, y

VI. Fecha de presentación, a la fecha en que se presente la solicitud en el Instituto, o en las delegaciones de la Secretaría de Comercio y Fomento Industrial en el interior del país, siempre y cuando cumpla con los requisitos que señala esta Ley y su reglamento.

**Artículo 13.-** Se presume inventor a la persona o personas físicas que se ostenten como tales en la solicitud de patente o de registro. El inventor o inventores tienen derecho a ser mencionados en el título correspondiente o a oponerse a esta mención.

**Artículo 14.-** A las invenciones, modelos de utilidad y diseños industriales realizados por personas que estén sujetas a una relación de trabajo, les será aplicable lo dispuesto en el artículo 163 de la Ley Federal del Trabajo.

## Capítulo II

## De las Invenciones
## Artículos 15 a 26

**Artículo 15.-** Se considera invención toda creación humana que permita transformar la materia o la energía que existe en la naturaleza, para su aprovechamiento por el hombre y satisfacer sus necesidades concretas.

**Artículo 16.-** Serán patentables las invenciones que sean nuevas, resultado de una actividad inventiva y susceptibles de aplicación industrial, en los términos de esta Ley, excepto:

I. Los procesos esencialmente biológicos para la producción, reproducción y propagación de plantas y animales;

II. El material biológico y genético tal como se encuentran en la naturaleza;

III. "inventive step" means the creative process the results of which are not obviously deducible from the state of the art by a person skilled in the relevant art;

IV. "industrial application" means the possibility of an invention being produced or used in any branch of economic activity;

V. "claim" means the essential characteristic of a product or process for which protection is precisely and specifically claimed in the application for a patent or registration and granted, where appropriate, in the corresponding title; and

VI. "filing date" means the date on which the application is filed with the Institute, or with the offices of the Secretariat for Trade and Industrial Development within the country, provided that it meets the requirements specified in this Law and the regulations under it.

**Article 13.** The natural person or persons claiming to be the inventor or inventors in the application for a patent or registration shall be presumed to be the inventor or inventors. The inventor or inventors have the right to be mentioned or oppose being mentioned in the corresponding title.

**Article 14.** The provisions of article 163 of the Federal Labor Law shall be applicable to inventions, utility models and industrial designs made by persons subject to employment relations.

## Chapter II

## Inventions
## Articles 15 through 26

**Article 15.** Any human creation that allows matter or energy existing in nature to be transformed for utilization by man for the immediate satisfaction of a definite need shall be considered as an invention.

**Article 16.** Inventions that are new, the result of an inventive step and susceptible of industrial application within the means of this Law shall be patentable, except for:

I. essentially biological processes for the production, reproduction and propagation of plants and animals;

II. biological and genetic material as found in nature;

III. Las razas animales;

IV. El cuerpo humano y las partes vivas que lo componen, y

V. Las variedades vegetales.

**Artículo 17.-** Para determinar que una invención es nueva y resultado de una actividad inventiva se considerará el estado de la técnica en la fecha de presentación de la solicitud de patente o, en su caso, de la prioridad reconocida. Además, para determinar si la invención es nueva, estarán incluidas en el estado de la técnica todas las solicitudes de patente presentadas en México con anterioridad a esa fecha, que se encuentren en trámite, aunque la publicación a que se refiere en artículo 52 de esta Ley se realice con posterioridad.

**Artículo 18.-** La divulgación de una invención no afectará que siga considerándose nueva, cuando dentro de los doce meses previos a la fecha de presentación de la solicitud de patente o, en su caso, de la prioridad reconocida, el inventor o su causahabiente hayan dado a conocer la invención, por cualquier medio de comunicación, por la puesta en práctica de la invención o porque la hayan exhibido en una exposición nacional o internacional. Al presentarse la solicitud correspondiente deberá incluirse la documentación comprobatoria en las condiciones que establezca el reglamento de esta Ley.

La publicación de una invención contenida en una solicitud de patente o en una patente concedida por una oficina extranjera, no se considerará incluida dentro de los supuestos a que se refiere este artículo.

**Artículo 19.-** No se consideraran invenciones para los efectos de esta Ley:

I. Los principios teóricos o científicos;

II. Los descubrimientos que consistan en dar a conocer o revelar algo que ya existía en la naturaleza, aun cuando anteriormente fuese desconocido para el hombre;

III. Los esquemas, planes, reglas y métodos para realizar actos mentales, juegos o negocios y los métodos matemáticos;

IV. Los programas de computación;

V. Las formas de presentación de información;

VI. Las creaciones estéticas y las obras artísticas o literarias;

III. animal breeds;

IV. the human body and the living parts composing it, and

V. plant varieties.

**Article 17.** The state of the art on the filing date of the patent application, or where applicable the recognized priority date, shall be used to determine whether an invention is new and the result of an inventive step. Furthermore, in order to determine whether an invention is new, the state of the art shall be regarded as including all patent applications filed in Mexico prior to the said date and still pending, even though the publication referred to in article 52 of this Law occurs at a later date.

**Article 18.** Disclosure of an invention shall not establish lack of novelty when, within the 12 months prior to the filing date of the patent application, or where applicable prior to the recognized priority date, the inventor or his successor in interest has made the invention known by any means of communication, by putting the invention into practice or by having displayed it at a national or international exhibition. When the corresponding application is filed, the evidentiary documents shall be included in the manner established in the regulations under this Law.

The publication of an invention contained in a patent application or patent granted by a foreign office shall not be considered as included in the circumstances referred to in this article.

**Article 19.** The following shall not be considered inventions for the purposes of this Law:

I. theoretical or scientific principles;

II. discoveries that consist in making known or revealing something that already existed in nature, even though it was previously unknown to man;

III. schemes, plans, rules and methods for carrying out mental processes, playing games or doing business, and mathematical methods;

IV. computer programs;

V. forms of presenting information;

VI. esthetic creations and artistic or literary works;

VII. Los métodos de tratamiento quirúrgico, terapéutico o de diagnóstico aplicables al cuerpo humano y los relativos a animales; y

VIII. La yuxtaposición de invenciones conocidas o mezclas de productos conocidos, su variación de uso, de forma, de dimensiones o de materiales, salvo que en realidad se trate de su combinación o fusión de tal manera que no puedan funcionar separadamente o que las cualidades o funciones características de las mismas sean modificadas para obtener un resultado industrial o un uso no obvio para un técnico en la materia.

**Artículo 20.- Derogada.**

**Artículo 21.-** El derecho conferido por la patente estará determinado por las reivindicaciones aprobadas. La descripción y los dibujos o, en su caso, el depósito de material biológico a que se refiere el artículo 47 fracción I de esta Ley, servirán para interpretarlas.

**Artículo 22.-** El derecho que confiere una patente no producirá efecto alguno contra:

I. Un tercero que, en el ámbito privado o académico y con fines no comerciales, realice actividades de investigación científica o tecnológica puramente experimentales, de ensayo o de enseñanza, y para ello fabrique o utilice un producto o use un proceso igual al patentado;

II. Cualquier persona que comercialice, adquiera o use el producto patentado u obtenido por el proceso patentado, luego de que dicho producto hubiera sido introducido lícitamente en el comercio;

III. Cualquier persona que, con anterioridad a la fecha de presentación de la solicitud de patente o, en su caso, de prioridad reconocida, utilice el proceso patentado, fabrique el producto patentado o hubiere iniciado los preparativos necesarios para llevar a cabo tal utilización o fabricación;

IV. El empleo de la invención de que se trate en los vehículos de transporte de otros países que formen parte de ellos, cuando estos se encuentren en tránsito en territorio nacional;

VII. methods of surgical, therapeutic or diagnostic treatment applicable to the human body and to animals;

VIII. juxtaposition of known inventions or mixtures of known products, or alteration of the use, form, dimensions or material thereof, except where in reality they are so combined or managed that they cannot function separately, or where their characteristic qualities or functions have been so modified as to produce an industrial result or use not obvious to a person skilled in the art.

**Article 20. Repealed.**

**Article 21.** The right conferred by the patent shall be determined by the claims as approved. The description and drawings, or where applicable the deposit of biological material referred to in section I of article 47 of this Law, shall be used to interpret them.

**Article 22.** The right conferred by a patent shall not have any effect against:

I. a third party who, in the private or academic sphere and for non-commercial purposes, engages in scientific or technological research activities for purely experimental, testing or teaching purposes, and to that end manufactures or uses a product or a process identical to the one patented;

II. any person who markets, acquires or uses the patented product or the product obtained by means of the patented process after the said product has been lawfully placed on the market;

III. any person who, prior to the filing date of the patent application, or where applicable the recognized priority date, uses the patented process, manufactures the patented product or makes the necessary preparations for such use or manufacture;

IV. the use of the patented invention in transportation vehicles of other countries when it forms part of such vehicles and when the vehicles are in transit on the national territory;

V. Un tercero que, en el caso de patentes relacionadas con materia viva, utilice el producto patentado como fuente inicial de variación o propagación para obtener otros productos, salvo que dicha utilización se realice en forma reiterada, y

VI. Un tercero que, en el caso de patentes relacionadas con productos que consistan en materia viva, utilice, ponga en circulación o comercialize los productos patentados, para fines que no sean de multiplicación o propagación, después de que éstos hayan sido introducido lícitamente en el comercio por el titular de la patente, o la persona que tenga concedida una licencia.

La realización de cualquier actividad contemplada en el presente artículo no constituirá infracción administrativa o delito en los términos de esta Ley.

**Artículo 23.-** La patente tendrá una vigencia de 20 años improrrogables, contada a partir de la fecha de presentación de la solicitud y estará sujeta al pago de la tarifa correspondiente.

**Artículo 24.-** El titular de la patente después de otorgada ésta, podrá demandar daños y perjuicios a terceros que antes del otorgamiento hubieren explotado sin su consentimiento el proceso o producto patentado, cuando dicha explotación se haya realizado después de la fecha en que surta efectos la publicación de la solicitud en la Gaceta.

**Artículo 25.-** El derecho exclusivo de explotación de la invención patentada confiere a su titular las siguientes prerrogativas:

I. Si la materia objeto de la patente es un producto, el derecho de impedir a otras personas que fabriquen, usen, vendan, ofrezcan en venta o importen el producto patentado, sin su consentimiento, y

II. Si la materia objeto de la patente es un proceso, el derecho de impedir a otras personas que utilicen ese proceso y que usen, vendan, ofrezcan en venta o importen el producto obtenido directamente de ese proceso, sin su consentimiento.

La explotación realizada por la persona a que se refiere el artículo 69 de esta Ley, se considerará efectuada por el titular de la patente.

V. a third party who, in the case of patents relating to live material, makes use of the patented product as an initial source of variation or propagation to obtain other products, except where such use was made previously;

VI. a third party who, in the case of patents relating to products consisting of live material, uses, brings into circulation or markets the patented products for purposes other than multiplication or propagation, after the said products have been properly placed on the market by the owner of the patent or by a licensee.

The performance of any act provided for in this article shall not constitute an administrative infringement or offense within the meaning of this Law.

**Article 23.** The patent shall have a term of 20 years, which shall not be renewable, and which shall be begin from the filing date of the application, and be subject to payment of the fee required by law.

**Article 24** Once the patent has been granted the patent owner may seek damages from third parties who make use of the patented process or product without his consent prior to his or her having been granted the patent, when the use is made after the date on which the publication of the application in the Gazette becomes effective.

**Article 25.** The exclusive right to use the patented invention confers upon its owner the following prerogatives:

I. if the subject matter of the patent is a product, the right to prevent other persons from manufacturing, using, selling, offering for sale or importing the patented product without the consent of the owner, and

II. if the subject matter of the patent is a process, the right to prevent other persons from using the process, and from using, selling, offering for sale or importing the product directly obtained from the process, without the consent of the owner.

Use made by the person referred to in article 69 of this Law shall be considered made by the patent owner.

**Artículo 26.-** La mención de que existe una patente en trámite u otorgada, solo podrá realizarse en el caso de los productos o procesos que se encuentren en cualquiera de dichos supuestos.

## Capítulo III

## De los Modelos de Utilidad
## Artículos 27 a 30

**Artículo 27.-** Serán registrables los modelos de utilidad que sean nuevos y susceptibles de aplicación industrial.

**Artículo 28.-** Se consideran modelos de utilidad los objetos, utensilios, aparatos o herramientas que, como resultado de una modificación en su disposición, configuración, estructura o forma, presenten una función diferente respecto de las partes que lo integran o ventajas en cuanto a su utilidad.

**Artículo 29.-** El registro de los modelos de utilidad tendrá una vigencia de diez años improrrogables, contada a partir de la fecha de presentación de la solicitud y estará sujeto al pago de la tarifa correspondiente.

La explotación del modelo de utilidad y las limitaciones del derecho que confiere su registro al titular se regirán, en lo conducente, por lo dispuesto en los artículos 22 y 25 de esta Ley.

**Artículo 30.-** Para la tramitación del registro de un modelo de utilidad se aplicarán, en lo conducente, las reglas contenidas en el Capítulo V del presente Título, a excepción de los artículos 45 y 52.

## Capítulo IV

## De los Diseños Industriales
## Artículos 31 a 37

**Artículo 31.-** Serán registrables los diseños industriales que sean nuevos y susceptibles de aplicación industrial.

Se consideran nuevos los diseños que sean de creación independiente y difieran en grado significativo, de diseños conocidos o de combinaciones de características conocidas de diseños.

**Article 26.** The existence of a patent, either pending or granted, may be mentioned only in the case of products or processes in respect of which either situation obtains.

## Chapter III

## Utility Models
## Articles 27 through 30

**Article 27.** Utility models that are new and susceptible of industrial application shall be eligible for registration.

**Article 28.** Objects, utensils, appliances or tools which, as a result of a modification in their arrangement, configuration, structure or form, offer a different function with respect to their component parts or advantages with respect to their use shall be considered utility models.

**Article 29.** The registration of utility models shall be for a term of 10 years which shall not be renewable and shall be counted from the date of filing of the application and be subject to payment of the fee required by law.

The use of the utility model and the limitation of the right conferred by its registration on the holder shall be governed as appropriate by the provisions of articles 22 and 25 of this Law.

**Article 30.** The rules appearing in Chapter V of this Title shall apply as appropriate to the processing of a utility model registration, with the exception of articles 45 and 52.

## Chapter IV

## Industrial Designs
## Articles 31 through 37

**Article 31.** Industrial designs that are new and susceptible of industrial application shall be eligible for registration.

Designs that are created separately and differ significantly from known designs or combinations of known design characteristics shall be considered new.

La protección conferida a un diseño industrial no comprenderá los elementos o características que estuviesen dictados únicamente por consideraciones de orden técnico o por la realización de una función técnica, y que no incorporan ningún aporte arbitrario del diseñador; ni aquellos elementos o características cuya reproducción exacta fuese necesaria para permitir que el producto que incorpora el diseño sea montado mecánicamente o conectado con otro producto del cual constituya una parte o pieza integrante, esta limitación no se aplicará tratándose de productos en los cuales el diseño radica en una forma destinada a permitir el montaje o la conexión múltiple de los productos o su conexión dentro de un sistema modular.

No se protegerá un diseño industrial cuando su aspecto comprenda únicamente los elementos o características a que se refiere el párrafo anterior.

**Artículo 32.-** Los diseños industriales comprenden a:

I. Los dibujos industriales, que son toda combinación de figuras, líneas o colores que se incorporen a un producto industrial con fines de ornamentación y que le den un aspecto peculiar y propio, y

II. Los modelos industriales, constituidos por toda forma tridimensional que sirva de tipo o patrón para la fabricación de un producto industrial, que le de apariencia especial en cuanto no implique efectos técnicos.

**Artículo 33.-** A las solicitudes de registro de diseños industriales se anexaran:

I. Una reproducción gráfica o fotográfica del diseño correspondiente, y

II. La indicación del genero del producto para el cual se utilizará el diseño.

**Artículo 34.-** La descripción que se realice en la solicitud deberá referirse brevemente a la reproducción gráfica o fotográfica del diseño, en la que se indicará, en forma clara, la perspectiva desde la cual se ilustra.

**Artículo 35.-** En la solicitud deberá expresarse como reivindicación la denominación del diseño industrial seguido de las palabras "Tal como se ha referido e ilustrado."

The protection conferred on an industrial design shall not include the elements or characteristics that were dictated solely for considerations of a technical nature or for the accomplishment of a technical function, and that do not incorporate any arbitrary contribution of the designer, nor those elements or characteristics the exact reproduction of which was required to enable the product incorporating the design to be mechanically assembled or connected together with another product of which it comprises an integral part or piece; this limitation shall not apply in the case of products in which the design is based on a form intended to enable the assembly or multiple connection of the products or their connection within a modular system.

An industrial design shall not be protected when its appearance consists of only the elements or characteristics referred to in the preceding paragraph.

**Article 32.** Industrial designs shall include:

I. two-dimensional industrial designs, which are any combination of shapes, lines or colors incorporated in an industrial product for ornamentation purposes and which give it a specific appearance of its own;

II. three-dimensional industrial designs or models, constituted by any three-dimensional shape that serves as a model or pattern for the manufacture of an industrial product, giving it a special appearance that does not involve any technical effects.

**Article 33.** The following shall be enclosed with applications for the registration of industrial designs:

I. a graphic or photographic reproduction of the design concerned;

II. an indication of the type of product for which the design will be used.

**Article 34.** The description submitted in the application shall refer briefly to the graphic or photographic reproduction of the design, with a clear indication of the angle from which the illustration is seen.

**Article 35.** The name of the industrial design shall be given in the application in the form of a claim followed by the words "as described and illustrated."

**Artículo 36.-** El registro de los diseños industriales tendrá una vigencia de quince años improrrogables a partir de la fecha de presentación de la solicitud y estará sujeto al pago de la tarifa correspondiente.

La explotación de los diseños industriales y la limitación de los derechos que confiere su registro al titular se regirán, en lo conducente, por lo dispuesto en los artículos 22 y 25 de esta Ley.

**Artículo 37.-** La tramitación del registro de los diseños industriales se llevará a cabo, en lo conducente, conforme a las reglas contenidas en el Capítulo V del presente Título, a excepción de los artículos 45 y 52.

## Capítulo V

## De la Tramitación de Patentes
## Artículos 38 a 61

**Artículo 38.-** Para obtener una patente deberá presentarse solicitud escrita ante el Instituto, en la que se indicará el nombre y domicilio del inventor y del solicitante, la nacionalidad de este último, la denominación de la invención, y demás datos que prevengan esta Ley y su reglamento, y deberá exhibirse el comprobante del pago de las tarifas correspondientes, incluidas las relativas a los exámenes de forma y fondo.

La solicitud de patente en trámite y sus anexos serán confidenciales hasta el momento de su publicación.

**Artículo 38 bis.-** El Instituto reconocerá como fecha de presentación de una solicitud de patente a la fecha y hora en que la solicitud sea presentada, siempre que la misma cumpla con los requisitos previstos en los artículos 38, 47 fracciones I y II, 179 y 180 de esta Ley.

En el caso de que a la fecha en la que se presente la solicitud, ésta no cumpla con los requisitos señalados en el párrafo anterior, se tendrá como fecha de presentación aquella en la que se dé el cumplimiento correspondiente.

La fecha de presentación determinará la prelación entre las solicitudes.

El reglamento de esta Ley podrá determinar otros medios por los cuales se puedan presentar las solicitudes y promociones al Instituto.

**Article 36.** The registration of industrial designs shall have a term of 15 years, which shall be non-renewable, and shall begin on the date of submission of the application and be subject to payment of the fee required by law.

The use of industrial designs and the limitation of the rights conferred by registration on the holder thereof shall where appropriate be governed by the provisions of articles 22 and 25 of this Law.

**Article 37.** The prosecution of the registration of industrial designs shall be carried out, where appropriate, pursuant to the rules contained in Chapter V of this Title, with the exception of articles 45 and 52.

## Chapter V

## Processing of Patents
## Articles 38 through 61

**Article 38.** For a patent to be obtained, a written application shall be filed with the Institute, in which the name and address of the inventor and applicant, the nationality of the applicant, the name of the invention and any other data required by this Law and the regulations under it shall be included, and proof of payment of the fee required by law shall be submitted, including those relating to the examination of form and the merits.

The pending patent application and its annexes shall be confidential until the application is published.

**Article 38 bis.** The Institute shall recognize as the filing date of a patent application the date and hour when the application is submitted, provided that said application meets the requirements laid down in article 38, sections I and II of article 47, and articles 179 and 180 of this Law.

In the case where, on the date the application is filed it does not meet the requirements specified in the preceding paragraph, the filing date shall be considered to be that date on which the corresponding requirements are met.

The priority relationship between applications shall be determined by the filing date.

The regulations under this Law may specify other means by which applications and submissions can be filed with the Institute.

**Artículo 39.-** La patente podrá ser solicitada directamente por el inventor o por su causahabiente o a través de sus representantes.

**Artículo 40.-** Cuando se solicite una patente después de hacerlo en otros países se podrá reconocer como fecha de prioridad la de presentación en aquel en que lo fue primero, siempre que se presente en México dentro de los plazos que determinen los Tratados Internacionales o, en su defecto, dentro de los doce meses siguientes a la solicitud de patente en el país de origen.

**Artículo 41.-** Para reconocer la prioridad a que se refiere el artículo anterior se deberán satisfacer los requisitos siguientes:

I. Que al solicitar la patente se reclame la prioridad y se haga constar el país de origen y la fecha de presentación de la solicitud en ese país;

II. Que la solicitud presentada en México no pretenda el otorgamiento de derechos adicionales a los que se deriven de la solicitud presentada en el extranjero.

Si se pretendieren derechos adicionales a los que se deriven de la solicitud presentada en el extranjero considerada en su conjunto, la prioridad deberá ser sólo parcial y referida a esta solicitud. Respecto de las reivindicaciones que pretendieren derechos adicionales, se podrá solicitar un nuevo reconocimiento de prioridad, y

III. Que dentro de los tres meses siguientes a la presentación de la solicitud, se cumplan los requisitos que señalen los Tratados Internacionales, esta Ley y su reglamento.

IV. **Derogada.**

**Artículo 42.-** Cuando varios inventores hayan realizado la misma invención independientemente los unos de los otros, el derecho a la patente pertenecerá al que tenga la solicitud con fecha de presentación o de prioridad reconocida, en su caso, mas antigua, siempre y cuando dicha solicitud no sea negada o abandonada.

**Artículo 43.-** La solicitud de patente deberá referirse a una sola invención, o a un grupo de invenciones relacionadas de tal manera entre sí que conformen un único concepto inventivo.

**Article 39.** The patent may be applied for directly by the inventor or by his successor in title or through his representatives.

**Article 40.** When a patent is sought after having been applied for in other countries, the filing date in the country of the first filing may be recognized as the date of priority, provided that the filing in Mexico occurs within the periods specified by international treaties or, failing that, within the 12 months following the application for a patent in the country of origin.

**Article 41.** For the priority referred to in the previous article to be recognized, the following requirements shall be met:

I. on application for the patent, priority shall be claimed and the country of origin and the date on which the application was filed in that country shall be specified;

II. the application filed in Mexico shall not seek the grant of rights additional to those deriving from the application filed abroad;

If rights are sought which are additional to those deriving from the application filed abroad and considered in its entirety, the priority shall be only partial and consistent with the application filed abroad. With respect to the claims seeking additional rights, a new request may be made for the recognition of priority, and

III. the requirements specified in international treaties, this Law and the regulations under it shall be complied with within the three months following the filing of the applications.

IV. **Repealed.**

**Article 42.** When several inventors have made the same invention independently of each other, the patent rights shall belong to the one whose application bears the earliest filing date or recognized priority date, as the case may be, provided that the said application is not rejected or abandoned.

**Article 43.** The application for a patent shall refer to a single invention, or to a group of inventions so related to each other that they constitute a single inventive concept.

**Artículo 44.-** Si la solicitud no cumple con lo establecido en el artículo anterior, el Instituto lo comunicará por escrito al solicitante para que, dentro del plazo de dos meses, la divida en varias solicitudes, conservando como fecha de cada una la de la solicitud inicial y, en su caso, la de prioridad reconocida. Si vencido el plazo el solicitante no ha realizado la división, se tendrá por abandonada la solicitud.

Si el solicitante cumple con lo previsto en el párrafo anterior, las solicitudes divisionales no serán objeto de la publicación a que se refiere el artículo 52 de esta Ley.

**Artículo 45.-** Una misma solicitud de patente podrá contener:

I. Las reivindicaciones de un producto determinado y las relativas a procesos especialmente concebidos para su fabricación o utilización;

II. Las reivindicaciones de un proceso determinado y las relativas a un aparato o a un medio especialmente concebido para su aplicación, y

III. Las reivindicaciones de un producto determinado y las de un proceso especialmente concebido para su fabricación y de un aparato o un medio especialmente concebido para su aplicación.

**Artículo 46.-** El proceso y maquinaria o aparatos para obtener un modelo de utilidad o un diseño industrial serán objeto de solicitudes de patente independientes a la solicitud de registros de estos últimos.

**Artículo 47.-** A la solicitud de patente se deberá acompañar:

I. La descripción de la invención, que deberá ser lo suficientemente clara y completa para permitir una comprensión cabal de la misma y, en su caso, para guiar su realización por una persona que posea pericia y conocimientos medios en la materia. Asimismo, deberá incluir el mejor método conocido por el solicitante para llevar a la práctica la invención, cuando ello no resulte claro de la descripción de la invención.

En caso de material biológico en el que la descripción de la invención no pueda detallarse en sí misma, se deberá complementar la solicitud con la constancia de depósito de dicho material en una institución reconocida por el Instituto, conforme a lo establecido en el reglamento de esta Ley;

**Article 44.** If the application does not meet the provisions of the previous article, the Institute shall notify the applicant in writing so that, within a period of two months, he may divide it into several applications, retaining as the date of each one that of the initial application and that of any recognized priority. If on expiration of the period allowed the applicant has not divided the application, it shall be considered abandoned.

If the applicant meets the provisions of the previous paragraph, the divisional applications shall not be the subject of the publication referred to in article 52 of this Law.

**Article 45.** A single patent application may contain:

I. claims relating to a certain product and claims relating to processes specially devised for its manufacture or use;

II. claims relating to a certain process and claims relating to apparatus or means specially devised for its application;

III. claims relating to a certain product and claims relating to a process specially devised for its manufacture and to apparatus or means specially devised for its application.

**Article 46.** The process and machinery or apparatus for producing a utility model or an industrial design shall be the subject of patent applications independent of the applications for registration of the said model or design.

**Article 47.** The patent application shall be accompanied by:

I. a description of the invention, which shall be sufficiently clear and complete to be fully understood and where appropriate to serve as a guide for a person with average skill in the art to carry out the invention; it shall also mention the best method known to the applicant of carrying out the invention when this is not clear from the description thereof.

In the case of biological material where the description of the invention cannot itself be sufficiently detailed, the application shall be completed with a record of the deposit of the material at an institution recognized by the Institute, in accordance with the provisions of the regulations under this Law;

II. Los dibujos que se requieran para la comprensión de la descripción;

III. Una o mas reivindicaciones, las cuales deberán ser claras y concisas y no podrán exceder del contenido de la descripción, y

IV. Un resumen de la descripción de la invención, que servirá únicamente para su publicación y como elemento de información técnica.

**Artículo 48.-** Cuando una solicitud de patente tenga que dividirse, el solicitante deberá presentar las descripciones, reivindicaciones y dibujos necesarios para cada solicitud, excepto la documentación relativa a la prioridad reclamada y su traducción que ya se encuentren en la solicitud inicial y, en su caso, la cesión de derechos y el poder. Los dibujos y descripciones que se exhiban, no sufrirán alteraciones que modifiquen la invención contemplada en la solicitud original.

**Artículo 49.-** El solicitante podrá transformar la solicitud de patente en una de registro de modelo de utilidad o de diseño industrial y viceversa, cuando del contenido de la solicitud se infiera que éste no concuerda con lo solicitado.

El solicitante solo podrá efectuar la transformación de la solicitud dentro de los tres meses siguientes a la fecha de su presentación o dentro de los tres meses siguientes a la fecha en que el Instituto le requiera para que la transforme, siempre y cuando la solicitud no se haya abandonado. En caso de que el solicitante no transforme la solicitud dentro del plazo concedido por el Instituto se tendrá por abandonada la solicitud.

**Artículo 50.-** Presentada la solicitud, el Instituto realizará un examen de forma de la documentación y podrá requerir que se precise o aclare en lo que considere necesario, o se subsanen sus omisiones. De no cumplir el solicitante con dicho requerimiento en un plazo de dos meses, se considerará abandonada la solicitud.

**Artículo 51.-** Derogada.

**Artículo 52.-** La publicación de la solicitud de patente en trámite tendrá lugar lo mas pronto posible después del vencimiento del plazo de 18 meses, contado a partir de la fecha de la presentación o, en su caso, de prioridad reconocida. A petición del solicitante, la solicitud será publicada antes del vencimiento del plazo señalado.

II. the drawings required for the understanding of the description;

III. one or more claims, which shall be clear and concise and may not exceed the contents of the description;

IV. an abstract of the description of the invention, which shall serve solely for the publication thereof and as an element of technical information.

**Article 48.** When a patent application has to be divided, the applicant shall submit the descriptions, claims and drawings necessary for each application, with the exception of the documents relating to the priority claimed and their translation already included in the initial application and, where appropriate, the assignment of rights and power of attorney. The drawings and descriptions submitted shall not be altered in any way that might modify the invention referred to in the original application.

**Article 49.** The applicant may convert the patent application into one for the registration of a utility model or industrial design and vice versa, when it appears from the contents of the application that they are not consistent with the title of protection applied for.

The applicant may make such a conversion of the application only within the three months following the filing date or within three months following the date on which the Institute requires him to make the conversion, provided that the application has not been abandoned. If the applicant does not convert the application within the time allowed by the Institute, the application shall be considered abandoned.

**Article 50.** Once the application has been filed, the Institute shall make an examination of the form of the documents, and may require that further details or clarifications be provided wherever it considers this necessary, or that omissions be rectified. If the applicant does not fulfill this requirement within a period of two months, the application shall be considered abandoned.

**Article 51. Repealed.**

**Article 52.** The publication of the pending patent application shall take place as soon as possible following the expiration of a period of 18 months from the filing date of the application, or where applicable from the date of recognized priority. The application shall be published prior to the expiration of the said period at the request of the applicant.

**Artículo 53.-** Una vez publicada la solicitud de patente y efectuado el pago de la tarifa que corresponda, el Instituto hará un examen de fondo de la invención para determinar si se satisfacen los requisitos señalados por el artículo 16 de esta Ley.

Para la realización de los exámenes de fondo, el Instituto, en su caso, podrá solicitar el apoyo técnico de organismos e instituciones nacionales especializados.

**Artículo 54.-** El Instituto podrá aceptar o requerir el resultado del examen de fondo o su equivalente realizado por oficinas extranjeras de patentes, o en su caso, una copia simple de la patente otorgada por alguna de dichas oficinas extranjeras.

**Artículo 55.-** El Instituto podrá requerir por escrito al solicitante para que, dentro del plazo de dos meses, presente la información o documentación adicional o complementaria que sea necesaria, incluida aquella relativa a la búsqueda o examen practicado por oficinas extranjeras; modifique las reivindicaciones, descripción, dibujos, o haga las aclaraciones que considere pertinentes cuando:

I. A juicio del Instituto sea necesario para la realización del examen de fondo, y

II. Durante o como resultado del examen de fondo se encontrase que la invención tal como fue solicitada, no cumple con los requisitos de patentabilidad, o se encuentra en alguno de los supuestos previstos en los artículos 16 y 19 de esta Ley.

Si dentro del plazo a que se refiere este artículo el solicitante no cumple con el requerimiento, su solicitud se considerará abandonada.

**Artículo 55 bis.-** Los documentos que se presenten en cumplimiento de alguno de los requerimientos a que se refieren los artículos 50 y 55 de esta Ley, o en el caso de enmiendas voluntarias, no podrán contener materias adicionales ni reivindicaciones que den mayor alcance al que esté contenido en la solicitud original considerada en su conjunto.

Sólo se aceptarán enmiendas voluntarias hasta antes de la expedición de la resolución sobre la procedencia o negativa de otorgamiento de la patente a que se refieren los artículos 56 y 57 de esta Ley.

**Artículo 56.-** En caso que el Instituto niegue la patente, lo comunicará por escrito al solicitante, expresando los motivos y fundamentos legales de su resolución.

**Article 53.** Once the patent application has been filed and the appropriate fee has been paid, the Institute shall conduct an examination on the merits of the invention in order to determine whether the conditions specified in article 16 of this Law are met.

In order to conduct the substantive examination, the Institute may, where appropriate, request the technical support of specialized national agencies and institutions.

**Article 54.** The Institute may accept or require the result of the substantive examination or its equivalent as conducted by foreign patent offices or, where appropriate, a single copy of the patent granted by one of said foreign offices.

**Article 55.** The Institute may request in writing that, within a period of two months, the applicant submit the additional or complementary information or documentation necessary, including that which relates to the search or examination conducted by foreign offices; the Institute may further request that the applicant modify the claims, description or drawings or make the clarifications considered pertinent when:

I. in the opinion of the Institute, it is necessary in order to conduct the substantive examination, and

II. during or as a result of the substantive examination, it is found that, as submitted, the invention does not meet the requirements for patentability, or any of the circumstances provided for in articles 16 and 19 of this Law is found to exist.

If the applicant does not meet the requirement within the period referred to in this article, his application shall be considered abandoned.

**Article 55 bis.** The documents submitted to fulfill any of the requirements referred to in articles 50 and 55 of this Law, or in the case of voluntary amendments, may not contain additional material or claims which broaden the scope beyond that contained in the original application considered in its entirety.

Voluntary amendments shall only be accepted prior to issuance of the decision to proceed with or refuse the granting of the patent as referred to in articles 56 and 57 of this Law.

**Article 56.** Where the Institute refuses the patent, it shall notify the applicant in writing, stating the legal basis and grounds for its decision.

**Artículo 57.-** Cuando proceda el otorgamiento de la patente, se comunicará por escrito al solicitante para que, dentro del plazo de dos meses, cumpla con los requisitos necesarios para su publicación y cubra los derechos por la expedición del título. Si vencido el plazo fijado el soli itante no cumple con lo establecido en el presente artículo se le tendrá por abandonada su solicitud.

**Artículo 58.-** El interesado tendrá un plazo adicional de dos meses para cumplir los requisitos a que se refieren los artículos 44, 50, 55 y 57 de esta Ley, sin que medie solicitud y comprobando el pago de la tarifa que corresponda al mes en que se dé cumplimiento.

El plazo a que se refiere el párrafo anterior, se contará a partir del día siguiente al del vencimiento del plazo de dos meses previsto en los artículos antes referidos.

La solicitud se tendrá por abandonada si el solicitante no da cumplimiento a los requerimientos formulados, dentro del plazo inicial o en el adicional previsto en este artículo; o no presenta el comprobante de pago de las tarifas correspondientes.

**Artículo 59.-** El Instituto expedirá un título para cada patente como constancia y reconocimiento oficial al titular. El título comprenderá un ejemplar de la descripción, reivindicaciones y dibujos, si los hubiere, y en el mismo se hará constar:

I. Número y clasificación de la patente;

II. Nombre y domicilio de la persona o personas a quienes se expide;

III. Nombre del inventor o inventores;

IV. Fechas de presentación de la solicitud y de prioridad reconocida en su caso, y de expedición;

V. Denominación de la invención;

VI. Su vigencia.

**Artículo 60.-** Otorgada la patente, el Instituto procederá a hacer su publicación en la Gaceta, que contendrá la información a que se refieren los artículos 47 fracción IV y 59 de esta Ley.

**Article 57.** When it is found that the grant of a patent may proceed, the applicant shall be notified in writing so that, within a period of two months, he may meet the necessary requirements for its publication and submit to the Institute the proof of payment of the patent issuing fee. If the applicant does not meet the provisions of this article within the set time period, his application shall be considered abandoned.

**Article 58.** The party concerned shall have an additional period of two months in which to fulfill the requirements referred to in articles 44, 50, 55 and 57 of this Law, without making application to do so and by furnishing proof of payment of the fee corresponding to the month in which said requirements are fulfilled.

The period referred to in the previous paragraph shall be counted from the day following expiration of the two-month period provided for in the articles referred to above.

The application shall be considered abandoned if the applicant does not meet the specified requirements within the initial time period or within the additional one provided for in this article; of if he does not provide proof of payment of the appropriate fees.

**Article 59.** The Institute shall issue a title for each patent, as a record and official recognition, to the owner thereof. The title shall comprise one copy each of the description, claims and drawings, if any, and shall specify:

I. the number and classification of the patent;

II. the name and address of the person or persons to whom it is issued;

III. the name of the inventor or inventors;

IV. the filing date of the application and the dates of any recognized priority and of the issue of the patent;

V. the name of the invention;

VI. the term of the patent.

**Article 60.** Once the patent has been granted the Institute shall proceed with its publication in the Gazette, which publication shall contain the information referred to in articles 47, section I and 59 of this Law.

**Artículo 61.-** Solo podrán permitirse cambios en el texto o dibujos del título de una patente en los siguientes supuestos:

I. Para corregir errores evidentes o de forma, y

II. Para limitar la extensión de la reivindicaciones.

Los cambios autorizados deberán ser publicados en la Gaceta.

## Capítulo VI

## De las Licencias y la Transmisión de Derechos
## Artículos 62 a 77

**Artículo 62.-** Los derechos que confiere una patente o registro, o aquellos que deriven de una solicitud en trámite, podrán gravarse y transmitirse total o parcialmente en los términos y con las formalidades que establece la legislación común. Para que la transmisión de derechos o gravamen puedan producir efectos en perjuicio de terceros, deberá inscribirse en el Instituto.

Podrá solicitarse mediante una sola promoción la inscripción de transferencias de la titularidad de dos o más solicitudes en trámite o de dos o más patentes o registros cuando quien transfiere y quien adquiere sean las mismas personas en todos ellos. El solicitante deberá identificar cada una de las solicitudes, patentes o registros en los que se hará la inscripción. Las tarifas correspondientes se pagarán en función del número de solicitudes, patentes o registros involucrados.

**Artículo 63.-** El titular de la patente o registro podrá conceder, mediante convenio, licencia para su explotación. La licencia deberá ser inscrita en el Instituto para que pueda producir efectos en perjuicio de terceros.

Podrá solicitarse mediante una sola promoción la inscripción de licencias de derechos relativos a dos o más solicitudes en trámite o a dos o más patentes o registros cuando el licenciante y el licenciatario sean los mismos en todos ellos. El solicitante deberá identificar cada una de las solicitudes, patentes o registros en los que se hará la inscripción. Las tarifas correspondientes se pagarán en función del número de solicitudes, patentes o registros involucrados.

**Artículo 64.-** Para inscribir una transmisión de patente, registro, licencia o gravamen en el Instituto, bastará formular la solicitud correspondiente en los términos que fije el reglamento de esta Ley.

**Article 61.** Changes in the text or drawings of the patent protection title may be allowed only under the following circumstances;

I. to correct any obvious errors of form;

II. to limit the scope of the claims.

The changes authorized shall be published in the Gazette.

## Chapter VI

## Licensing and the Transfer of Rights
## Articles 62 through 77

**Article 62.** The rights conferred by a patent or registration, or those deriving from a pending application, may be taxed and partially or totally transferred subject to the conditions and formalities laid down in ordinary legislation. In order for the transfer of rights or taxes to be effective against third parties, it shall be registered with the Institute.

The request for registration of transfers of ownership of two or more pending applications or two or more patents and registrations may be made by means of a single submission when the transferor and the transferee are the same persons in all of the cases. The applicant shall identify each of the applications, patents or registrations for which registration occurs. The appropriate fees shall be paid according to the number of applications, patents or registrations in question.

**Article 63.** The owner of the patent or registration may, by virtue of an agreement, license the use thereof. The license shall be registered with the Institute to be effective against third parties.

**Article 64.** To register the transfer of a patent, registration, license or tax with the Institute, it shall be sufficient to make the appropriate request in the manner specified in the regulations under this Law.

**Artículo 65.-** La cancelación de la inscripción de una licencia procederá en cualquiera de los siguientes casos:

I. Cuando la soliciten conjuntamente el titular de la patente o registro y la persona a la que se le haya concedido la licencia;

II. Por nulidad o caducidad de la patente o registro; y

III. Derogada.

IV. Por orden judicial.

**Artículo 66.-** No se inscribirá la licencia cuando la patente o registro hubiesen caducado o la duración de aquélla sea mayor que su vigencia.

**Artículo 67.-** Salvo estipulación en contrario, la concesión de una licencia no excluirá la posibilidad, por parte del titular de la patente o registro, de conceder otras licencias ni realizar su explotación simultánea por si mismo.

**Artículo 68.-** La persona que tenga concedida una licencia inscrita en el Instituto, salvo estipulación en contrario, tendrá la facultad de ejercitar las acciones legales de protección a los derechos de patente como si fuere el propio titular.

**Artículo 69.-** La explotación de la patente realizada por la persona que tenga concedida una licencia inscrita en el Instituto, se considerara como realizada por su titular, salvo el caso de licencias obligatorias.

**Artículo 70.-** Tratándose de invenciones, después de tres años contados a partir de la fecha del otorgamiento de la patente, o de cuatro años de la presentación de la solicitud, según lo que ocurra más tarde, cualquier persona podrá solicitar al Instituto la concesión de una licencia obligatoria para explotarla, cuando la explotación no se haya realizado, salvo que existan causas debidamente justificadas.

No procederá el otorgamiento de una licencia obligatoria, cuando el titular de la patente o quien tenga concedida licencia contractual, hayan estado realizando la importación del producto patentado u obtenido por el proceso patentado.

**Artículo 71.-** Quien solicite una licencia obligatoria deberá tener capacidad técnica y económica para realizar una explotación eficiente de la invención patentada.

**Article 65.** The registration of a license shall be canceled in each of the following cases:

I. when the owner of the patent or registration and the licensee jointly so request;

II. when the patent or registration is declared invalid or expires;

III. **Repealed;**

IV. when ordered by a court.

**Article 66.** The license shall not be registered when the patent or registration has expired or when its duration is longer than the term thereof.

**Article 67.** Unless otherwise provided, the grant of a license shall not prevent the owner of the patent or registration from granting other licenses, or from working the patent at the same time himself.

**Article 68.** The person to whom a license has been granted and registered with the Institute shall, unless otherwise stipulated, be entitled to institute legal proceedings in defense of the patent rights as if he were the actual owner thereof.

**Article 69.** The working of the patent by the person to whom a license has been granted and registered with the Institute shall be considered done by the patent owner, except in the case of compulsory licenses.

**Article 70.** In the case of inventions, after three years from the date of the grant of the patent, or four years from the filing of the applications, whichever occurs later, any person may apply to the Institute for the grant of a compulsory license to use the said invention, when use has not occurred, unless there are sufficiently justified reasons for such non-use.

There shall be no grounds for the grant of a compulsory license when the patent owner or the holder of a contractual license has been importing the patented produce or a product obtained using the patented process.

**Article 71.** Whoever applies for a compulsory license must have the technical and economic ability to use the patented invention efficiently.

**Artículo 72.-** Antes de conceder la primera licencia obligatoria, el Instituto dará oportunidad al titular de la patente para que dentro de un plazo de un año, contado a partir de la notificación personal que se haga a este, proceda a su explotación.

Previa audiencia de las partes, el Instituto decidirá sobre la concesión de la licencia obligatoria y, en caso de que resuelva concederla, fijará su duración, condiciones, campo de aplicación y monto de las regalías que correspondan al titular de la patente.

En caso de que se solicite una licencia obligatoria existiendo otra, la persona que tenga la licencia previa deberá ser notificada y oída.

**Artículo 73.-** Transcurrido el término de dos años contado a partir de la fecha de concesión de la primera licencia obligatoria, el Instituto podrá declarar administrativamente la caducidad de la patente, si la concesión de la licencia obligatoria no hubiese corregido la falta de explotación de la misma, o si el titular de la patente no comprueba su explotación o la existencia de una causa justificada a juicio del Instituto.

El pago de la regalías derivado de una licencia obligatoria concluirá cuando caduque o se anule la patente, o por cualquier otra causa prevista en esta ley.

**Artículo 74.-** A petición del titular de la patente o de la persona que goce de la licencia obligatoria, las condiciones de ésta podrán ser modificadas por el Instituto cuando lo justifiquen causas supervinientes y, en particular, cuando el titular de la patente haya concedido licencias contractuales mas favorables que la licencia obligatoria. El Instituto resolverá sobre la modificación de las condiciones de la licencia obligatoria, previa audiencia de las partes.

**Artículo 75.-** Quien goce de una licencia obligatoria deberá iniciar la explotación de la patente dentro del plazo de dos años, contados a partir de la fecha en que se le hubiere concedido. De no cumplirse esto, salvo que existan causas justificadas a juicio de el Instituto, procederá la revocación de la licencia de oficio o a petición del titular de la patente.

**Artículo 76.-** La licencia obligatoria no será exclusiva. La persona a quien se le conceda solo podrá cederla con autorización del Instituto y siempre que la transfiera junto con la parte de la unidad de producción donde se explota la patente objeto de la licencia.

**Article 72.** Prior to granting the first compulsory license, the Institute shall give the patent owner the opportunity of working the patent within a period of one year from the date of the personal notification addressed to him.

After hearing the parties, the Institute shall decide on the grant of the compulsory license and, if it decides to grant it, shall specify its duration, conditions and field of application, and the amount of the royalties payable to the patent owner.

Where a compulsory license is applied for when another exists, the holder of the earlier license shall be notified and heard.

**Article 73.** On expiration of a period of three years following the date of grant of the first compulsory license, the Institute may administratively declare the patent lapsed if the granting of the compulsory license has not corrected the failure to work said patent, or if the patent owner has not proved the working thereof, or the existence of reasons for non-working that are justified in the opinion of the Institute.

The payment of royalties under a compulsory license shall end when the patent lapses or is canceled, or for any other reason provided for in this Law.

**Article 74.** At the request of the patent owner or of the holder of the compulsory license, the conditions of the said license may be modified by the Institute when circumstances so dictate, and in particular when the patent owner has granted contractual licenses that are more favorable than the compulsory license. The Institute shall rule on the modification of the compulsory license conditions after hearing the parties.

**Article 75.** Whoever holds a compulsory license shall start working the patent within a period of two years from the date on which the said patent was granted. Failure to comply with this condition, unless there are reasons for non-working that are justified in the opinion of the Institute, shall constitute grounds for the revocation of the license either ex officio or at the request of the patent owner.

**Article 76.** The compulsory license shall not be exclusive. The person to whom it is granted may assign it only with the authorization of the Institute and provided that it is transferred together with that part of the production unit in which the licensed patent was used.

**Artículo 77.-** Por causas de emergencia o seguridad nacional y mientras duren éstas, el Instituto, por declaración que se publicará en el Diario Oficial, determinará que la explotación de ciertas patentes pueda hacerse mediante la concesión de licencias de utilidad pública, en los casos en que, de no hacerlo así, se impida, entorpezca o encarezca la producción, prestación o distribución de satisfactores básicos para la población.

Para la concesión de estas licencias se procederá en los términos del párrafo segundo del artículo 72 y no podrán tener carácter de exclusivas o transmisibles.

## Capítulo VII

### De la Nulidad y Caducidad de Patentes y Registros
### Artículos 78 a 81

**Artículo 78.-** La patente o registro serán nulos en los siguientes casos:

I. Cuando se hayan otorgado en contravención a las disposiciones sobre requisitos y condiciones para el otorgamiento de patentes o registros de modelos de utilidad y diseños industriales. Para efectos de lo dispuesto en esta fracción, se consideran requisitos y condiciones para el otorgamiento de patentes y registros los establecidos en los artículos 16, 19, 27, 31 y 47;

II. Cuando se haya otorgado en contravención a las disposiciones de la ley vigente en el momento en que se otorgó la patente o el registro.

La acción de nulidad basada en esta fracción no podrá fundarse en la impugnación a la representación legal del solicitante de la patente o del registro.

III. Cuando durante el trámite se hubiere incurrido en abandono de la solicitud, y

IV. Cuando el otorgamiento se encontrare viciado por error o inadvertencia graves, o se hubiese concedido a quien no tenía derecho para obtenerla.

La acción de nulidad prevista en las fracciones I y II anteriores, podrá ejercitarse en cualquier tiempo; la que deriva de los supuestos previstos en las fracciones III y IV anteriores, podrá ejercitarse dentro del plazo de cinco años contado a partir de la fecha en que surta efectos la publicación de la patente o del registro en la Gaceta.

**Article 77.** For reasons of national emergency or security, and for as long as those reasons obtain, the Institute shall, in a declaration published in the Diario Oficial, declare that use may be made of certain patents by means of the grant of licenses of public utility in cases where, if such use where not made, the production or the supply or distribution to the public, of staple goods and services would be prevented, hindered or made more expensive.

The procedure laid down in the second paragraph of article 72 shall be observed for the grant of such licenses, which shall not be either exclusive or transferable in character.

## Chapter VII

### Invalidity and Lapse of Patents and Registrations
### Articles 78 through 81

**Article 78.** The patent or registration shall be invalid in the following cases:

I. when it is granted in violation of the provisions on the requirements and conditions for the grant of patents or the registration of utility models and industrial designs. For the purposes of this section, the requirements and conditions for the grant of patents and registrations shall be those laid down in articles 16, 19, 27, 31 and 47;

II. when it was granted in violation of the provisions of the law in force at the time the patent or registration was granted.

Nullity actions under this section may not be based on an attack of the lawfulness of the legal representation of the applicant for patent or registration

III. when abandonment of the application occurs in the course of processing;

IV. when the grant has been flawed by serious error or negligence, or was granted to a person who did not have a right to obtain it.

The invalidation action provided for in the foregoing sections I and II may be brought at any time; an action deriving from the circumstances provided for in the foregoing sections III and IV may be brought within a period of five years from the date on which the publication of the patent or registration in the Gazette becomes effective.

Cuando la nulidad sólo afecte a una o algunas reivindicaciones, o a una parte de una reivindicación, la nulidad se declarará solamente respecto de la reivindicación o reivindicaciones afectadas, o la parte de las reivindicaciones afectadas. La nulidad podrá declararse en la forma de una limitación o precisión de la reivindicación correspondiente.

**Artículo 79.-** La declaración de nulidad se hará administrativamente por el Instituto, de oficio, a petición de parte o del Ministerio Público Federal cuando tenga algún interés la Federación, en los términos de esta Ley. La declaración de nulidad destruirá retroactivamente a la fecha de presentación de la solicitud, los efectos de la patente o registro respectivos.

**Artículo 80.-** Las patentes o registros caducan y los derechos que amparan caen en el dominio público en los siguientes supuestos:

I. Al vencimiento de su vigencia;

II. Por no cubrir el pago de la tarifa previsto para mantener vigentes sus derechos, o dentro del plazo de gracia de seis meses siguientes a éste;

III. En el caso del artículo 73 de esta Ley.

La caducidad que opere por el sólo transcurso del tiempo, no requerirá de declaración administrativa por parte del Instituto.

**Artículo 81.-** Se podrá solicitar la rehabilitación de la patente o registro caducos por falta de pago oportuno de la tarifa, siempre que la solicitud correspondiente se presente dentro de los seis meses siguientes al plazo de gracia a que se refiere la fracción II del artículo anterior y se cubra el pago omitido de la tarifa, más sus recargos.

When the invalidation affects only one or several claims, or one portion of a claim, the invalidation shall be declared only with respect to the claim or claims affected, or the portion of the claims affected. The invalidation may be declared in the form of a limitation or ore accurate rendering of the corresponding claim.

**Article 79.** The declaration of invalidity shall be made administratively by the Institute, either ex officio or at the request of an individual or of the Federal Public Prosecutor when the Federal Government has some interest in the case, as provided in this Law. The declaration of invalidity shall cancel the effects of the patent or registration concerned with retroactive effect to the filing date of the application.

**Article 80.** Patents or registrations shall lapse and the rights that they confer shall become public property under the following circumstances;

I. on expiration of their term;

II. when the specified fee for . intaining their rights has not been paid, or within the six-month grace period following such failure to make payment;

III. in the case provided for in article 73 of this Law.

Lapse due merely to the passage of time shall not require any administrative declaration on the part of the Institute.

**Article 81.** The reinstatement of patents or registrations that have lapsed owing to failure to pay fees promptly may be requested, provided that the corresponding request is filed within the six months following the grace period referred to in section II of the foregoing article and that payment is made for the unpaid fees and any surcharges.

## TITULO TERCERO

## De los Secretos Industriales

### Capítulo Único
### Artículos 82 a 86 bis 1

**Artículo 82.-** Se considera secreto industrial a toda información de aplicación industrial o comercial que guarde una persona física o moral con carácter confidencial, que le signifique obtener o mantener una ventaja competitiva o económica frente a terceros en la realización de actividades económicas y respecto de la cual haya adoptado los medios o sistemas suficientes para preservar su confidencialidad y el acceso restringido a la misma.

La información de un secreto industrial necesariamente deberá estar referida a la naturaleza, características o finalidades de los productos; a los métodos o procesos de producción; o a los medios o formas de distribución o comercialización de productos o prestación de servicios.

No se considerará secreto industrial aquella información que sea del dominio público, la que resulte evidente para un técnico en la materia, con base en información previamente disponible o la que deba ser divulgada por disposición legal o por orden judicial. No se considerará que entra al dominio público o que es divulgada por disposición legal aquella información que sea proporcionada a cualquier autoridad por una persona que la posea como secreto industrial, cuando la proporcione para el efecto de obtener licencias, permisos, autorizaciones, registros, o cualesquiera otros actos de autoridad.

**Artículo 83.-** La información a que se refiere el artículo anterior, deberá constar en documentos, medios electrónicos o magnéticos, discos ópticos, microfilmes, películas u otros instrumentos similares.

**Artículo 84.-** La persona que guarde un secreto industrial podrá transmitirlo o autorizar su uso a un tercero. El usuario autorizado tendrá la obligación de no divulgar el secreto industrial por ningún medio.

En los convenios por los que se transmitan conocimientos técnicos, asistencia técnica, provisión de ingeniería básica o de detalle, se podrán establecer cláusulas de confidencialidad para proteger los secretos industriales que contemplen, las cuales deberán precisar los aspectos que comprenden como confidenciales.

## TITLE III

## Trade Secrets

### Sole Chapter
### Articles 82 through 86 bis 1

**Article 82.** Any information susceptible of industrial application that a natural person or corporate entity keeps, is of confidential character and is associated with securing or retaining a competitive or economic advantage over third parties in the conduct of economic activities, and regarding which the said person or entity has adopted sufficient means or systems of preserving confidentiality and restricting access, shall be considered a trade secret.

The information constituting a trade secret shall necessarily relate to the nature, characteristics or purposes of products, to production methods or processes or to ways or means of distributing or marketing products or rendering services.

Information that is public property, is evident to a person skilled in the art, is based on previously available information or must be disclosed by virtue of a legal provision or court order shall not be considered a trade secret. Information that is supplied to any authority by a person possessing it as a trade secret shall not be considered public property or be disclosed by virtue of a legal provision when it is supplied for the purpose of obtaining licenses, permits, authorization, registrations or any other official documents.

**Article 83.** The information referred to in the foregoing article shall consist of documents, electronic or magnetic media, optical disks, microfilm, film or other similar material.

**Article 84.** The person who keeps a trade secret may transfer it to or authorize its use by a third party. The authorized user shall be under the obligation not to disclose the trade secret by any means.

In agreements under which know-how, technical assistance and basic or detailed engineering are provided, confidentiality clauses may be included to protect any trade secrets that may form part of such services, and the said clauses shall specify the aspects to be treated as confidential.

**Artículo 85.-** Toda aquella persona que, con motivo de su trabajo, empleo, cargo, puesto, desempeño de su profesión o relación de negocios, tenga acceso a un secreto industrial del cual se le haya prevenido sobre su confidencialidad, deberá abstenerse de revelarlo sin causa justificada y sin consentimiento de la persona que guarde dicho secreto, o de su usuario autorizado.

**Artículo 86.-** La persona física o moral que contrate a un trabajador que este laborando o haya laborado o a un profesionista, asesor o consultor que preste o haya prestado sus servicios para otra persona, con el fin de obtener secretos industriales de ésta, será responsable del pago de daños y perjuicios que le ocasione a dicha persona.

También será responsable del pago de daños y perjuicios la persona física o moral que por cualquier medio ilícito obtenga información que contemple un secreto industrial.

**Artículo 86 bis.-** La información requerida por las leyes especiales para determinar la seguridad y eficacia de productos farmoquímicos y agroquímicos que utilicen nuevos componentes químicos quedará protegida en los términos de los tratados internacionales de los que México sea parte.

**Artículo 86 bis 1.-** En cualquier procedimiento judicial o administrativo en que se requiera que alguno de los interesados revele un secreto industrial, la autoridad que conozca debera adoptar las medidas necesarias para impedir su divulgación a terceros ajenos a la controversia.

Ningún interesado, en ningún caso, podrá revelar o usar el secreto industrial a que se refiere el párrafo anterior.

**Article 85.** Any person who, by reason of his work, employment, function or post, the practice of this profession or the conduct of business relations, has access to a trade secret the confidentiality of which he has been warned of shall abstain from revealing it without just cause and without the consen of the person keeping the said secret or of the authorized user thereof.

**Article 86.** Any natural person or legal entity engaging either a worker who is working or has worked for, or a professional, advisor or consultant who is rendering or has rendered his services on behalf of another person or entity with a view to obtaining trade secrets from the latter, shall be liable for payment of damages for any prejudice caused to that person or entity.

Any natural person or legal entity who by any unlawful means obtains information constituting a trade secret shall likewise be liable for the payment of damages.

**Article 86 bis.** The information required by the special laws for determining the safety and effectiveness of pharmaceutical and agrochemical products which use new chemical components shall remain protected under the provisions of the international treaties to which Mexico is a party.

**Article 86 bis 1.** In any judicial or administrative proceeding in which one of the parties concerned is required to reveal a trade secret, the authority who knows said secret shall adopt the necessary measures to prevent its disclosure to third parties not involved in the dispute.

Under no circumstances may any party concerned reveal or use the trade secret referred to in the foregoing paragraph.

## TITULO CUARTO

## De las Marcas y de los Avisos y Nombres Comerciales

### Capítulo I

### De las Marcas
### Artículos 87 a 95

**Artículo 87.-** Los industriales, comerciantes o prestadores de servicios podrán hacer uso de marcas en la industria, en el comercio o en los servicios que presten. Sin embargo, el derecho a su uso exclusivo se obtiene mediante su registro en el Instituto.

**Artículo 88.-** Se entiende por marca a todo signo visible que distinga productos o servicios de otros de su misma especie o clase en el mercado.

**Artículo 89.-** Pueden constituir una marca los siguientes signos:

I. Las denominaciones y figuras visibles, suficientemente distintivas, susceptibles de identificar los productos o servicios a que se apliquen o traten de aplicarse, frente a los de su misma especie o clase;

II. Las formas tridimensionales;

III. Los nombres comerciales y denominaciones o razones sociales, siempre que no queden comprendidos en el artículo siguiente, y

IV. El nombre propio de una persona física, siempre que no se confunda con una marca registrada o un nombre comercial publicado.

**Artículo 90.-** No se registrarán como marca:

I. Las denominaciones, figuras o formas tridimensionales animadas o cambiantes, que se expresan de manera dinámica, aun cuando sean visibles;

II. Los nombres técnicos o de uso común de los productos o servicios que pretenden ampararse con la marca, así como aquellas palabras que, en el lenguaje corriente o en las practicas comerciales, se hayan convertido en la designación usual o genérica de los mismos;

## TITLE IV

## Marks, Advertising Slogans and Trade Names

### Chapter I

### Marks
### Articles 87 through 95

**Article 87.** Industrialists, traders and providers of services may make use of marks in industry, in commerce or in the services that they provide. Nevertheless, the right to their exclusive use shall be obtained by their registration with the Institute.

**Article 88.** A mark is understood as being any visible sign that distinguishes produces or services from others of the same type or category on the market.

**Article 89.** The following signs may constitute marks:

I. visible names and figures that are sufficiently distinctive and capable of identifying the product or services to which they are applied, or are intended to be applied, compared with others of the same type or category;

II. three-dimensional shapes;

III. trade names and corporate or business names, provided that they are not covered by the following article; and

IV. the proper name of a natural person, provided that it is not to be confused with a registered mark or published trade name.

**Article 90.** The following shall not be registered as marks:

I. Names, figures or three-dimensional animated or changing shapes that are expressed in motion even when visible;

II. The technical or commonly used names of products or services for which the protection of the mark is sought, and also those words that everyday language or business practice has made into the usual or generic designation of the said products or services;

III. Las formas tridimensionales que sean del dominio público o que se hayan hecho de uso común y aquellas que carezcan de originalidad que las distinga fácilmente, así como la forma usual y corriente de los productos o la impuesta por su naturaleza o función industrial;

IV. Las denominaciones, figuras o formas tridimensionales que, considerando el conjunto de sus características, sean descriptivas de los productos o servicios que traten de protegerse como marca. Quedan incluidas en el supuesto anterior las palabras descriptivas o indicativas que en el comercio sirvan para designar la especie, calidad, cantidad, composición, destino, valor, lugar de origen de los productos o la época de producción;

V. Las letras, los dígitos o los colores aislados, a menos que estén combinados o acompañados de elementos tales como signos, diseños o denominaciones, que les den un carácter distintivo.

VI. La traducción a otros idiomas, la variación ortográfica caprichosa o la construcción artificial de palabras no registrables;

VII. Las que reproduzca o imiten, sin autorización, escudos, banderas o emblemas de cualquier país, Estado, municipio o divisiones políticas equivalentes, así como las denominaciones, siglas, símbolos o emblemas de organizaciones internacionales, gubernamentales, no gubernamentales o de cualquier otra organización reconocida oficialmente, así como la designación verbal de los mismos;

VIII. Las que reproduzcan o imiten signos o sellos oficiales de control y garantía adoptados por un estado, sin autorización de la autoridad competente, o monedas, billetes de banco, monedas conmemorativas o cualquier medio oficial de pago nacional o extranjero;

IX. Las que reproduzcan o imiten los nombres o la representación gráfica de condecoraciones, medallas u otros premios obtenidos en exposiciones, ferias, congresos, eventos culturales o deportivos, reconocidos oficialmente;

X. Las denominaciones geográficas, propias o comunes, y los mapas, así como los gentilicios, nombres y adjetivos, cuando indiquen la procedencia de los productos o servicios y puedan originar confusión o error en cuanto a su procedencia;

III. Three-dimensional shapes that are public property or have come into common use, those that lack the originality that readily distinguishes them, and the usual and everyday shapes of products or those determined by their nature or industrial function;

IV. Names, figures or three-dimensional shapes which, when their characteristics are considered as a whole, are descriptive of the products or services to which they are intended to afford trademark protection. The above shall include descriptive or indicative words which, in commerce, are used to designate the kind, quality, quantity, composition, purpose, value or place of origin of the products, or the time of their production;

V. Isolated letters, digits or colors, except where they are combined with or accompanied by elements such as signs, designs or names that give them a distinctive character;

VI. The translation into other languages, the arbitrarily changed spelling or the artificial construction, of words not eligible for registration;

VII. Signs that reproduce or imitate, without authorization, coats of arms, flags or emblems of any province, State, municipality or equivalent political division, as well as the full or abbreviated names, symbols or emblems of governmental or non-governmental international organizations or any other officially recognized organization, including the verbal designation thereof;

VIII. Signs that reproduce or imitate official signs or seals of control and warranty adopted by a State, without the authorization of the competent authority, or coins, banknotes, commemorative coins or any domestic or foreign legal tender;

IX. Signs that reproduce or imitate the names or graphic representations of decorations, medals or other prizes awarded at officially recognized exhibitions, fairs, congresses or cultural or sporting events;

X. Proper or common geographical names and maps, and also gentilic nouns and adjectives when they indicate the origin of the products or services and can cause confusion or error regarding such origin;

XI. Las denominaciones de poblaciones o lugares que se caractericen por la fabricación de ciertos productos, para amparar éstos, excepto los nombres de lugares de propiedad particular, cuando sean especiales e inconfundibles y se tenga el consentimiento del propietario;

XII. Los nombres, seudónimos, firmas y retratos de personas, sin consentimiento de los interesados o, si han fallecido, en su orden, del cónyuge, parientes consanguíneos en línea recta y por adopción, y colaterales, ambos hasta el cuarto grado;

XIII. Los títulos de obras intelectuales o artísticas, así como los títulos de publicaciones y difusiones periódicas, los personajes ficticios o simbólicos, los personajes humanos de caracterización, los nombres artísticos y las denominaciones de grupos artísticos, a menos que el titular del derecho correspondiente lo autorice expresamente;

XIV. Las denominaciones, figuras o formas tridimensionales, susceptibles de engañar al público o inducir a error, entendiéndose por tales las que constituyan falsas indicaciones sobre la naturaleza, componentes o cualidades de los productos o servicios que pretenda amparar;

XV. Las denominaciones, figuras o formas tridimensionales, iguales o semejantes a una marca que el Instituto estime notoriamente conocida en México, para ser aplicadas a cualquier producto o servicio.

Se entenderá que una marca es notoriamente conocida en México, cuando un sector determinado del público o de los círculos comerciales del país, conoce la marca como consecuencia de las actividades comerciales desarrolladas en México o en el extranjero por una persona que emplea esa marca en relación con sus productos o servicios; así como el conocimiento que se tenga de la marca en el territorio, como consecuencia de la promoción o publicidad de la misma.

XI. The names of towns or places known for the manufacture of certain products, to protect those products, except the names of places in private ownership when they are special and not liable to be confused, and when the consent of the owner has been obtained;

XII. The names, pseudonyms, signatures and portraits of persons, without the consent of the persons concerned or, if they are deceased, of the following, in order of priority: the surviving spouse, direct descendants by blood or by adoption, and collateral relations, up to the fourth degree in both cases;

XIII. The titles of intellectual or artistic works, as well as the titles of periodical publications and broadcasts, fictional or symbolic persons, real personages portrayed, or the names of individual artists or groups of artists, unless the holder of the corresponding right expressly authorizes the registration thereof;

XIV. Names, f ıres or three-dimensional shapes, liable to deceive or mislead the public, understood as being those that constitute false indications as to the nature, components or qualities of the products or services that they claim to protect;

XV. Names, figures, three-dimensional shapes, identical or similar to a mark that the Institute considers well known in Mexico, to be applied to any product or service.

A mark shall be considered well known in Mexico when a specific sector of the public or business community of the country knows the mark as a result of business activities conducted in Mexico or abroad by a person using said mark in relation to his products or services; as well as knowledge held about the mark within the country as a result of the promotion or advertising thereof.

A efecto de demostrar la notoriedad de la marca, podrán emplearse todos los medios probatorios permitidos por esta Ley.

Este impedimento procederá en cualquier caso en que el uso de la marca por quien solicita su registro, pudiese crear confusión o un riesgo de asociación con el titular de la marca notoriamente conocida, o constituya un aprovechamiento que cause el desprestigio de la marca. Dicho impedimento no será aplicable cuando el solicitante del registro sea el titular de la marca notoriamente conocida.

XVI. Una marca que sea idéntica o semejante en grado de confusión a otra en trámite de registro presentada con anterioridad o a una registrada y vigente, aplicada a los mismos o similares productos o servicios. Sin embargo, sí podrá registrarse una marca que sea idéntica a otra ya registrada, si la solicitud es planteada por el mismo titular, para aplicarla a productos o servicios similares; y

XVII. Una marca que sea idéntica o semejante en grado de confusión, a un nombre comercial aplicado a una empresa o a un establecimiento industrial, comercial o de servicios, cuyo giro preponderante sea la elaboración o venta de los productos o la prestación de los servicios que se pretendan amparar con la marca, y siempre que el nombre comercial haya sido usado con anterioridad a la fecha de presentación de la solicitud de registro de la marca o la de uso declarado de la misma. Lo anterior no será aplicable, cuando la solicitud de marca la presente el titular del nombre comercial, si no existe otro nombre comercial idéntico que haya sido publicado.

**Artículo 91.-** No podrá usarse ni formar parte del nombre comercial, denominación o razón social de ningún establecimiento o persona moral, una marca registrada o una semejante en grado de confusión a otra marca previamente registrada, cuando:

I. Se trate de establecimientos o personas morales cuya actividad sea la producción, importación o comercialización de bienes o servicios iguales o similares a los que se aplica la marca registrada; y

II. No exista consentimiento manifestado por escrito del titular del registro de la marca o de quien tenga facultades para hacerlo.

Any means of proof permitted under this Law may be used for the purpose of demonstrating the notoriety of the mark.

There shall be grounds for this impediment in any case in which the use of the mark by the person applying for its registration might create confusion or a risk of association with the owner of the well known mark, or constitute a use that causes the mark to fall into disrepute. Said impediment shall not be applicable when the applicant of the registration is the owner of the well known mark.

XVI. A mark that is identical or confusingly similar to another previously displayed mark that is pending registration or one that is registered and in force, and which is applied to the same or similar products or services, provided that a mark identical to one previously registered may be registered if the application is made by the same owner for use in connection with similar products or services; and

XVII. A mark that is identical or confusingly similar to a trade name applied to a firm or industrial, commercial or service establishment whose principal business is the manufacture or sale of the products or the provision of the services that the mark is intended to protect, provided that the trade name has been used prior to the filing date of the application for registration of the mark or the date of the declared use thereof; the foregoing shall not be applicable when the application for a mark is filed by the user of the trade name, if no identical trade name exists that has been published.

**Article 91.** A registered mark or one that is confusingly similar to another previously registered mark may not be used in or form part of the trade name, or common or registered name of any establishment or legal entity, when:

I. it involves establishments or legal entities whose activity is the production, importation or marketing of goods or services identical or similar to those to which the trademark applies; and

II. there is no consent in writing from the owner of the mark or from the person holding rights to do so.

La violación a este precepto dará lugar a la aplicación de las sanciones a que se refiere esta Ley, independientemente que se pueda demandar judicialmente la supresión de la marca registrada o aquella semejante en grado de confusión a la previamente registrada, del nombre comercial, la denominación o razón social correspondiente y el pago de daños y perjuicios.

Lo dispuesto en este precepto no será aplicable cuando el nombre comercial, denominación o razón social hubiesen incluido la marca con anterioridad a la fecha de presentación o de primer uso declarado de la marca registrada.

**Artículo 92.-** El registro de una marca no producirá efecto alguno contra:

I. Un tercero que de buena fe explotaba en territorio nacional la misma marca u otra semejante en grado de confusión, para los mismos o similares productos o servicios, siempre y cuando el tercero hubiese empezado a usar la marca, de manera ininterrumpida, antes de la fecha de presentación de la solicitud de registro o del primer uso declarado en ésta. El tercero tendrá derecho a solicitar el registro de la marca, dentro de los tres años siguientes al día en que fue publicado el registro, en cuyo caso deberá tramitar y obtener previamente la declaración de nulidad de éste, y

II. Cualquier persona que comercialice, distribuya, adquiera o use el producto al que se aplica la marca registrada, luego que dicho producto hubiera sido introducido lícitamente en el comercio por el titular de la marca registrada o por la persona a quien le haya concedido la licencia.

Queda comprendida en este supuesto la importación de los productos legítimos a los que se aplica la marca, que realice cualquier persona para su uso, distribución o comercialización en México, en los términos y condiciones que señale el reglamento de esta ley, y

III. Una persona física o moral que aplique su nombre, denominación o razón social a los productos que elabore o distribuya, a los servicios que preste, o a sus establecimientos, o lo use como parte de su nombre comercial, siempre que lo aplique en la forma en que esté acostumbrado a usarlo y que tenga caracteres que lo distingan claramente de un homónimo ya registrado como marca o publicado como nombre comercial.

La realización de cualquier actividad contemplada en el presente artículo no constituirá infracción administrativa o delito en los términos de esta Ley.

Violation of this principle shall lead to the imposition of the sanctions provided for in this Law, which shall be independent of the possibility of legally seeking the removal of the trademark or the one confusingly similar to the previously registered mark, from the trade name or common or registered name concerned and the payment of damages.

These provisions shall not be applicable when the trade name or common or registered name have included the mark prior to the date of filing or first declared use of the trademark.

**Article 92.** Registration of a mark shall not be effective against:

I. a third party who in good faith uses the same or a confusingly similar mark within the national territory for the same or similar products or services, provided that the third party shall have begun to make uninterrupted use of the mark prior to the filing date of the application for registration or the date of the first declared use of the mark. The third party shall have the right to apply for registration of the mark within the three years following the day on which the registration was published, in which case he shall previously apply for and obtain a declaration of invalidity of the said registration; and

II. any person who markets, distributes, acquires or uses the product to which the trademark is applied after the said product has been lawfully introduced to the market by the owner of the registered mark or his licensee.

This case shall include the importation of the authentic products to which the mark applies, carried out by any person for their use, distribution or marketing in Mexico pursuant to the terms and conditions laid down in the regulations under this Law; and

III. a natural person or legal entity which applies its name, title or registered name to the products it produces or distributes, to the services it renders, or to its establishments, or uses it as part of its trade name, provided that it is applied in the form in which it accustomed to being used and that it has characteristics that clearly distinguish it from a homonym already registered as a mark or published as a trade name.

The carrying out of any activity provided for in this article shall not constitute either an administrative infringement or an offense within the meaning of this Law.

**Artículo 93.-** Las marcas se registrarán en relación con productos o servicios determinados según la clasificación que establezca el reglamento de esta Ley.

Cualquier duda respecto de la clase a que co responda un producto o servicio, será resuelta en definitiva por el Instituto.

**Artículo 94.-** Una vez efectuado el registro de una marca, no podrá aumentarse el número de productos o servicios que proteja, aún cuando pertenezcan a la misma clase, pero si podrá limitarse a determinados productos o servicios cuantas veces se solicite.

Para proteger posteriormente un producto o servicio diverso con una marca ya registrada, será necesario obtener un nuevo registro.

**Artículo 95.-** El registro de marca tendrá una vigencia de diez años contados a partir de la fecha de presentación de la solicitud y podrá renovarse por períodos de la misma duración.

## Capítulo II

### De las Marcas Colectivas
### Artículos 96 a 98

**Artículo 96.-** Las asociaciones o sociedades de productores, fabricantes, comerciantes o prestadores de servicios, legalmente constituidas, podrán solicitar el registro de marca colectiva para distinguir, en el mercado, los productos o servicios de sus miembros respecto de los productos o servicios de terceros.

**Artículo 97.-** Con la solicitud de marca colectiva se deberán presentar las reglas para su uso.

**Artículo 98.-** La marca colectiva no podrá ser transmitida a terceras personas y su uso quedará reservado a los miembros de la asociación. Las marcas colectivas se regirán, en lo que no haya disposición especial, por lo establecido en esta Ley para las marcas.

## Capítulo III

### De los Avisos Comerciales
### Artículos 99 a 104

**Artículo 99.-** El derecho exclusivo para usar un aviso comercial se obtendrá mediante su registro ante el Instituto.

**Article 93.** Marks shall be registered in relation to specific products or services according to the classification provided for in the regulations under this Law.

Any doubt as to the class to which a given product or service belongs shall be settled finally by the Institute.

**Article 94.** Once a mark has been registered, there may be no increase in the number of products of services that it protects, even where they belong to the same class, but it may be restricted to certain products or services as often as requested.

In order to protect a product or service subsequently with a previously registered mark, it shall be necessary to effect a new registration.

**Article 95.** The registration of a mark shall have a term of 10 years from the filing date of the application, which may be renewed for periods of the same duration.

## Chapter II

## Collective Marks
## Articles 96 through 98

**Article 96.** Legally incorporated associations or societies of producers, traders or providers of services may apply for registration of a collective mark to distinguish the products or services of their members on the market from those of third parties.

**Article 97.** The rules for the use of a collective mark shall be filed along with the application thereof.

**Article 98.** The collective mark may not be transferred to their parties, and its use shall be reserved for association members. In the absence of special provisions, collective marks shall be governed by the provisions of this Law on marks.

## Chapter III

## Advertising Slogans
## Articles 99 through 104

**Article 99.** The exclusive right to use an advertising slogan shall be obtained by registering it with the Institute.

**Artículo 100.-** Se considera aviso comercial a las frases u oraciones que tengan por objeto anunciar al público establecimientos o negociaciones comerciales, industriales o de servicios, productos o servicios, para distinguirlos de los de su especie.

**Artículo 101.-** Si el aviso comercial tiene por objeto anunciar productos o servicios, éstos deberán especificarse en la solicitud de registro.

**Artículo 102.-** Si el aviso comercial tiene por objeto anunciar algún establecimiento o negociación, sean estos de la naturaleza que fueren, se considerará comprendido en una clase especial, complementaria de la clasificación que establezca el reglamento de esta Ley. El registro no amparará en estos casos productos o servicios, aún cuando estén relacionados con el establecimiento o negociación.

**Artículo 103.-** El registro de un aviso comercial tendrá una vigencia de diez años a partir de la fecha de presentación de la solicitud y podrá renovarse por períodos de la misma duración.

**Artículo 104.-** Los avisos comerciales se regirán, en lo que no haya disposición especial, por lo establecido en esta Ley para las marcas.

## Capítulo IV

## De los Nombres Comerciales
## Artículos 105 a 112

**Artículo 105.-** El nombre comercial de una empresa o establecimiento industrial, comercial o de servicios y el derecho a su uso exclusivo estarán protegidos, sin necesidad de registro. La protección abarcara la zona geográfica de la clientela efectiva de la empresa o establecimiento al que se aplique el nombre comercial y se extenderá a toda la República si existe difusión masiva y constante a nivel nacional del mismo.

**Artículo 106.-** Quien esté usando un nombre comercial podrá solicitar al Instituto, la publicación del mismo en la Gaceta. Dicha publicación producirá el efecto de establecer la presunción de la buena fe en la adopción y uso del nombre comercial.

**Artículo 107.-** La solicitud de publicación de un nombre comercial se presentará por escrito al Instituto acompañada de los documentos que acrediten el uso efectivo del nombre comercial aplicado a un giro determinado.

**Article 100.** Sentences or statements whose purpose is to make commercial, industrial or service establishments or businesses, products or services known to the public so that they may be distinguished from others of the same kind shall be considered advertising slogans.

**Article 101.** If the purpose of the advertising slogan is to publicize products or services, those products or services shall be clearly specified in the application for registration.

**Article 102.** If the purpose of the advertising slogan is to publicize a certain establishment or business, of whatever type, it shall be considered included in a special complementary class of the classification provided for in the regulations under this Law. In such cases, the registration shall not protect products or services, even where they are related to the establishment or business.

**Article 103.** The registration of an advertising slogan shall have a term of 10 year from the filing date of the application, which may be renewed for periods of the same duration.

**Article 104.** In the absence of special provisions, advertising slogans shall be governed by the provisions of this Law on marks.

## Chapter IV

### Trade Names
### Articles 105 through 112

**Article 105.** The trade name of an industrial, commercial or service firm or establishment and the right to its exclusive use shall be protected without the necessity of registration. The protection shall cover the geographical area of the actual clientele of the firm or establishment to which the trade name is applied, and shall extend to the entire Republic if the name is widely and consistently publicized at the national level.

**Article 106.** Any person using a trade name may apply to the Institute for its publication in the Gazette. Such publication shall produce the effect of establishing a presumption of good faith in the adoption and use of the trade name.

**Article 107.** The application for publication of a trade name shall be filed in writing with the Institute together with the documents that prove the effective use of the trade name in connection with a certain area of business.

**Artículo 108.-** Recibida la solicitud y satisfechos los requisitos legales, se efectuará el examen de fondo a fin de determinar se existe algún nombre comercial idéntico o semejante en grado de confusión aplicado al mismo giro, en trámite o publicado con anterioridad, o a una marca en trámite de registro o a una ya registrada idéntica o semejante en grado de confusión que ampare productos o servicios iguales o similares relacionados con el giro preponderante de la empresa o establecimiento de que se trate. De no encontrarse anterioridad procederá la publicación.

**Artículo 109.-** No se publicarán los nombres comerciales que carezcan de elementos que hagan distinguir a la empresa o establecimiento de que se trate de otros de su género, ni aquellos que contravengan en lo aplicable, las disposiciones contenidas en el artículo 90 de esta Ley.

**Artículo 110.-** Los efectos de la publicación de un nombre comercial durarán diez años, a partir de la fecha de presentación de la solicitud y podrán renovarse por períodos de la misma duración. De no renovarse, cesarán sus efectos.

**Artículo 111.-** En la transmisión de una empresa o establecimiento se comprenderá el derecho de uso exclusivo del nombre comercial, salvo estipulación en contrario.

**Artículo 112.-** El nombre comercial se regirá en lo que sea aplicable y no haya disposición especial, por lo establecido en esta Ley para las marcas.

## Capítulo V

## Del Registro de Marcas
## Artículos 113 a 135

**Artículo 113.-** Para obtener el registro de una marca deberá presentarse solicitud por escrito ante el Instituto con los siguientes datos:

I. Nombre, nacionalidad y domicilio del solicitante;

II. El signo distintivo de la marca, mencionando si es nominativo, innominado, tridimensional o mixto;

III. La fecha de primer uso de la marca, la que no podrá ser modificada ulteriormente, o la mención de que no se ha usado. A falta de indicación se presumirá que no se ha usado la marca;

**Article 108.** Once the application has been received and the legal requirements have been met, a substantive examination shall be made to determine whether there exists any identical or confusingly similar name that is applied to the same area of business and is pending or has been published earlier, or to a mark pending registration or to an identical or confusingly similar already registered mark protecting identical or similar products or services related to the principal business of the firm or establishment involved. If there is no anticipation, publication may proceed.

**Article 109.** Trade names that lack elements distinguishing the firm or business involved for others of the same kind, and those that violate such provisions contained in article 90 of this Law as re applicable, shall not be published.

**Article 110.** The effects of publication of the trade name shall last for 10 years from the filing date of the application, and may be renewed for periods of the same duration. If not renewed, the effects shall cease.

**Article 111.** Unless otherwise provided, the transfer of a firm or establishment shall include that of the right to the exclusive use of the trade name.

**Article 112.** In the absence of special provisions, trade names shall be governed by such of the provisions of this Law concerning marks as are applicable.

## Chapter V

### Registration of Marks
### Articles 113 through 135

**Article 113.** For the registration of a mark, an application containing the following particulars shall be filed in writing with the Institute:

I. name, nationality and address of the applicant;

II. the distinctive sign constituting the mark, with a mention of whether it embodies a verbal element or no such element, is three-dimensional or mixed;

III. the date of first use of the mark, which may not be subsequently modified, or a mention that it has not been used; if not indicated, it shall be presumed that the mark has not been used;

IV. Los productos o servicios a los que se aplicará la marca, y

V. Los demás que prevenga el reglamento de esta Ley.

**Artículo 114.-** A la solicitud de registro de marca deberá acompañarse el comprobante del pago de las tarifas correspondientes al estudio de la solicitud, registro y expedición del título, así como los ejemplares de la marca cuando sea innominada, tridimensional o mixta.

**Artículo 115.-** En los ejemplares de la marca que se presenten con la solicitud no deberán aparecer palabras o leyendas que puedan engañar o inducir a error al público. Cuando la solicitud se presente para proteger una marca innominada o tridimensional, los ejemplares de la misma no deberán contener palabras que constituyan o puedan constituir una marca, a menos de que se incluya expresamente reserva sobre la misma.

**Artículo 116.-** En caso de que la marca sea solicitada a nombre de dos o más personas se deberán presentar con la solicitud, las reglas sobre el uso, licencia y transmisión de derechos de la marca convenidos por los solicitantes.

**Artículo 117.-** Cuando se solicite un registro de marca en México, dentro de los plazos que determinen los Tratados Internacionales o, en su defecto, dentro de los seis meses siguientes de haberlo hecho en otros países, podrá reconocerse como fecha de prioridad la de presentación de la solicitud en que lo fue primero.

**Artículo 118.-** Para reconocer la prioridad a que se refiere el artículo anterior se deberán satisfacer los siguientes requisitos:

I. Que al solicitar el registro se reclame la prioridad y se haga constar el país de origen y la fecha de presentación de la solicitud en ese país;

II. Que la solicitud presentada en México no pretenda aplicarse a productos o servicios adicionales de los contemplados en la presentada en el extranjero, en cuyo caso la prioridad será reconocida sólo a los presentados en el país de origen; y

III. Que dentro de los tres meses siguientes a la presentación de la solicitud se cumplan los requisitos que señalan los Tratados Internacionales, esta Ley y su reglamento.

IV. **Derogada.**

IV. the products or services to which the mark is to be applied;

V. all other particulars provided for in the regulations under this Law.

**Article 114.** The application for registration of a mark shall be accompanied by proof of payment of the fees for the examination of the application, registration and issuance of the certificate, as well as for the copies of the mark when it does not contain any verbal elements, is three-dimensional or mixed.

**Article 115.** The copies of the mark filed with the application shall contain no words or captions that might deceive or mislead the public. When an application is filed for the protection of a mark without any verbal element or a three-dimensional mark, the copies of the said application shall not contain any words that constitute or might constitute a mark, unless said application specifically includes an exception in this regard.

**Article 116.** Where the mark is applied for in the name of two or more persons, the rules for the use, licensing and transfer of rights of the mark, as agreed upon by the applicants, shall be filed along with the application.

**Article 117.** When the registration of a mark is applied for in Mexico within the periods specified in international treaties or, failing that, within six months of the filing of applications in other countries, the filing date in the country of first filing may be recognized as the priority date.

**Article 118.** For the priority referred to in the foregoing article to be recognized, the following requirements shall be met:

I. the priority must be claimed, and proof given of the country of origin and filing of the application in that country, on applying for registration;

II. the application filed in Mexico must not seek to cover products and services additional to those provided for in the application filed abroad, in which case priority would be recognized only for those specified in the application filed in the country of origin;

III. the requirements specified in international treaties, this Law and the regulations under it must be met within three months of the filing of the application;

IV. Repealed;

**Artículo 119.-** Recibida la solicitud, se procederá a efectuar un examen de forma de ésta y de la documentación exhibida, para comprobar si se cumplen los requisitos que previene esta ley y su reglamento.

**Artículo 120.-** Derogada.

**Artículo 121.-** Si en el momento de presentarse la solicitud satisface lo requerido por los artículos 113 fracciones I, II y IV, 114, 179 y 180 de esta Ley, esa será su fecha de presentación; de lo contrario, se tendrá como tal el día en que se cumpla, dentro del plazo legal, con dichos requisitos.

La fecha de presentación determinará la prelación entre las solicitudes.

El reglamento de esta Ley podrá determinar otros medios por los cuales se puedan presentar las solicitudes y promociones al Instituto.

**Artículo 122.-** Concluido el examen de forma, se procederá a realizar el examen de fondo, a fin de verificar si la marca es registrable en los términos de esta Ley.

Si la solicitud o la documentación exhibida no cumple con los requisitos legales o reglamentarios; si existe algún impedimento para el registro de la marca o si existen anterioridades, el Instituto lo comunicará por escrito al solicitante otorgándole un plazo de dos meses para que subsane los errores u omisiones en los que hubiese incurrido y manifieste lo que a su derecho convenga en relación con los impedimentos y las anterioridades citadas. Si el interesado no contesta dentro del plazo concedido, se considerará abandonada su solicitud.

**Artículo 122 bis.-** El interesado tendrá un plazo adicional de dos meses para cumplir los requisitos a que se refiere el artículo anterior, sin que medie solicitud y comprobando el pago de la tarifa que corresponda al mes en que se dé cumplimiento.

El plazo adicional, se contará a partir del día siguiente al del vencimiento del plazo de dos meses previsto en el artículo 122 anterior.

La solicitud se tendrá por abandonada si el solicitante no da cumplimiento a los requerimientos formulados dentro del plazo inicial o en el adicional a que se refiere este artículo, o no presenta el comprobante de pago de las tarifas correspondientes.

**Article 119.** Once the application has been received, it and the documentation filed shall be subjected to an examination of form to determine whether the requirements specified in this Law and in the regulations under it are met.

**Article 120.** Repealed.

**Article 121.** If at the time of filing the application meets the requirements of article 113, sections I, II and IV, and articles 114, 179 and 180 of this Law, that shall be the filing date thereof; otherwise, the date on which the requirements are met within the prescribed time limit shall be so considered.

The priority relationship between applications shall be determined by the filing date.

The regulations under this Law may determine other means by which applications and submissions may be made to the Institute.

**Article 122.** Once the examination of form has been completed, the substantive examination shall be carried out to determine whether the mark is eligible for registration under this Law.

If the application or documentation submitted does not meet the legal or regulatory requirements; if there is any impediment to the registration of the mark, or if there are anticipations, the Institute shall so inform the applicant in writing, allowing him a period of two months within which to remedy the errors or omissions wherever they may have occurred, and to make whatever statement befits his rights with respect to the aforementioned impediments and anticipations. If the person concerned does not respond within the time allowed, his application shall be considered abandoned.

**Article 122 bis.** The person concerned shall have an additional period of two months in which to meet the requirements referred to in the previous article, without making application to do so and by furnishing proof of payment of the fee corresponding to the month in which said requirements are fulfilled.

The additional time period shall be counted from the day following expiration of the two-month period provided for in the foregoing article 122.

The application shall be considered abandoned if the applicant does not fulfill the specified requirements within the initial or additional time period referred to in this article, or does not furnish proof of payment of the corresponding fees.

**Artículo 123.-** Si al contestar el solicitante, dentro del plazo concedido, a efecto de subsanar el impedimento legal de registro, modifica o sustituye la marca, ésta se sujetará a un nuevo trámite, debiendo efectuar el pago de la tarifa correspondiente a una nueva solicitud y satisfacer los requisitos de los artículos 113 y 114 de esta Ley y los aplicables de su reglamento. En este supuesto se considerará como fecha de presentación aquella en la que se solicite el nuevo trámite.

**Artículo 124.-** Si el impedimento se refiere a la existencia de uno o varios registros de marcas idénticas o similares en grado de confusión sobre los cuales exista o se presente procedimiento de nulidad, caducidad o cancelación, a petición de parte o de oficio, el Instituto suspenderá el trámite de la solicitud hasta que se resuelva el procedimiento respectivo.

**Artículo 125.-** Concluido el trámite de la solicitud y satisfechos los requisitos legales y reglamentarios, se expedirá el título.

En caso de que el Instituto niegue el registro de la marca, lo comunicará por escrito al solicitante, expresando los motivos y fundamentos legales de su resolución.

**Artículo 126.-** El Instituto expedirá un título por cada marca, como constancia de su registro. El título comprenderá un ejemplar de la marca y en el mismo se hará constar:

I. Número de registro de la marca;

II. Signo distintivo de la marca, mencionando si es nominativa, innominada, tridimensional o mixta;

III. Productos o servicios a que se aplicará la marca;

IV. Nombre y domicilio del titular;

V. Ubicación del establecimiento, en su caso;

VI. Fechas de presentación de la solicitud; de prioridad reconocida y de primer uso, en su caso; y de expedición, y

VII. Su vigencia.

**Artículo 127.-** Las resoluciones sobre registros de marcas y sus renovaciones deberán ser publicadas en la Gaceta.

**Artículo 128.-** La marca deberá usarse en territorio nacional, tal como fue registrada o con modificaciones que no alteren su carácter distintivo.

**Article 123.** If the applicant, on responding within the time allowed for remedying the legal impediment to registration, alters or replaces the mark, that mark shall be subjected to renewed processing, with the applicant having to pay the corresponding fee as for a new application and meet the requirements of articles 113 and 114 of this Law and such of the regulations under as are applicable. Under these circumstances, the filing date shall be considered the date on which the renewed processing is requested.

**Article 124.** If the impediment relates to the existence of one or more registrations of identical or confusingly similar marks and if invalidation, revocation or cancellation proceedings are pending at the request of a party of ex officio, the Institute shall suspend the processing of the application until the said proceedings are ruled upon.

**Article 125.** The certificate shall be issued once the application has been processed and the legal and regulatory requirements have been met.

Where the Institute refuses registration of the mark, it shall inform the applicant in writing and state the reasoning and legal grounds underlying its decision.

**Article 126.** The Institute shall issue a certificate for each mark as proof of its registration. The certificate shall include a specimen of the mark and shall specify the following:

I. registration number of the mark;

II. distinctive sign constituting the mark, mentioning whether it is verbal, non-verbal, three-dimensional or mixed;

III. products or services to which the mark will be applied;

IV. name and address of owner;

V. location of establishment, where applicable;

VI. filing date of application and dates of recognized priority, first use if any and issue;

VII. term of the mark.

**Article 127.** Decisions on registrations of marks and on renewals shall be published in the Gazette.

**Article 128.** The mark shall be used within the national territory in the form in which it was registered or with only such modifications as do not alter its distinctive character.

**Artículo 129.-** El Instituto podrá declarar el registro y uso obligatorio de marcas en cualquier producto o servicio o prohibir o regular el uso de marcas, registradas o no, de oficio o a petición de los organismos representativos, cuando:

I. El uso de la marca sea un elemento asociado a prácticas monopólicas, oligopólicas o de competencia desleal, que causen distorsiones graves en la producción, distribución o comercialización de determinados productos o servicios;

II. El uso de la marca impida la distribución, producción o comercialización eficaces de bienes y servicios, y

III. El uso de marcas impida, entorpezca o encarezca en casos de emergencia nacional y mientras dure ésta, la producción, prestación o distribución de bienes o servicios básicos para la población.

La declaratoria correspondiente se publicará en el Diario Oficial.

**Artículo 130.-** Si una marca no es usada durante tres años consecutivos en los productos o servicios para los que fue registrada, procederá la caducidad de su registro, salvo que su titular o el usuario que tenga concedida licencia inscrita la hubiese usado durante los tres años consecutivos inmediatos anteriores a la presentación de la solicitud de declaración administrativa de caducidad, o que existan circunstancias surgidas independientemente de la voluntad del titular de la marca que constituyan un obstáculo para el uso de la misma, tales como restricciones a la importación u otros requisitos gubernamentales aplicables a los bienes o servicios a los que se aplique la marca.

**Artículo 131.-** La ostentación de la leyenda "marca registrada", las siglas "M.R." o el símbolo ®, sólo podrá realizarse en el caso de los productos o servicios para los cuales dicha marca se encuentre registrada.

**Artículo 132.- Derogado.**

**Artículo 133.-** La renovación del registro de una marca deberá solicitarse por el titular dentro de los seis meses anteriores al vencimiento de su vigencia. Sin embargo, el Instituto dará trámite a aquellas solicitudes que se presenten dentro de un plazo de seis meses posteriores a la terminación de la vigencia del registro. Vencido este plazo sin que se presente la solicitud de renovación, el registro caducará.

Article 129. The Institute may declare the registration and use of marks mandatory in respect of any product or service, or prohibit or regulate the use of marks, registered or not, either ex officio or at the request of representative organizations, when:

I. use of the mark is a factor associated with monopolistic or oligopolistic practices or unfair competition which cause serious distortions in the production, distribution or marketing of certain products or services;

II. use of the mark impeded the efficient distribution, production or marketing of goods and services;

III. use of marks prevents, hampers or increases the cost of the production and supply of staple goods or services and their distribution to the public in cases of national emergency and for as long as such emergency persists.

The declaration shall be published in the Diario Oficial.

Article 130. 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 licensed user 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.

Article 131. The display of the legend "registered trademark" ["marca registrada"], the abbreviation "M.R." or the symbol ® may be used only in connection with the products or services for which the mark in question is registered.

Article 132. Repealed.

Article 133. The renewal of the registration of a mark shall be requested by the owner six months prior to expiration of its term, provided that the Institute shall nevertheless process requests that are filed within a period of six months following the expiration of the term of registration. Once that period expires without any request for renewal having been filed, the registration shall lapse.

**Artículo 134.-** La renovación del registro de una marca sólo procederá si el interesado presenta el comprobante del pago de la tarifa correspondiente y manifiesta, por escrito y bajo protesta de decir verdad, usar la marca en por lo menos uno de los productos o servicios a los que se aplique y no haber interrumpido dicho uso por un plazo igual o mayor al contemplado en el artículo 130 de esta Ley, sin causa justificada.

**Artículo 135.-** Si una misma marca se encuentra registrada para proteger determinados productos o servicios, bastará que proceda la renovación en alguno de dichos registros para que su uso surta efectos y beneficie a todos los registros, previa presentación del comprobante de pago de las tarifas correspondientes.

## Capítulo VI

## De las Licencias y la Transmisión de Derechos
## Artículos 136 a 150

**Artículo 136.-** El titular de una marca registrada o en trámite podrá conceder, mediante convenio, licencia de uso a una o más personas, con relación a todos o algunos de los productos o servicios a los que se aplique dicha marca. La licencia deberá ser inscrita en el Instituto para que pueda producir efectos en perjuicio de terceros.

**Artículo 137.-** Para inscribir una licencia en el Instituto bastará formular la solicitud correspondiente en los términos que fije el reglamento de esta Ley.

Podrá solicitarse mediante una sola promoción la inscripción de licencias de derechos relativos a dos o más solicitudes en trámite o a dos o más marcas registradas cuando el licenciante y el licenciatario sean los mismos en todos ellos. El solicitante deberá identificar cada una de las solicitudes, o registros en los que se hará la inscripción. Las tarifas correspondientes se pagarán en función del número de solicitudes, o registros involucrados.

**Artículo 138.-** La cancelación de la inscripción de una licencia procederá en los siguientes casos:

I. Cuando la soliciten conjuntamente el titular de la marca y el usuario a quien se la haya concedido la licencia;

II. Por nulidad, caducidad o cancelación del registro de marca, o cuando se trate de marcas en trámite y no se obtenga el registro de las mismas, y

III. Por orden judicial.

**Article 134.** Renewal of the registration of a mark shall proceed only if the person concerned submits proof of payment of the corresponding fee and makes a sworn statement in writing attesting to the use of the mark for at least one of the products or services to which it is applied, and to not having interrupted said use without just cause for a period equal to or longer than that provided for in article 130 of this Law.

**Article 135.** If one and the same mark is registered to protect specific products or services, there need only be justification for renewal in any one of said registrations in order for its use to become effective and to benefit all of the registrations, subject to submission of proof of payment of the corresponding fees.

## Chapter VI

## Licensing and Assignment of Rights
## Articles 136 through 150

**Article 136.** The owner of a registered or pending mark may, by agreement, license one or more persons to use the mark in relation to all or some of the products or services to which the said mark applies. The license shall be registered with the Institute in order to be effective against third parties.

**Article 137.** For a license to be registered with the Institute, it shall be sufficient to file the corresponding application in the manner specified in the regulations under this Law.

Request for registration of licenses of rights relating to two or more pending applications or two or more patents or registrations my be made when the licensor and licensee are the same persons in all of the cases. The applicant shall identify each of the applications or registrations for which registration occurs. The corresponding fees shall be paid according to the number of applications or registrations in question.

**Article 138.** The registration of a license shall be canceled in the following cases:

I. when it is jointly applied for by the owner of the mark and the user to whom the license has been granted;

II. owing to invalidity, expiration or cancellation of the registration of the mark, or when pending marks are involved and the registration thereof is not obtained, and

III. when ordered by a court.

**Artículo 139.-** Los productos que se vendan o los servicios que se presten por el usuario deberán ser de la misma calidad que los fabricados o prestados por el titular de la marca. Además, esos productos o el establecimiento en donde se presten o contraten los servicios, deberán indicar el nombre del usuario y demás datos que prevenga el reglamento de esta Ley.

**Artículo 140.-** La persona que tenga concedida una licencia inscrita en el Instituto, salvo estipulación en contrario, tendrá la facultad de ejercitar las acciones legales de protección de los derechos sobre la marca, como si fuera el propio titular.

**Artículo 141.-** El uso de la marca por el usuario que tenga concedida licencia inscrita en el Instituto, se considerará como realizado por el titular de la marca.

**Artículo 142.-** Existirá franquicia, cuando con la licencia de uso de una marca se transmitan conocimientos técnicos o se proporcione asistencia técnica, para que la persona a quien se le concede pueda producir o vender bienes o prestar servicios de manera uniforme y con los métodos operativos, comerciales y administrativos establecidos por el titular de la marca, tendientes a mantener la calidad, prestigio e imagen de los productos o servicios a los que ésta distingue.

Quien conceda una franquicia deberá proporcionar a quien se la pretende conceder, previamente a la celebración del convenio respectivo, la información relativa sobre el estado que guarda su empresa, en los términos que establezca el reglamento de esta Ley.

Para la inscripción de la franquicia serán aplicables las disposiciones de este capítulo.

**Artículo 143.-** Los derechos que deriven de una solicitud de registro de marca o los que confiere una marca registrada, podrán gravarse o transmitirse en los términos y con las formalidades que establece la legislación común. Dicho gravamen o transmisión de derechos deberá inscribirse en el Instituto, de acuerdo a lo establecido en el reglamento de esta Ley, para que pueda producir efectos en perjuicio de terceros.

Podrá solicitarse mediante una sola promoción la inscripción de transferencias de la titularidad de dos o más solicitudes en trámite o de dos o más marcas registradas cuando quien transfiera y quien adquiera sean las mismas personas en todos ellos. El solicitante deberá identificar cada una de las solicitudes o registros en los que se hará la inscripción. Las tarifas correspondientes se pagarán en función del número de solicitudes, o registros involucrados.

**Article 139.** The products sold or the services rendered by the licensee shall be of the same quality as those manufactured or rendered by the owner of the mark. Moreover, those products or the establishment in which the services are rendered or contracted for shall state the name of the user and any other particulars required by the regulations under this Law.

**Article 140.** Unless otherwise stipulated, the person who has been granted a license registered with the Institute shall be empowered to institute legal action to protect the rights relating to the mark, as if he were the owner.

**Article 141.** The use of the mark by the licensed user who has been registered with the Institute shall be considered made by the owner of the mark.

**Article 142.** A franchise shall exist when together with the licensing of the use of a mark know-how is transferred or technical assistance provided so that the person to whom the license is granted can produce or sell goods or provide services consistently according to the operating, commercial and administrative methods established by the owner of the mark, in order that the quality, prestige and image of the products or services distinguished by the said mark may be maintained.

The person granting a franchise shall provide the person seeking such grant, prior to the signing of the corresponding agreement, with the relevant information on the state of his firm, as provided in the regulations under this Law.

The provisions of this Chapter shall be applicable to the registration of franchises.

**Article 143.** The rights deriving from an application for the registration of a mark or those conferred by a trademark, may be taxed or transferred in the manner and according to the procedures laid down in ordinary legislation. Said tax or transfer of rights shall be registered with the Institute as provided in the regulations under this Law, in order to be effective against third parties.

The request for registration of transfers of ownership of two or more pending applications or two or more trademarks may be made by means of a single submission when the transferor and the transferee are the same persons in all of the cases. The applicant shall identify each of the applications or registrations for which registration occurs. The appropriate fees shall be paid according to the number of applications or registrations in question.

**Artículo 144.-** Cuando se dé la fusión de personas morales se entenderá que existe una transmisión de los derechos sobre marcas registradas, salvo estipulación en contrario.

**Artículo 145.-** Para efectos de su transmisión, se considerarán ligados los registros de las marcas de un mismo titular, cuando dichas marcas sean idénticas y amparen similares productos o servicios, o bien sean semejantes en grado de confusión y se apliquen a los mismos o similares productos o servicios.

**Artículo 146.-** Cuando el titular de registros de dos o mas marcas ligadas, considere que no existirá confusión en caso de que alguna de ellas fuera utilizada por otra persona, para los productos o servicios a que se aplica dicha marca, podrá solicitar que sea disuelta la liga impuesta. El Instituto resolverá en definitiva lo que proceda.

**Artículo 147.-** Solo se registrará la transmisión de alguna de las marcas ligadas, cuando se transfieran todas ellas a la misma persona.

**Artículo 148.-** Cuando se solicite la inscripción de alguna transmisión de marca registrada o en trámite sobre la que haya habido transmisiones anteriores no inscritas, también deberán inscribirse éstas ante el Instituto.

**Artículo 149.-** Derogado.

**Artículo 150.-** El Instituto negará la inscripción de una licencia o transmisión de derechos cuando el registro de la marca no se encuentre vigente.

## Capítulo VII

### De la Nulidad, Caducidad y Cancelación de Registro
### Artículos 151 a 155

**Artículo 151.-** El registro de una marca será nulo cuando:

I. Se haya otorgado en contravención de las disposiciones de esta Ley o la que hubiese estado vigente en la época de su registro.

No obstante lo dispuesto en esta fracción, la acción de nulidad no podrá fundarse en la impugnación de la representación legal del solicitante del registro de la marca;

**Article 144.** When legal entities are merged it shall be understood that, unless otherwise stipulated, all trademark rights are transferred.

**Article 145.** For the purposes of their transfer, the registrations of the marks of one and the same owner shall be considered linked when the said marks are identical and protect similar products or services, or confusingly similar and applied to the same or similar products or services.

**Article 146.** When the owner of the registrations of two or more linked marks considers that there will be no confusion in the event of one of them being used by another person for the products or services to which the mark concerned is applied, he may apply for the removal of the linkage. The Institute shall make the appropriate final ruling.

**Article 147.** The transfer of any of the linked marks shall be registered only when all of them are transferred to the same person.

**Article 148.** When registration is sought for any transfer of a registered or pending mark for which there were previous unregistered transfers, the latter shall also be registered with the Institute.

**Article 149.** Repealed.

**Article 150.** The institute shall refuse the registration of a license or transfer of rights when the trademark is not in force.

## Chapter VII

## Invalidity, Lapse and Cancellation of Registration
## Articles 151 through 155

**Article 151.** The registration of a mark shall be invalid when:

I. it is granted in violation of the provisions under this Law or the law that was in force at the time of its registration;

Notwithstanding the provisions of this section, a nullity action cannot be based on an attack of the legal representation of the applicant for a trademark registration;

II. La marca sea idéntica c semejante en grado de confusión, a otra que haya sido usada en el país o en el extranjero con anterioridad a la fecha de presentación de la solicitud de la marca registrada y se aplique a los mismos o similares productos o servicios, siempre que, quien haga valer el mejor derecho por uso anterior, compruebe haber usado una marca ininterrumpidamente en el país o en el extranjero, antes de la fecha de presentación o, en su caso, de la fecha de primer uso declarado por el que la registró;

III. El registro se hubiera otorgado con base en datos falsos contenidos en su solicitud;

IV. Se haya otorgado por error, inadvertencia, o diferencia de apreciación, existiendo en vigor otro que se considere invadido, por tratarse de una marca que sea igual o semejante en grado de confusión y que se aplique a servicios o productos iguales o similares; y

V. El agente, el representante, el usuario o el distribuidor del titular de una marca registrada en el extranjero, solicite y obtenga el registro a su nombre de ésta u otra similar en grado de confusión, sin el consentimiento expreso del titular de la marca. extranjera. En este caso el registro se reputará como obtenido de mala fe.

Las acciones de nulidad que se deriven del presente artículo podrán ejercitarse dentro de un plazo de cinco años, contado a partir de la fecha en que surta sus efectos la publicación del registro en la Gaceta, excepto las relativas a las fracciones I y V que podrán ejercitarse en cualquier tiempo y a la fracción II que podrá ejercitarse dentro del plazo de tres años.

**Artículo 152.-** El registro caducará en los siguientes casos:

I. Cuando no se renueve en los términos de esta Ley, y

II. Cuando la marca haya dejado de usarse durante los tres años consecutivos inmediatos anteriores a la solicitud de declaración administrativa de caducidad, salvo que exista causa justificada a juicio del Instituto.

II. the mark is identical or confusingly similar to another that has been used in the country or a foreign country prior to the filing date of the application in respect of the registered mark, and has been applied to the same or similar products or services, provided that the person who asserts the stronger right by virtue of prior use proves uninterrupted use of the mark in the country or in a foreign country prior to the said filing date or, where applicable, prior to the date of first declared use by the person who has registered it;

III. the registration was granted based on false or inaccurate data contained in the application thereof;

IV. the registration was granted in error, by mistake, or owing to a difference of judgement, there being another registration in force which is considered infringed because it is that of an identical or confusingly similar mark applied to identical or similar services or products; and

V. the agent, representative, licensee or distributor of the owner of a mark registered abroad applied for and secures the registration of the said mark or of a confusingly similar mark in his own name without the express consent of the owner of the foreign mark, in which case the registration shall be regarded as having been effected in bad faith.

Invalidation procedures under this article may be instituted within a period of five years from the date on which the publication of the registration in the Gazette becomes effective, with the exception of the actions under sections I and V, which may be instituted at any time, and under section II, which may be instituted with a period of three years.

**Article 152.** The 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.

**Artículo 153.-** Procederá la cancelación del registro de una marca, si su titular ha provocado o tolerado que se transforme en una denominación genérica que corresponda a uno o varios de los productos o servicios para los cuales se registró, de tal modo que, en los medios comercia es y en el uso generalizado por el público, la marca haya perdido su carácter distintivo, como medio de distinguir el producto o servicio a que se aplique.

**Artículo 154.-** El titular de una marca podrá solicitar por escrito, en cualquier tiempo, la cancelación de su registro. El Instituto podrá requerir la ratificación de la firma de la solicitud, en los casos que establezca el reglamento de esta Ley.

**Artículo 155.-** La declaración de nulidad, caducidad o cancelación del registro de una marca, se hará administrativamente por el Instituto de oficio, a petición de parte o del Ministerio Público Federal, cuando tenga algún interés la Federación. La caducidad a la que se refiere la fracción I del artículo 152 de esta Ley, no requerirá de declaración administrativa por parte del Instituto.

**Article 153.** There shall be grounds for cancellation of the registration of mark if its owner has caused or condoned its transformation into a generic name denoting one or more of the products or services for which it was registered in such a way that, in the commercial circles and in the course of its generalized use by the public, the mark has lost its distinctive character as a means of distinguishing the product or service to which it is applied.

**Article 154.** The owner of a mark may at any time, in writing, request the cancellation of the registration thereof. The Institute may require authentication of the signature on the request in the cases provided for in the regulations under this Law.

**Article 155.** The declaration of invalidity, lapse or cancellation of the registration of a mark shall be made administratively by the Institute, acting ex officio or at the request of a party or the Federal Public Prosecutor when there is any interest on the part of the Federal Government. Lapse as referred to in section I of article 152 of this Law shall not require an administrative declaration on the part of the Institute.

## TITULO QUINTO

## De la Denominación de Origen

### Capítulo I

### De la Protección a la Denominación de Origen
### Artículos 156 a 168

**Artículo 156.-** Se entiende por denominación de origen, el nombre de una región geográfica del país que sirva para designar un producto originario de la misma, y cuya calidad o característica se deban exclusivamente al medio geográfico, comprendiendo en éste los factores naturales y los humanos.

**Artículo 157.-** La protección que esta Ley concede a las denominaciones de origen se inicia con la declaración que al efecto emita el Instituto. El uso ilegal de la misma será sancionado, incluyendo los casos en que venga acompañada de indicaciones tales como "género", "tipo", "manera", "imitación", u otras similares que creen confusión en el consumidor o impliquen competencia desleal.

**Artículo 158.-** La declaración de protección de una denominación de origen, se hará de oficio o a petición de quien demuestre tener interés jurídico. Para los efectos de este artículo se considera que tienen interés jurídico:

I. Las personas físicas o morales que directamente se dediquen a la extracción, producción o elaboración del producto o los productos que se pretendan amparar con la denominación de origen;

II. Las cámaras o asociaciones de fabricantes o productores y

III. Las dependencias o entidades del gobierno federal y de los gobiernos de las entidades de la Federación.

**Artículo 159.-** La solicitud de declaración de protección a una denominación de origen se hará por escrito, a la que se acompañarán los comprobantes que funden la petición y en que se expresará lo siguiente:

I. Nombre, domicilio y nacionalidad del solicitante. Si es persona moral deberá señalar, además, su naturaleza y las actividades a que se dedica;

II. Interés jurídico del solicitante;

III. Señalamiento de la denominación de origen;

## TITLE V

## Appellations of Origin

### Chapter I

### Protection of Appellations of Origin
### Articles 156 through 168

**Article 156.** An appellation of origin shall be understood to be the name of a geographical region of the country that is used to designate a product originating therein whose quality or characteristics are due exclusively to the geographical environment, including both natural and human factors.

**Article 157.** The protection that this Law affords to appellations of origin begins with a declaration issued to that effect by the Institute. Illegal use of the same appellation shall be punished, including that in which it is accompanied by indications such as "kind," "type," "style," "imitation" or other similar terms that create confusion in the mind of the consumer or imply unfair competition.

**Article 158.** The declaration of protection of an appellation of origin shall be made ex officio or at the request of any person who demonstrates that he has a legal interest therein. The following are considered to have a legal interest for the purposes of this article:

I. natural persons or legal entitles directly involved in the extraction, production or manufacture of the product or products to be covered by the appellation of origin;

II. chambers or associations or manufacturers or producers;

III. Federal Government agencies or entities and the governments of the states of the Federation.

**Article 159.** The application for a declaration of protection of an appellation of origin shall be made in writing and be accompanied by the evidence on which the application relies, and shall specify the following:

I. name, address and nationality of the applicant; if a legal entity is involved, its nature and the activities in which it is engaged shall also be mentioned;

II. legal interest of the applicant;

III. name constituting the appellation of original;

IV. Descripción detallada del producto o los productos terminados que abarcará la denominación, incluyendo sus características, componentes, forma de extracción y procesos de producción o elaboración. Cuando sea determinante para establecer la relación entre la denominación y el producto, se señalarán las normas oficiales establecidas por la Secretaría de Comercio y Fomento Industrial a que deberán sujetarse el producto, su forma de extracción. sus procesos de elaboración o producción y sus modos de empaque, embalaje o envasamiento;

V. Lugar o lugares de extracción, producción o elaboración del producto que se trate de proteger con la denominación de origen y la delimitación del territorio de origen, atendiendo a los caracteres geográficos y a las divisiones políticas;

VI. Señalamiento detallado de los vínculos entre denominación, producto y territorio, y

VII. Los demás que considere necesarios o pertinentes el solicitante.

**Artículo 160.-** Recibida la solicitud por el Instituto y enterado el pago de las tarifas correspondientes, se efectuará el examen de los datos y documentos aportados.

Si a juicio del Instituto, los documentos presentados no satisfacen los requisitos legales o resultan insuficientes para la comprensión y análisis de cualquiera de los elementos de la solicitud, se requerirá al solicitante para que haga las aclaraciones o adiciones necesarias, otorgándole al efecto un plazo de dos meses.

Si el solicitante no cumple con el requerimiento dentro del plazo otorgado, la solicitud se considerará abandonada, pero el Instituto podrá continuar de oficio su tramitación en los términos del presente capítulo si lo considera pertinente.

**Artículo 161.-** Cuando los documentos presentados satisfagan los requisitos legales, el Instituto publicará en el Diario Oficial un extracto de la solicitud.

Si el procedimiento se inicia de oficio, el Instituto publicará en el Diario Oficial un extracto de las menciones y requisitos establecidos en las fracciones III a la VII del artículo 159 de esta Ley.

IV. detailed description of the finished product or products that will be covered by the appellation, including characteristics, components, methods of extraction and production or manufacturing processes. The official standards laid down by the Institute for Trade and Industrial Development, to which the product, its method of extraction, its manufacturing or production processes and its forms of packing or packaging are subject, shall be stated when they determine the relation between the appellation and the product;

V. place or places of extraction, production or manufacture of the product to be protected by the appellation of origin, and boundaries of the territory of origin; due account being taken of geographical features and political divisions;

VI. detailed mention of the links between the appellation, the product and the territory;

VII. any other information considered necessary or relevant by the applicant.

**Article 160.** Once the request has been received by the Institute and payment of the corresponding fees has been made, an examination shall be made of the information and documents submitted.

If, in the opinion of the Institute, the documents filed do not meet the legal requirements, or if they are insufficient for the understanding and analysis of any of the elements of the application, the applicant shall be required to make the necessary clarifications or additions, for which purpose he shall be allowed a period of two months.

If the applicant does not meet the requirement within the time allowed, the application shall be considered abandoned, but the Institute may ex officio continue the processing thereof under this Chapter, if it considers such action appropriate.

**Article 161.** When the documents filed meet the legal requirements, the Institute shall publish an extract from the application in the Diario Oficial.

If the procedure is initiated ex officio, the Institute shall publish in the Diario Oficial an extract from the submissions and particulars required under sections III to VII of article 159 of this Law.

En ambos casos el Instituto otorgará un plazo de dos meses, contados a partir de la fecha de publicación para que cualquier tercero que justifique su interés jurídico, formule observaciones u objeciones y aporte las pruebas que estime pertinentes.

**Artículo 162.-** Para los efectos de este capítulo se admitirá toda clases de pruebas con excepción de la confesional y testimonial. La pericial corresponderá al Instituto o a quien ésta designe. El Instituto podrá realizar en cualquier tiempo, antes de la declaración, las investigaciones que estime pertinentes y allegarse los elementos que considere necesarios.

**Artículo 163.-** Transcurrido el plazo a que se refiere el artículo 161 de esta Ley, efectuados los estudios y desahogadas las pruebas, el Instituto dictará la resolución que corresponda.

**Artículo 164.-** Si la resolución a que se refiere el artículo anterior otorga la protección de la denominación de origen, el Instituto hará la declaratoria y procederá a su publicación en el Diario Oficial de la Federación. La declaración del Instituto que otorgue la protección a una denominación de origen, determinará en definitiva los elementos y requisitos previstos en el artículo 159 de esta Ley.

**Artículo 165.-** La vigencia de la declaración de protección de una denominación de origen estará determinada por la subsistencia de las condiciones que la motivaron y sólo dejará de surtir efectos por otra declaración del Instituto.

**Artículo 166.-** Los términos de la declaración de protección a una denominación de origen podrán ser modificados en cualquier tiempo, de oficio o a petición de parte interesada, siguiendo el procedimiento establecido en este capítulo. La solicitud relativa, deberá expresar lo exigido por las fracciones I a III del artículo 159 de esta Ley, y un señalamiento detallado de las modificaciones que se piden y las causas que las motivan.

**Artículo 167.-** El estado Mexicano será el titular de la denominación de origen. Esta sólo podrá usarse mediante autorización que expida el Instituto.

**Artículo 168.-** El Instituto, por conducto de la de Relaciones Exteriores, tramitará el registro de las denominaciones de origen que hayan sido materia de una declaración de protección en los términos de esta Ley, para obtener su reconocimiento en el extranjero conforme a los Tratados Internacionales.

In either case the Institute shall allow a period of two months from the date of publication for any third party who justifies his legal interest to make observations or objections and provide such proof ad he considers relevant.

**Article 162.** All types of evidence shall be acceptable under this Chapter with the exception of personal statements and testimonials Expert testimony shall be the responsibility of the Institute or of whatever other person the latter designates. The Institute may at any time prior to the declaration make such investigations as it considers appropriate and gather such elements as it considers necessary.

**Article 163.** Once the period referred to in article 161 of this Law has elapsed and once the investigations have been made and the tests completed, the Institute shall hand down the appropriate ruling.

**Article 164.** If the ruling referred to in the foregoing article grants protection to the appellation of origin, the Institute shall make the formal declaration and shall proceed to publish it in the Diario Oficial. The declaration of the Institute granting protection to an appellation of origin shall determine finally the elements and requirements provided for in article 159 of this Law.

**Article 165.** The duration of the declaration of protection of an appellation of origin shall be determined by the subsistence of the grounds on which it was mae, and it shall cease to be effective only by virtue of another declaration by the Institute.

**Article 166.** The terms of the declaration of protection of an appellation of origin can be amended at any time, either ex officio or at the request of an interested party, in accordance with the procedures laid down in this Chapter. The relevant request shall state what is required by sections I to III of article 159 of this Law and give a detailed account of the amendments requested and the grounds on which those amendments are based.

**Article 167.** The Mexican State shall be the owner of the appellation of origin. It may only be used by virtue of authorization issued by the Institute.

**Article 168.** The Institute, acting through the Secretariat of Foreign Affairs, shall process the registration of appellations of origin in respect of which a declaration of protection has been made under this Law with a view to securing their recognition abroad in accordance with international treaties.

## Capítulo II

### De la Autorización Para su Uso
### Artículos 169 a 178

**Artículo 169.-** La autorización para usar una denominación de origen deberá ser solicitada ante el Instituto y se otorgará a toda persona física o moral que cumpla los siguientes requisitos:

I. Que directamente se dedique a la extracción, producción o elaboración, de los productos protegidos por la denominación de origen;

II. Que realice tal actividad dentro del territorio determinado en la declaración;

III. Que cumpla con las normas oficiales establecidas por la Secretaría de Comercio y Fomento Industrial conforme a las leyes aplicables, respecto de los productos de que se trate, y

IV. Los demás que señale la declaración.

**Artículo 170.-** La solicitud para obtener una autorización de uso de denominación de origen deberá contener los datos y estar acompañada de los documentos que se señalen en el reglamento de esta Ley.

**Artículo 171.-** Al recibir la solicitud de autorización de uso de una denominación de origen, el Instituto procederá en los términos previstos por el artículo 160 de esta Ley y en caso de que se satisfagan los requisitos legales procederá a su otorgamiento.

**Artículo 172.-** Los efectos de la autorización para usar una denominación de origen durarán diez años, contados a partir de la fecha de presentación de la solicitud en el Instituto, y podrán renovarse por períodos iguales.

**Artículo 173.-** El usuario de una denominación de origen esta obligado a usarla tal y como aparezca protegida en la declaración. De no usarla en la forma establecida, procederá la cancelación de la autorización.

## Chapter II

### Authorization of Use
### Articles 169 through 178

**Article 169.** Applications for authorization to use an appellation of origin shall be filed with the Institute, and authorization shall be granted to any natural person or legal entity meeting the following requirements:

I. being directly engaged in the extraction, production or manufacture of the products protected by the appellation of origin;

II. engaging in such activity within the territory specified in the declaration;

III. complying with the official standards set by the Secretariat for Trade and Industrial Development pursuant to the relevant laws as applied to the products involved;

IV. any other person or entity specified in the declaration.

**Article 170.** The application for authorization to use an appellation of original shall contain the particulars and be accompanied by the documents specified in the regulations under this Law.

**Article 171.** On receiving the application for authorization to use an appellation of origin, the Institute shall proceed as provided in article 160 of this Law and, if the legal requirements are met, it shall proceed to grant the authorization.

**Article 172.** The effects of the authorization to use an appellation of origin shall have a duration of 10 years from the date of filing with the Institute, and may be renewed for equal periods.

**Article 173.** The user of an appellation of origin shall be bound to use it in the form in which it is protected according to the declaration. If it is not used in the form specified, there shall be grounds for cancellation of the authorization.

**Artículo 174.-** El derecho a usar una denominación de origen podrá ser transmitido por el usuario autorizado en los términos de la legislación común. Dicha transmisión solo surtirá efectos a partir de su inscripción en el Instituto, previa comprobación de que el nuevo usuario cumple con las condiciones y requisitos establecidos en esta Ley para obtener el derecho a usar la denominación de origen.

**Artículo 175.-** El usuario autorizado de una denominación de origen podrá a su vez, mediante convenio, permitir el uso de ésta, únicamente a quienes distribuyan o vendan los productos de sus marcas. El convenio deberá ser sancionado por el Instituto y surtirá efectos a partir de su inscripción de ésta.

El convenio deberá contener una cláusula en la que se establezca la obligación del distribuidor o comercializador de cumplir con los requisitos establecidos en las fracciones III y IV del artículo 169 y los previstos en el reglamento. En caso de que el distribuidor o comercializador no cumpliere con esta obligación, procederá la cancelación de la inscripción.

**Artículo 176.-** La autorización de usuario de una denominación de origen dejará de surtir efectos por:

I. Nulidad, en cualquiera de los siguientes casos:

   a) Cuando se otorgue en contravención a las disposiciones de esta Ley;

   b) Cuando se otorgue atendiendo a datos y documentos falsos;

II. Cancelación, cuando el usuario autorizado use la denominación de origen en forma diferente a la establecida en la declaración de protección;

III. Por terminación de su vigencia.

**Artículo 177.-** Las declaraciones administrativas de nulidad y cancelación se harán por el Instituto de oficio, a petición de parte o del Ministerio Público Federal.

**Artículo 178.-** Además de las publicaciones provistas en este capítulo, se publicarán en la Gaceta las declaraciones que emita y autorizaciones que otorgue el Instituto, así como cualquier acto que dé por terminados los efectos de los derechos otorgados en materia de denominación de origen

**Article 174.** The right to use an appellation of origin may be transferred by the authorized user in accordance with ordinary legislation. Any such transfer shall be effective from the time of its registration with the Institute, after proof has been given of the new user meeting the conditions and requirements laid down by this Law for the grant of the right to use the appellation of origin.

**Article 175.** The authorized user of an appellation of origin may himself, by agreement, allow the use of the appellation, but only by those persons who distribute or sell products bearing his marks. The agreement shall be sanctioned by the Institute and shall become effective on registration by it.

The agreement shall contain a clause placing the distributor or trader under the obligation to comply with the requirements laid down in the sections I and IV of article 169 of this Law and those in the regulations under it. Should the distributor or trade fail to meet this obligation, there shall be grounds for cancellation of the registration.

**Article 176.** The authorization granted to the user of an appellation of origin shall cease to operate under the following circumstances:

I. invalidity, in any of the following cases:

   a) when it has been granted in violation of the provisions of this Law;

   b) when it has been granted on the basis of false information and documents;

II. cancellation, when the authorized user uses the appellation of origin in a manner different from that specified in the declaration of protection;

III. expiration of its term.

**Article 177.** Administrative declarations of invalidity and cancellation shall be made by the Institute ex officio, or at the request of a party or the Federal Public Prosecutor.

**Article 178.** In addition to the publication provided for in this Chapter, declarations issued and authorizations granted by the Institute, and also any act that puts an end to the effects of the rights granted in connection with an appellation of origin, shall be published in the Gazette.

## TITULO SEXTO

## De los Procedimientos Administrativos

### Capítulo I

### Reglas Generales de los Procedimientos
### Artículos 179 a 186

**Artículo 179.-** Toda solicitud o promoción dirigida al Instituto, con motivo de lo dispuesto en esta Ley y demás disposiciones derivadas de ella, deberá presentarse por escrito y redactada en idioma español.

Los documentos que se presenten en idioma diferente deberán acompañarse de su traducción al español.

**Artículo 180.-** Las solicitudes y promociones deberán ser firmadas por el interesado o su representante y estar acompañadas del comprobante de pago de la tarifa correspondiente, en su caso. Si falta cualquiera de estos elementos, el Instituto desechará de plano la solicitud o promoción.

**Artículo 181.-** Cuando las solicitudes y promociones se presenten por conducto de mandatario, éste deberá acreditar su personalidad:

I. Mediante carta poder simple suscrita ante dos testigos si el mandante es persona física;

II. Mediante carta poder simple suscrita ante dos testigos, cuando en el caso de personas morales, se trate de solicitudes de patentes, registros, o la inscripción de licencias o sus transmisiones.

En este caso, en la carta poder deberá manifestarse que quien la otorga cuenta con facultades para ello y citarse el instrumento en el que consten dichas facultades.

III. En los casos no comprendidos en la fracción anterior, mediante instrumento público o carta poder con ratificación de firmas ante notario o corredor cuando se trate de persona moral mexicana, debiendo acreditarse la legal existencia de ésta y las facultades del otorgante, y

TITLE VI

Administrative Procedures

Chapter I

General Rules of Procedure
Articles 179 through 186

**Article 179.** Any application or submission filed with the Institute that relies on the provisions of this Law and other provisions derived from this Law shall be filed in writing and be written in Spanish.

Documents filed in a language other than Spanish shall be accompanied by their translation into Spanish.

**Article 180.** The applications and submissions shall be signed by the interested party or his representative and shall be accompanied by the proof of payment of the corresponding fee, if applicable. If any of the said elements is lacking, the Institute shall simply reject the application or submission.

**Article 181.** When applications and submissions are filed by an agent, the latter shall provide evidence of his status:

I. in the form of a simple power of attorney signed before two witnesses if the principal is a natural person;

II. in the form of a simple power of attorney signed before two witnesses when, in the case of legal entities, patent applications, registrations, or the registration of licenses or the transfers thereof are involved;

In this case, it shall be stated in the power of attorney that the person granting it has the power to do so, and the instrument in which said powers are set forth shall be cited.

III. in those cases not included in the foregoing section, in the form of a public writ or a power of attorney with authentication of signatures before a notary or notary public [illegible] Mexican legal entity is involved, the legal existence of the latter and the powers of the grantor having also to be verified, and

IV. En los casos no comprendidos en la fracción II, mediante poder otorgado conforme a la legislación aplicable del lugar donde se otorgue o de acuerdo a los tratados internacionales, en caso de que el mandante sea persona moral extranjera. Cuando en el poder se dé fe de la existencia legal de la persona moral en cuyo nombre se otorgue el poder, así como del derecho del otorgante para conferirlo, se presumirá la validez del poder, salvo prueba en contrario.

En cada expediente que se tramite deberá acreditarse la personalidad del solicitante o promovente; sin embargo, bastará con una copia simple de la constancia de registro, si el poder se encuentra inscrito en el registro general de poderes establecido por el Instituto.

**Artículo 182.-** Cuando una solicitud o promoción sea presentada por varias personas, se deberá designar en el escrito quien de ellos será el representante común. De no hacerse esto, se entenderá que el representante común es la primera persona de las nombrada

**Artículo 183.-** En toda solicitud, el promovente deberá señalar domicilio para oír y recibir notificaciones dentro del territorio nacional y deberá comunicar al Instituto cualquier cambio del mismo. En caso de que no se dé el aviso de cambio de domicilio, las notificaciones se tendrán por legalmente realizadas en el domicilio que aparezca en el expediente.

**Artículo 184.-** En los plazos fijados por esta Ley en días, se computarán únicamente los hábiles; tratándose de términos referidos a meses o años, el cómputo se hará de fecha a fecha, considerando incluso los días inhábiles.

Los plazos empezarán a correr al día siguiente de la notificación respectiva. Las publicaciones en Gaceta surtirán efectos de notificación en la fecha que en la propia Gaceta se indique o, en su efecto, al día siguiente de aquél en que se ponga en circulación.

**Artículo 185.-** Los expedientes de patentes y registros en vigor, así como los relativos a nombres comerciales y denominaciones de origen publicados, estarán siempre abiertos para todo tipo de consultas y promociones.

IV. In those cases included in section II, in the form of a power granted under the applicable legislation of the place in which it is granted, or in accordance with the international treaties where the principal is a foreign legal entity. When in such power proof is given of the legal existence of the legal entity in the name of which the power is granted, and of the grantor's right to confer the said power, the validity of the power shall be presumed in the absence of proof to the contrary.

**Article 182.** When an application or submission is filed by two or more natural persons or legal entities, the relevant document shall specify which of them is the common representative. If this is not done, it shall be understood that the first person mentioned is the common representative.

**Article 183.** In any application the applicant shall give an address for the service and receipt of notifications on the national territory, and he shall communicate to the Institute any change of address. In the event no notice of a change of address is given, notifications shall be considered to have been legally served at the address appearing in the file.

**Article 184.** Where this Law expresses periods in a given number of days, only working days shall be counted; in the case of terms expressed in months or years, the calculation shall be from date to corresponding date, with the non-working days included.

Periods shall start on the day following the relevant notification. Publications in the Gazette shall have the effect of notifications on the date specified in the Gazette itself or, if none is specified, on the day following that on which the Gazette was brought into circulation.

**Article 185.** The files of patent and registrations in force, and also those relating to published trade names and appellations of origin, shall always be available for all types of consultation and for use in filing submissions.

**Artículo 186.-** Los expedientes de patentes, modelos de utilidad y diseños industriales en trámite sólo podrán ser consultados por el solicitante o su representante, o personas autorizadas por el mismo, excepto cuando dichos expedientes sean citados como anterioridad a otro solicitante o cuando se ofrezcan como prueba en un procedimiento de declaración administrativa, debiendo observarse las medidas necesarias para preservar la confidencialidad.

El personal del Instituto que intervenga en los diversos trámites que procedan conforme a esta Ley y su reglamento, estará obligado a guardar absoluta reserva respecto del contenido de los expedientes en trámite, de lo contrario se le sancionará conforme a la Ley Federal de Responsabilidades de los Servidores Públicos, independientemente de las penas que correspondan en su caso. Igual obligación tendrá el personal de organismos públicos o privados que pudieran conocer dicho contenido en apoyo al Instituto en el ejercicio de sus funciones.

Se exceptúa de lo anterior a la información que sea de carácter oficial o la requerida por la autoridad judicial.

## Capítulo II

## Del Procedimiento de Declaración de Nulidad, Caducidad y Cancelación
## Artículos 187 a 199 bis 8

**Artículo 187.-** Las solicitudes de declaración administrativa de nulidad, caducidad, cancelación e infracción administrativa que establece esta Ley, se sustanciarán y resolverán con arreglo al procedimiento que señala este capítulo y las formalidades que esta Ley prevé, siendo aplicable supletoriamente, en lo que no se oponga, el Código Federal de Procedimientos Civiles.

**Artículo 188.-** El Instituto podrá iniciar el procedimiento de declaración administrativa de oficio o a petición de quien tenga interés jurídico y funde su pretensión.

**Artículo 189.-** La solicitud de declaración administrativa que se interponga deberá contener los siguientes requisitos:

I. Nombre del solicitante y, en su caso, de su representante;

II. Domicilio para oír y recibir notificaciones;

III. Nombre y domicilio de la contraparte o de su representante;

**Article 186.** Pending patent, utility model and industrial design files may be consulted only by the applicant or his representative, or persons authorized by the same, except when the said files are cited as anticipations to another applicant or offered as evidence in a procedure for administrative declaration, the necessary measures to maintain confidentiality having to be taken.

The staff of the Institute who intervene in the various procedures to be conducted pursuant to this Law and the regulations under it shall be bound to observe absolute secrecy regarding the contents of pending files, failing which they shall be punished in accordance with the Federal Law on Accountability of Public Servants, regardless of whatever sanctions may be appropriate in such cases. The same obligation shall apply to the staff of public and private agencies supporting the Institute in the performance of its functions who might have knowledge of said contents.

Information of official character or that required by the judicial authority is excluded from the foregoing.

## Chapter II

## Procedure for Administrative Declaration

**Article 187.** Requests for the administrative declaration of invalidity, lapse, cancellation and administrative infringement under this Law shall be examined and ruled upon according to the procedure specified in this Chapter and the formalities laid down in this Law, and the Federal Code of Civil Procedure shall be subsidiarily applicable insofar as it does not contravene this Law.

**Article 188.** The Institute may initiate the procedure for administrative declaration ex officio or at the request of any person who has a legal interest therein and provides grounds for a claim.

**Article 189.** An application for administrative declaration shall contain the following particulars:

I. name of the requestor and of his representative if any;

II. address for the service and receipt of notifications;

III. name and address of the other party or of his representative;

IV. El objeto de la solicitud, detallándolo en términos claros y precisos;

V. La descripción de los hechos, y

VI. Los fundamentos de derecho.

**Artículo 190.-** Con la solicitud de declaración administrativa deberán presentarse, en originales o copias debidamente certificadas, los documentos y constancias en que se funde la acción y ofrecerse las pruebas correspondientes. Las pruebas que se presenten posteriormente, no serán admitidas salvo que fueren supervenientes.

Cuando se ofrezca como prueba algún documento que obre en los archivos del Instituto, bastará que el solicitante precise el expediente en el cual se encuentra y solicite la expedición de la copia certificada correspondiente o, en su caso, el cotejo de la copia simple que se exhiba.

**Artículo 191.-** Si el solicitante no cumpliere con los requisitos a que se refiere el artículo 189 de esta Ley, el Instituto le requerirá, por una sola vez, subsane la omisión en que incurrió o haga las aclaraciones que correspondan; para tal efecto se le concederá un plazo de ocho días, y de no cumplirse el requerimiento en el plazo otorgado se desechará la solicitud.

También se desechará la solicitud por la falta de documento que acredite la personalidad o cuando el registro, patente, autorización o publicación que sea base de la acción, no se encuentre vigente.

**Artículo 192.-** En los procedimientos de declaración administrativa se admitirán toda clase de pruebas, excepto la testimonial y confesional, salvo que el testimonio o la confesión estén contenidas en documental, así como las que sean contrarias a la moral y al derecho.

Sin perjuicio de lo dispuesto en el párrafo anterior, para los efectos de esta Ley, se otorgará valor probatorio a las facturas expedidas y a los inventarios elaborados por el titular o su licenciatario.

**Artículo 192 bis.-** Para la comprobación de hechos que puedan constituir violación de alguno o algunos de los derechos que protege esta Ley, o en los procedimientos de declaración administrativa, el Instituto podrá valerse de los medios de prueba que estime necesarios.

IV. the subject of the request, expressed in clear and precise terms;

V. an account of the facts;

VI. the underlying legal grounds.

**Article 190.** Originals or duly certified copies of the documents and statements on which the action relies shall be submitted with the application for an administrative declaration, and the corresponding proof shall be offered. Proof submitted later shall not be allowed unless it materialized later.

When any document existing in the archives of the Institute is offered as evidence, the applicant need only specify the file in which it is found and request that the corresponding certified copy be issued or, where applicable, the authentication of the single copy submitted.

**Article 191.** If the requestor does not comply with the requirements referred to in article 189 of this Law, the Institute shall call upon him once, and only once, to remedy the omission or to provide the appropriate clarifications; to that end he shall be allowed a period of eight days, and, if the requirement is not complied with in the time allowed, the request shall be rejected.

The request shall also be rejected for failure to submit a document attesting the requestor's status, or if the registration, patent, authorization or publication on which the action relies is invalid.

**Article 192.** All types of evidence shall be allowed in the administrative declaration procedure with the exception of testimonials and personal statements, unless the testimonial or statement is in documentary form, and evidence that is contrary to morality and the law.

For the purposes of this Law, and without prejudice to the provisions of the foregoing paragraph, evidentiary value shall be granted to the invoices sent or inventories compiled by the owner or his licensee.

**Article 192 bis.** In order to verify facts that may constitute a violation of one or several of the rights protected under this Law, or in administrative declaration procedures, the Institute may make use of those means of proof it deems necessary.

Cuando el titular afectado o el presunto infractor hayan presentado las pruebas suficientes a las que razonablemente tengan acceso como base de sus pretensiones y hayan indicado alguna prueba pertinente para la sustentación de dichas pretensiones que esté bajo el control de la contraria, el Instituto podrá ordenar a ésta la presentación de di ha prueba, con apego, en su caso, a las condiciones que garanticen la protección de información confidencial.

Cuando el titular afectado o el presunto infractor nieguen el acceso a pruebas o no proporcionen pruebas pertinentes bajo su control en un plazo razonable, u obstaculicen de manera significativa el procedimiento, el Instituto podrá dictar resoluciones preliminares y definitivas, de naturaleza positiva o negativa, con base en las pruebas presentadas, incluyendo los argumentos presentados por quien resulte afectado desfavorablemente con la denegación de acceso a las pruebas, a condición de que se conceda a los interesados la oportunidad de ser oídos respecto de los argumentos y las pruebas presentadas.

**Artículo 192 bis 1.-** Cuando la materia objeto de la patente sea un proceso para la obtención de un producto, en el procedimiento de declaración administrativa de infracción, el presunto infractor deberá probar que dicho producto se fabricó bajo un proceso diferente al patentado cuando:

I. El producto obtenido por el proceso patentado sea nuevo, y

II. Exista una probabilidad significativa de que el producto haya sido fabricado mediante el proceso patentado y el titular de la patente no haya logrado, no obstante haberlo intentado, establecer el proceso efectivamente utilizado.

**Artículo 193.-** Admitida la solicitud de declaración administrativa de nulidad, caducidad y cancelación, el Instituto la notificará al titular afectado, concediéndole un plazo de un mes para que manifieste por escrito lo que a su derecho convenga. En los procedimientos de declaración administrativa de infracción se estará a lo dispuesto en los artículos 209 fracción IX y 216 de esta Ley. La notificación se hará en el domicilio señalado por el solicitante de la declaración administrativa.

When the owner concerned or the presumed infringer has submitted sufficient evidence to which he may reasonably have access, as grounds for his claims, and has indicated a pertinent piece of evidence to support said claims, which may be under the control of the opposing party, the Institute may order the latter to submit said piece of evidence, while observing, where applicable, the conditions for protection of confidential information.

When the owner concerned or the presumed infringer refuses access to evidence or does not furnish pertinent evidence under his control, within a reasonable period of time, or significantly hinders the procedure, the Institute may issue preliminary and final decisions of a positive or negative nature, based on the evidence submitted, including the arguments presented by the person adversely affected by the denied access to the evidence, provided that the parties concerned are given the opportunity to be heard with respect to the arguments and evidence submitted.

**Article 192 bis 1.** When the subject matter of the patent is a process for making a product, the presumed infringer must prove, in the administrative declaration procedure, that the product was manufactured by a process different from the patented process, when:

I. the product obtained by the patented process is new, and

II. there is a significant probability that the product has been manufactured by means of the patented process, and the owner of the patent, notwithstanding an attempt to do so, has not succeeded in establishing that the process was actually used.

**Article 193.** If the request for an administrative declaration of invalidity, lapse and cancellation is allowed, the Institute shall notify the owner concerned accordingly and give him a period of one month in which to make, in writing, whatever statement best serves his rights. In administrative declaration of infringement procedures, the provisions of section IX of article 209 and article 216 of this Law shall remain applicable. The notice shall be served on him at the address provided by the requestor of the administrative declaration.

**Artículo 194.-** Cuando no haya sido posible la notificación a que se refiere el artículo anterior por cambio de domicilio, tanto en el señalado por el solicitante como en el que obre en el expediente que corresponda, y se desconozca el nuevo, la notificación se hará a costa de quien intente la acción por medio de la publicación en el Diario Oficial y en un periódico de los de mayor circulación en la República, por una sola vez. En la publicación se dará a conocer un extracto de la solicitud de declaración administrativa y se señalará un plazo de un mes para que el titular afectado manifieste lo que a su derecho convenga.

**Artículo 195.-** En el procedimiento de declaración administrativa no se sustanciarán incidentes de previo y especial pronunciamiento sino que se resolverán al emitirse la resolución que proceda.

**Artículo 196.-** Cuando el Instituto inicie de oficio el procedimiento de declaración administrativa, la notificación al titular afectado o, en su caso, al presunto infractor se hará en el domicilio señalado en el expediente que corresponda y de haberlo variado sin dar aviso al Instituto, por publicación en los términos del artículo 194 de esta Ley.

**Artículo 197.-** El escrito en que el titular afectado o, en su caso, el presunto infractor formule sus manifestaciones deberá contener:

I. Nombre del titular afectado o del presunto infractor y, en su caso, de su representante;

II. Domicilio para oír y recibir notificaciones;

III. Excepciones y defensas;

IV. Las manifestaciones u objeciones a cada uno de los puntos de la solicitud de declaración administrativa, y

V. Fundamentos de derecho.

Para la presentación del escrito y el ofrecimiento de pruebas será aplicable lo dispuesto en el artículo 190 de esta Ley.

**Artículo 198.-** Cuando el titular afectado o, en su caso, el presunto infractor no pueda exhibir dentro del plazo concedido la totalidad o parte de las pruebas por encontrarse éstas en el extranjero, se le podrá otorgar un plazo adicional de quince días para su presentación, siempre y cuando las ofrezca en su escrito y haga el señalamiento respectivo.

**Article 194.** When it has not been possible to serve the notice referred to in the foregoing article, on account of a change of address, whether that specified by the requestor or that found in the relevant file, and the new address is not known, the notice shall be served at the expense of the person requesting the measure by publication, once and only once, in the Diario Oficial and in a major national newspaper. The publication shall show an extract from the request for administrative declaration and a period of one month will be specified for the owner concerned to make whatever statement best his rights.

**Article 195.** In the administrative declaration procedure issues specially ruled upon previously shall not be examined, but will be settled when the appropriate finding is handed down.

**Article 196.** When the Institute initiates the procedure for administrative declaration ex officio, notice shall be served on the owner concerned or, where applicable, the presumed infringer, at the address specified in the relevant file and, if any change has occurred without notification of the Institute, by publication as provided in article 194 of this Law.

**Article 197.** The document in which the owner concerned or, where applicable, the presumed infringer makes his statements shall contain:

I. the name of the owner concerned or the presumed infringer and, where applicable, his representative;

II. the address for the service of notifications;

III. exceptions and defenses;

IV. statements on or rebuttals of each of the points in the request for an administrative declaration;

V. legal grounds.

The provisions of article 190 of this Law shall apply to the filing of the aforesaid document and the submission of evidence.

**Article 198.** When the owner concerned or, where applicable, the presumed infringer is unable to submit all or part of the evidence within the period allowed, owing to the evidence being abroad, he may be granted a further period of 15 days for its submission, provided that he proposes it in his document and makes a statement to that effect.

**Artículo 199.-** Transcurrido el plazo para que el titular afectado o el presunto infractor, presente sus manifestaciones y, en su caso, la prórroga a que se refiere el artículo anterior, previo estudio de los antecedentes relativos y desahogadas las pruebas que lo requieran, se dictará la resolución administrativa que proceda, la que se notificará a los interesados en el domicilio señalado en el expediente o, en su caso, mediante publicación en los términos del artículo 194 de esta Ley.

Tratándose de procedimientos de declaración administrativa de infracción, en la misma resolución se impondrá la sanción, cuando ésta sea procedente.

**Artículo 199 bis.-** En los procedimientos de declaración administrativa relativos a la violación de alguno de los derechos que protege esta Ley, el Instituto podrá adoptar las siguientes medidas:

I. Ordenar el retiro de la circulación o impedir ésta, respecto de las mercancías que infrinjan derechos de los tutelados por esta Ley;

II. Ordenar se retiren de la circulación:

a) Los objetos fabricados o usados ilegalmente;

b) Los objetos, empaques, envases, embalajes, papelería, material publicitario y similares que infrinjan alguno de los derechos tutelados por esta Ley;

c) Los anuncios, letreros, rótulos, papelería y similares que infrinjan alguno de los derechos tutelados por esta Ley; y

d) Los utensilios o instrumentos destinados o utilizados en la fabricación, elaboración u obtención de cualquiera de los señalados en los incisos a), b) y c), anteriores;

III. Prohibir, de inmediato, la comercialización o uso de los productos con los que se viole un derecho de los protegidos por esta ley;

IV. Ordenar el aseguramiento de bienes, mismo que se practicará conforme a lo dispuesto en los artículos 211 a 212 bis 2;

V. Ordenar al presunto infractor o a terceros la suspensión o el cese de los actos que constituyan una violación a las disposiciones de esta Ley, y

**Article 199.** Once the period for the affected owner or presumed infringer to make his statements, and where appropriate the further period referred to in the foregoing article, have expired, following a study of applicable precedents and the consideration of all the evidence, the appropriate administrative ruling shall be handed down and the parties concerned shall be notified accordingly at the addresses mentioned in the file, or where necessary by publication as provided in article 194 of this Law.

When procedures for administrative declaration of infringement are involved, the measure shall be imposed in the same ruling, when there are grounds for the measure.

**Article 199 bis.** In administrative declaration procedures relating to the violation of any of the rights protected under this Law, the Institute shall adopt the following measures:

I. order the withdrawal from circulation or prevent the circulation of goods that infringe rights of those persons protected under this Law;

II. order the following to be withdrawn from circulation:

a) goods that have been manufactured or used illegally;

b) objects, wrappers, containers, packages, stationary, advertising material and the like which infringe any of the rights protected under this Law;

c) advertisements, signs, labels, stationary and the like which infringe any of the rights protected under this Law; and

d) devices or instruments designed for or used in the manufacture, use or acquisition of any of those items specified in the foregoing parts a, b and c;

III. immediately prohibit the marketing or use of products by which one of the rights protected under this Law are violated;

IV. order the seizure of goods, to be carried out in accordance with the provisions of articles 211 to 212 bis 2;

V. order the presumed infringer or third parties to suspend or stop actions which constitute a violation of the provisions of this Law, and

VI. Ordenar se suspenda la prestación del servicio o se clausure el establecimiento cuando las medidas que se prevén en las fracciones anteriores, no sean suficientes para prevenir o evitar la violación a los derechos protegidos por esta Ley.

Si el producto o servicio se encuentra en el comercio, los comerciantes o prestadores tendrán la obligación de abstenerse de su enajenación o prestación a partir de la fecha en que se les notifique la resolución.

Igual obligación tendrán los productores, fabricantes, importadores y sus distribuidores, quienes serán responsables de recuperar de inmediato los productos que ya se encuentren en el comercio.

**Artículo 199 bis 1.-** Para determinar la práctica de las medidas a que se refiere el artículo anterior, el Instituto requerirá al solicitante que:

I. Acredite ser el titular del derecho y cualquiera de los siguientes supuestos:

a) La existencia de una violación a su derecho;

b) Que la violación a su derecho sea inminente;

c) La existencia de la posibilidad de sufrir un daño irreparable, y

d) La existencia de temor fundado de que las pruebas se destruyan, oculten, pierdan o alteren.

II. Otorgue fianza suficiente para responder de los daños y perjuicios que se pudieran causar a la persona en contra de quien se haya solicitado la medida; y

III. Proporcione la información necesaria para la identificación de los bienes, servicios o establecimientos con los cuales o en donde se comete la violación a los derechos de propiedad industrial.

La persona contra la que se haya adoptado la medida podrá exhibir contrafianza para responder de los daños y perjuicios que se causen al solicitante de la misma, a efecto de obtener su levantamiento.

El Instituto deberá tomar en consideración la gravedad de la infracción y la naturaleza de la medida solicitada para adoptar la práctica de ésta y determinar el importe de la fianza y la contrafianza.

VI. order the suspension of the service or closure of the establishment when the measures provided for in the foregoing sections are insufficient to prevent or avoid violation of the rights protected under this Law.

If the product or service is found on the market, the traders or providers shall be obliged to abstain from selling or providing it as of the date on which notice of the ruling is served.

The producers, manufacturers, importers and their distributors shall have the same obligation, and shall be responsible for immediately recovering the products already on the market.

**Article 199 bis 1.** In order to determine whether to implement the measures referred to in the foregoing article, the Institute shall require the applicant to:

I. prove that he is the holder of the right and any of the following circumstances:

a) the existence of a violation of his right;

b) that the violation of is right is imminent;

c) the existence of the possibility of suffering irreparable damages, and

d) the existence of a well-founded suspicion that the evidence might be destroyed, concealed, lost or altered.

II. offer a sufficient bond for damages that might be caused to the person opposing the one requesting the measure; and

III. supply the information necessary to identify the goods, services or establishments by which and wherein the violation of the industrial property rights is committed.

The person against whom a measure is ordered may submit a counter-bond for damages that might be caused to the requestor of the said measure, for the purposes of having the measure lifted.

The Institute shall take into consideration the seriousness of the infringement and the nature of the requested measure, in order to choose the method of implementing the measure and to determine the amount of the bond and counter-bond.

**Artículo 199 bis 2.-** La persona en contra de quien se haya ordenado alguna de las medidas a que se refiere el artículo 199 bis de esta Ley, tendrá un plazo de diez días para presentar ante el Instituto las observaciones que tuviere respecto de dicha medida.

El Instituto podrá modificar los términos de la medida que se haya adoptado tomando en consideración las observaciones que se le presenten.

**Artículo 199 bis 3.-** El solicitante de las medidas provisionales a que se refiere el artículo 199 bis será responsable del pago de los daños y perjuicios causados a la persona en contra de quien se hubiesen ejecutado cuando:

I. La resolución definitiva que hubiese quedado firme sobre el fondo de la controversia declare que no existió violación ni amenaza de violación a los derechos del solicitante de la medida, y

II. Se haya solicitado una medida provisional y no se hubiese presentado la demanda o solicitud de declaración administrativa de infracción ante la autoridad competente o ante el Instituto respecto del fondo de la controversia, dentro de un plazo de veinte días contado a partir de la ejecución de la medida.

**Artículo 199 bis 4.-** El Instituto pondrá a disposición del afectado la fianza o contrafianza que se hubiesen exhibido cuando se resuelva el procedimiento de declaración administrativa de infracción.

**Artículo 199 bis 5.-** El Instituto decidirá en la resolución definitiva del procedimiento de declaración administrativa de infracción, sobre el levantamiento o definitividad de las medidas adoptadas.

**Artículo 199 bis 6.-** En cualquier medida provisional que se practique, deberá cuidarse que ésta no sirva como medio para violar secretos industriales o para realizar actos que constituyan competencia desleal.

**Artículo 199 bis 7.-** El solicitante sólo podrá utilizar la documentación relativa a la práctica de una medida provisional para iniciar el juicio correspondiente o para exhibirla en los autos de los procesos en trámite, con prohibición de usarla, divulgarla o comunicarla a terceros.

**Artículo 199 bis 8.-** En los procedimientos de declaración administrativa de infracción, el Instituto buscará en todo momento conciliar los intereses de los involucrados.

**Article 199 bis 2.** The person against whom one of the measuress referred to in article 199 bis of this Law was ordered taken, shall have a period of ten days in which to submit to the Institute any observations he might have with respect to said measure.

The Institute may modify the terms of the measure that was adopted, taking into consideration any observations that are submitted to it.

**Article 199 bis 3.** The requestor of the provisional measures referred to in article 199 bis shall be responsible for payment of the damages caused to the person against whom the said measures were taken, when:

I. the final effective ruling concerning the merits of the dispute states that there was no violation or threat of violation of the rights of the person requesting the measure, and

II. a provisional measure was requested and the request or application for an administrative declaration of infringement was not submitted to the competent authority or to the Institute with respect to the merits of the dispute, within a period of twenty days from execution of the measure.

**Article 199 bis 4.** The Institute shall place at the disposal of the affected party the guarantee or counter-guarantee that was submitted when procedure for administrative declaration of infringement was ruled upon.

**Article 199 bis 5.** In the final ruling of the procedure for administrative declaration of infringement, the Institute shall make a decision concerning the lifting or final enforcement of the measures adopted.

**Article 199 bis 6.** In any provisional measure that is carried out, care shall be taken to ensure that the said measure is not used as a means of violating trade secrets or to perform other acts constituting unfair competition.

**Article 199 bis 7.** The applicant alone may use the documentation relating to carrying out a provisional measure in order to open the corresponding case or to exhibit it in the record of pending actions, with a prohibition to use, disclose or communicate it to third parties.

**Article 199 bis 8.** In procedures for administrative declaration of infringement, the Institute shall at every moment seek to reconcile the interests of the parties concerned.

## Capítulo III

## Del Recurso de Reconsideración
## Artículos 200 a 202

**Artículo 200.-** Procede el recurso de reconsideración contra la resolución que niegue una patente, registro de modelo de utilidad y diseño industrial, el cual se presentará por escrito ante el propio Instituto en un plazo de treinta días, contado a partir de la fecha de notificación de la resolución respectiva. Al recurso se acompañará la documentación que acredite su procedencia.

**Artículo 201.-** Analizados los argumentos que se exponen en el recurso y los documentos aportados, el Instituto emitirá la resolución que corresponda, la cual deberá comunicarse por escrito al recurrente.

**Artículo 202.-** Si la resolución que emita el Instituto niega la procedencia del recurso se comunicará por escrito al recurrente y se publicará en la Gaceta. Cuando la resolución sea favorable al recurrente se procederá en los términos del artículo 57 de esta Ley.

## Chapter III

### Appeal for Reconsideration
### Articles 200 through 202

**Article 200.** An appeal for reconsideration may be made against a decision refusing a patent, utility model registration and industrial design; it shall be filed with the Institute within a period of thirty days from the date on which notice is given of the relevant ruling. The appeal shall be accompanied by the documentation attesting its origin.

**Article 201.** Once the arguments presented in the appeal and the documents have been examined, the Institute shall issue the appropriate ruling, which shall be communicated to the appellant in writing.

**Article 202.** If the ruling issued by the Institute rejects the appeal, that fact shall be communicated to the appellant in writing and published in the Gazette. When the ruling is in the appellant's favor, the procedure specified in article 57 of this Law shall apply.

## TITULO SÉPTIMO

## De la Inspección, de las Infracciones y Sanciones Administrativas y de los Delitos

### Capítulo I

### De la Inspección
### Artículos 203 a 212 bis 2

**Artículo 203.-** Para comprobar el cumplimiento de lo dispuesto en esta Ley y demás disposiciones derivadas de ella, el Instituto realizará la inspección y vigilancia, conforme a los siguientes procedimientos:

I. Requerimiento de informes y datos, y

II. Visitas de inspección.

**Artículo 204.-** Toda persona tendrá obligación de proporcionar al Instituto, dentro del plazo de quince días, los informes y datos que se le requieran por escrito, relacionados con el cumplimiento de lo dispuesto en la presente Ley y demás disposiciones derivadas de ella.

**Artículo 205.-** Las visitas de inspección se practicarán en días y horas hábiles y únicamente por personal autorizado por el Instituto, previa identificación y exhibición del oficio de comisión respectivo.

El Instituto podrá autorizar se practiquen también en días y horas inhábiles a fin de evitar la comisión de infracciones, caso en el cual en el oficio de comisión se expresará tal autorización.

**Artículo 206.-** Los propietarios o encargados de establecimientos en que se fabriquen, almacenen, distribuyan, vendan o se ofrezcan en venta los productos o se presten servicios, tendrán la obligación de permitir el acceso al personal comisionado para practicar visitas de inspección, siempre que se cumplan los requisitos establecidos en el artículo anterior.

**Artículo 207.-** Se entiende por visitas de inspección las que se practiquen en los lugares en que se fabriquen, almacenes, transporten, expendan o comercialicen productos o en que se presten servicios, con objeto de examinar los productos, las condiciones de prestación de los servicios y los documentos relacionados con la actividad de que se trate.

## TITLE VII

## Inspection, Administrative Infringement and Sanctions, and Offenses

### Chapter I

### Inspection
### Articles 203 through 212 bis 2

**Article 203.** In order to verify compliance with the provisions of this Law and other provisions derived therefrom the Institute shall carry out inspections and monitoring according to the following procedures:

I. requests for reports and information;

II. inspection tours.

**Article 204.** All persons shall be under the obligation to provide the Institute, within a period of 15 days, with such reports and information as are requested of them in writing in connection with their observance of the provisions of this Law and other provisions derived therefrom.

**Article 205.** Inspection tours shall be carried out on working days and during working hours, only by staff authorized by the Institute, and on presentation of identification and the appropriate warrant.

The Institute may also authorize the carrying out of inspections on non-working days and outside working hours in order to prevent infringements from being committed, in which case the warrant shall specify such authorization.

**Article 206.** The proprietors or those in charge of the establishments that manufacture, store, distribute, sell or offer for sale products or provide services, shall be under the obligation to admit the staff holding the warrant for making the inspection tour, provided that they comply with the requirement laid down in the foregoing article.

**Article 207.** Inspection tours shall be understood as being those conducted at locations where products are manufactured, stored, shipped, delivered or marketed, or where services are rendered, for the purpose of examination of the products or the conditions under which the services are rendered, and the documents relating to the activity in question.

**Artículo 208.-** De toda visita de inspección se levantará acta circunstancia en presencia de dos testigos propuestos por la persona con la que se hubiere entendido la diligencia o por el inspector que la practicó, si aquella se hubiere negado a proponerlos.

**Artículo 209.-** En las actas se hará constar:

I. Hora, día, mes y año en que se practique la diligencia;

II. Calle, número, población y entidad federativa en que se encuentre ubicado el lugar donde se practique la visita;

III. Número y fecha del oficio de comisión que la motivó, incluyendo la identificación del inspector;

IV. Nombre y carácter de la persona con quien se entendió la diligencia;

V. Nombre y domicilio de las personas que fungieron como testigos, sea que hubieran sido designadas por el visitado o, en su defecto, por el inspector;

VI. Mención de la oportunidad que se dio al visitado de ejercer su derecho de hacer observaciones al inspector durante la práctica de la diligencia;

VII. Datos relativos a la actuación;

VIII. Declaración del visitado, si quisiera hacerla;

IX. Mención de la oportunidad que se dio al visitado de ejercer su derecho de confirmar por escrito las observaciones que hubiera hecho en el momento de la visita y hacer otras nuevas al acta levantada, dentro del término de diez días, y

X. Nombre y firma de quienes intervinieron en la diligencia, incluyendo al inspector, y en su caso, la indicación de que el visitado se negó a firmar el acta.

**Artículo 210.-** Al hacer observaciones durante la diligencia o por escrito, los visitados podrán ofrecer pruebas en relación con los hechos contenidos en el acta.

**Article 208.** Every inspection tour shall give rise to the production of a detailed record in the presence of two witnesses proposed by the person with whom the inspection has been arranged, or by the inspector who carried it out if the latter has refused to propose such witnesses.

**Article 209.** The record shall contain:

I. the hours, day, month and year when the inspection was carried out;

II. the street, number, locality and state of the site on which the tour was conducted;

III. the number and date of the warrant authorizing the inspection, including the identification of the inspector;

IV. the name and position of the person with whom the inspection tour was arranged;

V. the names and addresses of the persons acting as witnesses, whether designed by the party visited or, failing that, by the inspector;

VI. a mention of the opportunity given to the party visited to exercise his right to make observations to the inspector in the course of the tour;

VII. information on the conduct of the tour;

VIII. a statement by the party visited, if he wished to make one;

IX. a mention of the opportunity given to the party visited to exercise the right to confirm in writing the observations that he made at the time of the tour, and to make other additional observations on the making of the records within a period of ten days, and

X. the names and signatures of the persons who took part in the tour, including the inspector, and, where appropriate, an indication that the party visited refused to sign the record.

**Article 210.** When making observations either during the tour or in writing, the parties visited may offer proof relating to the facts contained in the record.

**Artículo 211.-** Si durante la diligencia se comprobara fehacientemente la comisión de cualquiera de los actos o hechos previstos en los artículos 213 y 223, el inspector asegurará, en forma cautelar, los productos con los cuales presumiblemente se cometan dichas infracciones o delitos, levantando un inventario de los bienes asegurados, lo cual se hará constar en el acta de inspección y se designará como depositario al encargado o propietario del establecimiento en que se encuentren, si éste es fijo; si no lo fuere, se concentrarán los productos en el Instituto.

Si se trata de hechos posiblemente constitutivos de delitos, el Instituto lo hará constar en la resolución que emita al efecto.

**Artículo 212.-** Del acta levantada se dejará copia a la persona con quien se entendió la diligencia, aún cuando se hubiese negado a firmarla, lo que no afectará su validez.

**Artículo 212 bis.-** El aseguramiento a que se refiere el artículo 211 de esta Ley podrá recaer en:

I. Equipo, instrumentos, maquinaria, dispositivos, diseños, especificaciones, planos, manuales, moldes, clisés, placas, y en general de cualquier otro medio empleado en la realización de los actos o hechos considerados en esta Ley como infracciones o delitos;

II. Libros, registros, documentos, modelos, muestras, etiquetas, papelería, material publicitario, facturas y en general de cualquiera otro del que se puedan inferir elementos de prueba, y

III. Mercancías, productos y cualesquiera otros bienes en los que se materialice la infracción a los derechos protegidos por esta Ley.

**Artículo 212 bis 1.-** En el aseguramiento de bienes a que se refiere el artículo anterior, se preferirá como depositario a la persona o Institución que, bajo su responsabilidad, designe el solicitante de la medida.

**Artículo 212 bis 2.-** En el caso de que la resolución definitiva sobre el fondo de la controversia, declare que se ha cometido una infracción administrativa, el Instituto decidirá, con audiencia de las partes, sobre el destino de los bienes asegurados, sujetándose a las siguientes reglas:

**Article 211.** If in the course of the visit irrefutable proof is provided of any of the acts having been committed or the events having occurred that are provided for in articles 213 and 223, the inspector shall, as a precautionary measure, confiscate the products with such infringement or offenses were presumably committed, and shall make an inventory of the goods confiscated, which shall be mentioned in the record of inspection, the person in charge or the proprietor of the establishment in which they were found being designated as depository if the said establishment has fixed premises, failing which the products shall be consigned to the Institute.

If events possibly constituting offenses are involved, the Institute shall so mention it in the ruling issued for that purpose.

**Article 212.** A copy of the inspection record shall be left with the person with whom the inspection was arranged even where the said person has refused to sign it, its validity being unaffected thereby.

**Article 212 bis.** The confiscation referred to in article 211 of this Law may involve:

I. equipment, instruments, machinery, devices, drawings, specifications, plans, manuals, molds, plates and, in general, any other means used in the accomplishment of the acts and events considered under this Law as infringements or offenses;

II. books, records, documents, models, specimens, labels, stationary, advertising material, invoices and, in general, anything else that might constitute evidentiary elements, and

III. Merchandise, products and any other goods giving rise to the infringement of the rights protected by this Law.

**Article 212 bis 1.** As concerns the confiscation of goods referred to in the foregoing article, the person or Institution which, as part of their responsibilities, designates the requestor of the measure, shall be preferred as the depository.

**Article 212 bis 2.** Where the final ruling concerning the merits of the dispute states that an administrative infringement was committed, the Institute shall, after hearing the parties concerned, decide on the future of the confiscated goods, subject to the following rules:

I. Pondrá a disposición de la autoridad judicial competente los bienes que se hubiesen asegurado, tan pronto sea notificado de que se ha iniciado el proceso tendiente a la reparación del daño material o al pago de los daños y perjuicios;

II. Pondrá a disposición de quien determine el laudo, en el caso de que se opte por el procedimiento arbitral;

III. Procederá, en su caso, en los términos previstos en el convenio que, sobre el destino de los bienes, hubiesen celebrado el titular afectado y el presunto infractor;

IV. En los casos no comprendidos en las fracciones anteriores, cada uno de los interesados presentará por escrito, dentro de los cinco días siguientes al en que se les dé vista, su propuesta sobre el destino de los bienes asegurados, que hubieran sido retirados de la circulación, o cuya comercialización se hubiera prohibido;

V. Deberá dar vista a las partes de las propuestas presentadas, a efecto de que, de común acuerdo, decidan respecto del destino de dichos bienes y lo comuniquen por escrito al Instituto dentro de los cinco días siguientes a aquel en que se les haya dado vista;

VI. Si las partes no manifiestan por escrito su acuerdo sobre el destino de los bienes en el plazo concedido, o no se ha presentado ninguno de los supuestos a que se refieren las fracciones I a III anteriores, dentro del plazo de 90 días de haberse dictado la resolución definitiva, la Junta de Gobierno del Instituto podrá decidir:

a) La donación de los bienes a dependencias y entidades de la Administración Pública Federal, entidades federativas, municipios, instituciones públicas, de beneficencia o de seguridad social, cuando no se afecte el interés público; o

b) La destrucción de los mismos.

I. the confiscated goods shall be placed at the disposal of the competent judicial authority as soon as notice has been served that the process has begun for repairing the material damages or making payment for damages;

II. [the confiscated goods] shall be placed at the disposal of the person who determines the award, in the case where the arbitrational procedure is selected;

III. the procedures set forth in the agreement concerning the future of the goods, which was entered into by the affected owner and the presumed infringer, shall be observed where appropriate;

IV. in those cases not covered under the foregoing sections, each of the parties concerned shall, within the five days following the hearing granted them, submit a written proposal concerning the future of the seized goods that were taken out of circulation or prohibited from being marketed;

V. the authors of the proposals submitted shall be granted a hearing for the purpose of reaching a joint agreement as to the future of said goods and so as to communicate this in writing to the Institute within the five days following the said hearing;

VI. if the parties concerned do not declare their consent regarding the future of the goods in writing and within the time allowed, or if none of the circumstances referred to in the foregoing sections I to III have occurred within 90 days after the final ruling has been issued, the Governing Board of the Institute may decide:

a) to donate the goods to agencies or entities of the Federal Public Administration, federative entities, municipalities or public welfare or social security institutions, when the public interest is not affected; or

b) to destroy the said goods.

## Capítulo II

### De las Infracciones y Sanciones Administrativas
### Artículos 213 a 222

**Artículo 213.-** Son infracciones administrativas:

I. Realizar actos contrarios a los buenos usos y costumbres en la industria, comercio y servicios que impliquen competencia desleal y que se relacionen con la materia que esta Ley regula;

II. Hacer aparecer como productos patentados aquellos que no lo estén. Si la patente ha caducado o fue declarada nula, se incurrirá en la infracción después de un año de la fecha de caducidad o, en su caso, de la fecha en que haya quedado firme la declaración de nulidad;

III. Poner a la venta o en circulación productos u ofrecer servicios, indicando que están protegidos por una marca registrada sin que lo estén. Si el registro de marca ha caducado o ha sido declarado nulo o cancelado, se incurrirá en infracción después de un año de la fecha de caducidad o en su caso, de la fecha en que haya quedado firme la declaración correspondiente;

IV. Usar una marca parecida en grado de confusión a otra registrada, para amparar los mismos o similares productos o servicios que los protegidos por la registrada;

V. Usar, sin consentimiento de su titular, una marca registrada o semejante en grado de confusión como elemento de un nombre comercial o de una denominación o razón social, o viceversa, siempre que dichos nombres, denominaciones o razones sociales estén relacionados con establecimientos que operen con los productos o servicios protegidos por la marca;

VI. Usar, dentro de la zona geográfica de la clientela efectiva o en cualquier parte de la República, en el caso previsto por el artículo 105 de esta Ley, un nombre comercial idéntico o semejante en grado de confusión, con otro que ya esté siendo usado por un tercero, para amparar un establecimiento industrial, comercial o de servicios del mismo o similar giro;

VII. Usar como marcas las denominaciones, signos, símbolos, siglas o emblemas a que se refiere el artículo 4º y las fracciones VII, VIII, IX, XII, XIII, XIV y XV del artículo 90 de esta Ley;

## Chapter II

### Administrative Infringements and Sanctions
### Articles 213 through 222

**Article 213.** The following shall constitute administrative infringements:

I. engaging in acts contrary to proper practice and custom in industry, commerce and services which amount to unfair competition and which relate to the subject matter regulated by this Law;

II. causing to appear as patented products goods that are not. If the patent has lapsed or been declared invalid there shall be infringement after one year following the date of lapse or, where applicable, the date on which the declaration of invalidity became effective;

III. placing products on sale or in circulation or offering services with the indicat n that they are protected by a trademark when they are not; if the registration of the mark has expired or been declared invalid or canceled, there shall be infringement after one year following the date of expiration or, where applicable, the date on which the relevant declaration became effective;

IV. using a mark confusingly similar to another, registered mark to protect products or services identical or similar to those protected by the registered mark;

V. using a registered mark or one that is confusingly similar without the consent of the owner as an element of a trade name or business name or vice versa, provided that the said trade or business names are related to establishments working with the products or services protected by the mark;

VI. using, within the geographical area of the effective clientele or in any part of the Republic in the case provided for in article 105 of this Law, a trade name that is identical or confusingly similar to another already being used by a third party to protect an industrial, commercial or service establishment in the same or a similar field;

VII. using as marks the names, signs, symbols, abbreviations or emblems referred to in article 4 and sections VII, VIII, IX, XII, XIII, XIV and XV of article 90 of this Law;

VIII. Usar una marca previamente registrada o semejante en grado de confusión como nombre comercial, denominación o razón social o como partes de éstos, de una persona física o moral cuya actividad sea la producción, importación o comercialización de bienes o servicios iguales o similares a los que se aplica la marca registrada, sin el consentimiento, manifestado por escrito, del titular del registro de marca o de la persona que tenga facultades para ello;

IX. Efectuar, en el ejercicio de actividades industriales o mercantiles, actos que causen o induzcan al público a confusión, error o engaño, por hacer creer o suponer infundadamente:

a) La existencia de una relación o asociación entre un establecimiento y el de un tercero;

b) Que se fabriquen productos bajo especificaciones, licencias o autorización de un tercero;

c) Que se prestan servicios o se venden productos bajo autorización, licencias o especificaciones de un tercero;

d) Que el producto de que se trate proviene de un territorio, región o localidad distinta al verdadero lugar de origen, de modo que induzca al público a error en cuanto al origen geográfico del producto;

X. Intentar o lograr el propósito de desprestigiar los productos, los servicios, la actividad industrial o comercial o el establecimiento de otro. No estará comprendida en esta disposición, la comparación de productos o servicios que ampare la marca con el propósito de informar al público, siempre que dicha comparación no sea tendenciosa, falsa o exagerada en los términos de la Ley Federal de Protección al Consumidor;

XI. Fabricar o elaborar productos amparados por una patente o por un registro de modelo de utilidad o diseño industrial, sin consentimiento de su titular o sin la licencia respectiva;

XII. Ofrecer en venta o poner en circulación productos amparados por una patente o por un registro de modelo de utilidad o diseño industrial, a sabiendas de que fueron fabricados o elaborados sin consentimiento del titular de la patente o registro o sin la licencia respectiva;

VIII. using a previously registered or confusingly similar mark as a trade name or business name or as a portion thereof by a natural person or legal entity whose activity is the production, importation or marketing of goods or services identical or similar to those to which the registered mark is applied without the written consent of the owner of the registration or of the person having rights to it;

IX. performing, in the course of industrial activities or trade, acts that confuse, mislead or deceive the public by causing it wrongly to believe or assume:

a) that a relation or association exists between a given establishment and that of a third party;

b) that products are manufactured according to specifications, licenses or authorizations from a third party;

c) that services are rendered or products sold according to authorizations, licenses or specifications from a third party;

d) that the product in question comes from a territory, region or locality different from the actual place of origin, so as to mislead the public as to the geographic origin of the product;

X. pursuing or achieving the aim of denigrating the products, services, industrial or commercial activity or the establishment of another party. This provision shall not apply to the comparison of products or services that protect the mark for the purpose of informing the public, provided that the comparison is not tendentious, false or exaggerated within the meaning of the Federal Consumer Protection Law;

XI. manufacturing or producing products covered by a patent or utility model or industrial design registration without the consent of the owner thereof or without the appropriate license;

XII. offering for sale or placing in circulation products covered by a patent or by a utility model or industrial design registration with knowledge that they were manufactured or produced without the consent of the owner of the patent or registration, or without the appropriate license;

XIII. Utilizar procesos patentados, sin consentimiento del titular de la patente o sin la licencia respectiva;

XIV. Ofrecer en venta o poner en circulación productos que sean resultado de la utilización de procesos patentados, a sabiendas que fueron utilizados sin el consentimiento del titular de la patente o de quien tuviera una licencia de explotación;

XV. Reproducir o imitar diseños industriales protegidos por un registro, sin el consentimiento de su titular o sin la licencia respectiva;

XVI. Usar un aviso comercial registrado o uno semejante en grado de confusión, sin el consentimiento de su titular o sin la licencia respectiva para anunciar bienes, servicios o establecimientos iguales o similares a los que se aplique el aviso;

XVII. Usar un nombre comercial o uno semejante en grado de confusión, sin el consentimiento de su titular o sin la licencia respectiva, para amparar un establecimiento industrial, comercial o de servicios del mismo o similar giro;

XVIII. Usar una marca registrada, sin el consentimiento de su titular o sin la licencia respectiva, en productos o servicios iguales o similares a los que la marca se aplique;

XIX. Ofrecer en venta o poner en circulación productos iguales o similares a los que se aplica una marca registrada, a sabiendas de que se usó ésta en los mismos sin consentimiento de su titular;

XX. Ofrecer en venta o poner en circulación productos a los que se aplica una marca registrada que hayan sido alterados;

XXI. Ofrecer en venta o poner en circulación productos a los que se aplica una marca registrada, después de haber alterado, sustituido o suprimido parcial o totalmente ésta;

XXII. Usar sin autorización o licencia correspondiente una denominación de origen, y

XXIII. Las demás violaciones a las disposiciones de esta Ley que no constituyan delitos.

XIII. using patented processes without the consent of the owner of the patent or without the appropriate license;

XIV. offering for sale or bringing into circulation products that are made by a patented processes with knowledge that the processes were used without the consent of the owner of the patent or of the licensed user;

XV. reproducing or imitating industrial designs protected by registration without the consent of the owner thereof, or without the appropriate license;

XVI. using a registered or confusingly similar advertising slogan without the consent of the owner thereof or without the appropriate license, in order to advertise goods, services or establishments identical or similar to those to which the slogan is applied;

XVII. using a trade name or one that is confusingly similar, without the consent of the owner thereof or without the appropriate license, in order to protect an industrial, commercial or service establishment having the same or similar line of business;

XVIII. using a registered mark without the consent of the owner thereof or without the appropriate license, in connection with products or services identical or similar to those to which the mark is applied;

XIX. offering for sale or bringing into circulation products identical or similar to those to which a registered mark is applied, in the knowledge that mark is being used on the said products without the consent of the owner thereof;

XX. offering for sale or bringing into circulation products to which a registered mark is applied and which have been altered;

XXI. offering for sale or bringing into circulation products to which a registered mark is applied after the said mark has been partly or totally altered, replaced or removed;

XXII. using an appellation of origin without the appropriate authorization or license, and

XXIII. all other violations of the provisions of this Law that do not constitute offenses.

**Artículo 214.-** Las infracciones administrativas a esta Ley o demás disposiciones derivadas de ella, serán sancionadas con:

I. Multa hasta por el importe de veinte mil días de salario mínimo general vigente en el Distrito Federal;

II. Multa adicional hasta por el importe de quinientos días de salario mínimo general vigente en el Distrito Federal, por cada día que persista la infracción;

III. Clausura temporal hasta por noventa días;

IV. Clausura definitiva;

V. Arresto administrativo hasta por 36 horas.

**Artículo 215.-** La investigación de las infracciones administrativas se realizará por el Instituto de oficio o a petición de parte interesada.

**Artículo 216.-** En caso de que la naturaleza de la infracción administrativa no amerite visita de inspección, el Instituto deberá correr traslado al presunto infractor, con los elementos y pruebas que sustenten la presunta infracción, concediéndole un plazo de diez días para que manifieste lo que a su derecho convenga y presente las pruebas correspondientes.

**Artículo 217.-** Una vez concluido el plazo a que se refieren los artículos 209, fracción IX y 216 de esta Ley, el Instituto con base en el acta de inspección levantada, y en caso de no haberse requerido por la naturaleza de la infracción, con los elementos que obren en el expediente, y tomando en cuenta las manifestaciones y pruebas del interesado, dictará la resolución que corresponda.

**Artículo 218.-** En los casos de reincidencia se duplicarán las multas impuestas anteriormente, sin que su monto exceda del triple del máximo fijado en el artículo 214 de esta Ley, según el caso.

Se entiende por reincidencia, para los efectos de esta Ley y demás disposiciones derivadas de ella, cada una de las subsecuentes infracciones a un mismo precepto, cometidas dentro de los dos años siguientes a la fecha en que se emitió la resolución relativa a la infracción.

**Article 214.** Administrative infringements of this Law and other provisions derived therefrom shall be punished as follows:

I. a fine of up to 20,000 days of the general minimum salary payable in the Federal District;

II. an additional fine of up to the amount of 500 days of the general minimum salary payable in the Federal District for each day that the infringement persists;

III. temporary closure for up to 90 days;

IV. permanent closure;

V. administrative detention for up to 36 hours.

**Article 215.** The investigation of administrative infringements shall be carried out by the Institute ex officio or at the request of the interested party.

**Article 216.** Should the nature of the administrative infringement not warrant an inspection tour, the Institute shall serve notice on the presumed infringer, with the elements and proof on which the alleged infringement relies, allowing him a period of ten days within which to make whatever statement best serves his rights and submit the corresponding proof.

**Article 217.** Once the term referred to in articles 209, section IX, and 216 of this Law has expired, the Institute shall hand down the appropriate ruling on the basis of the inspection record issued, and, where no record was warranted by the nature of the infringement, on the basis of the elements appearing in the file, taking due account of the statements and evidence submitted by the interested party.

**Article 218.** In the event of a second or subsequent offense the fines previously imposed shall be doubled, but the amount thereof shall not exceed three times the applicable maximum set in article 214 of this Law.

For the purposes of this Law and the other provisions deriving therefrom, second or subsequent offense means every subsequent infringement of one and the same provision committed within the two years following the date on which the ruling on the infringement has handed down.

**Artículo 219.-** Las clausuras podrán imponerse en la resolución que resuelva la infracción además de la multa o sin que ésta se haya impuesto. Será procedente la clausura definitiva cuando el establecimiento haya sido clausurado temporalmente por dos veces y dentro del lapso de dos años, si dentro del mismo se reincide en la infracción, independientemente de que hubiere variado su domicilio.

**Artículo 220.-** Para la determinación de las sanciones deberá tomarse en cuenta:

I. El carácter intencional de la acción u omisión constitutiva de la infracción;

II. Las condiciones económicas del infractor, y

III. La gravedad que la infracción implique en relación con el comercio de productos o la prestación de servicios, así como el perjuicio ocasionado a los directamente afectados.

**Artículo 221.-** Las sanciones establecidas en esta Ley y demás disposiciones derivadas de ella, se impondrán además de la indemnización que corresponda por daños y perjuicios a los afectados, en los términos de la legislación común y sin perjuicio de lo dispuesto en el artículo siguiente.

**Artículo 221 bis.-** La reparación del daño material o la indemnización de daños y perjuicios por la violación de los derechos que confiere esta Ley, en ningún caso será inferior al cuarenta por ciento del precio de venta al público de cada producto o la prestación de servicios que impliquen una violación de alguno o algunos de los derechos de propiedad industrial regulados en esta Ley.

**Artículo 222.-** Si del análisis del expediente formado con motivo de la investigación por infracción administrativa el Instituto advierte la realización de hechos que pudieran constituir alguno de los delitos previstos en esta Ley, así lo hará constar en la resolución que emita.

## Capítulo III

## De los Delitos
## Artículos 223 a 229

**Artículo 223.-** Son delitos:

I. Reincidir en las conductas previstas en las fracciones II a XXII del artículo 213 de esta Ley, una vez que la primera sanción administrativa impuesta por esta razón haya quedado firme;

**Article 219.** Closure may be ordered within the context of the ruling issued on the infringement, in addition to a fine or without a fine having been imposed. There shall be grounds for permanent closure when the establishment has been temporarily closed twice within a period of two years if, during said period, the infringement is repeated, regardless of any change of address.

**Article 220.** For determining sanctions the following shall be taken into account:

I. the intentional character of the act or omission constituting the infringement;

II. the economic circumstances of the infringer;

III. the seriousness of the infringement in relation to the trading of products or the rendering of services, and also the harm done to those directly affected.

**Article 221.** The sanctions provided for in this Law and other provisions deriving therefrom shall be imposed in addition to the appropriate indemnification for damages of the parties affected under ordinary legislation and without prejudice to provisions of the following article.

**Article 221 bis.** The repairing of material damages or the indemnification of damages resulting from the violation of the rights conferred by this Law shall in no case be less than forty percent of the public selling price of each product or of the rendering of services which involve a violation of one or more of the industrial property rights governed under this Law.

**Article 222.** If, on examining the file relating to the investigation of an administrative infringement, the Institute notes that acts have been committed that might constitute any of the offenses provided for in this Law, the Institute shall make a statement to this effect in the ruling that it hands down.

## Chapter III

### Crimes
### Articles 223 through 229

**Article 223.** The following shall constitute offenses:

I. repeating conduct provided for in sections II to XXII of article 213 of this Law, once the first administrative sanction imposed for this reason has become effective;

II. Falsificar marcas en forma dolosa y a escala comercial;

III. Revelar a un tercero un secreto industrial, que se conozca con motivo de su trabajo, puesto, cargo, desempeño de su profesión, relación de negocios o en virtud del otorgamiento de una licencia para su uso, sin consentimiento de la persona que guarde el secreto industrial, habiendo sido prevenido de su confidencialidad, con el propósito de obtener un beneficio económico para sí o para el tercero o con el fin de causar un perjuicio a la persona que guarde el secreto;

IV. Apoderarse de un secreto industrial sin derecho y sin consentimiento de la persona que lo guarde o de su usuario autorizado, para usarlo o revelarlo a un tercero, con el propósito de obtener un beneficio económico para sí o para el tercero o con el fin de causar un perjuicio a la persona que guarde el secreto industrial o a su usuario autorizado; y

V. Usar la información contenida en un secreto industrial, que conozca por virtud de su trabajo, cargo, puesto, ejercicio de su profesión o relación de negocios, sin consentimiento de quien lo guarde o de su usuario autorizado, o que le haya sido revelado por un tercero, a sabiendas que éste no contaba para ello con el consentimiento de la persona que guarde el secreto industrial o su usuario autorizado, con el propósito de obtener un beneficio económico o con el fin de causar un perjuicio a la persona que guarde el secreto industrial o su usuario autorizado.

Los delitos previstos en este artículo se perseguirán por querella de parte ofendida.

**Artículo 224.-** Se impondrán de dos a seis años de prisión y multa por el importe de cien a diez mil días de salario mínimo general diario vigente en el Distrito Federal, a quien cometa los delitos que se señalan en el artículo anterior.

**Artículo 225.-** Para el ejercicio de la acción penal, en los supuestos previstos en las fracciones I y II del artículo 223, se requerirá que el Instituto emita un dictamen técnico en el que no se prejuzgará sobre las acciones civiles o penales que procedan.

II. fraudulently falsifying marks on a commercial scale;

III. revealing to a third party a trade secret that was known by virtue of employment, position, responsibility, the practice of a profession or business relations, or as a result of the grant of a license for its use, without the consent of the person keeping the trade secret having been advised of its confidentiality, for the purpose of procuring an economic benefit for oneself or for the said third party, or for the purpose of doing harm to the person keeping the secret;

IV. appropriating a trade secret without the right to do so and without the consent of the person who keeps it or its authorized user, in order to use it or reveal it to a third party for the purpose of procuring an economic benefit for oneself or for a third party, or for the purpose of doing harm to the person keeping the trade secret or to the authorized user thereof;

V. using information constituting a trade secret that is known by virtue of employment, position, responsibility, the practice of a profession or business relations, without the consent of the person keeping it or the authorized user thereof, or that has been revealed to one by a third party, in the knowledge that the said third party was so acting without the consent of the person keeping the trade secret or the authorized user thereof, for the purpose of procuring an economic benefit or doing harm to the person keeping the trade secret or the authorized user thereof.

The offenses provided for in this article shall be prosecuted when a complaint is filed by the offended party.

**Article 224.** Imprisonment for two to six years and a fine corresponding to 100 to 10,000 days of the general minimum wage payable in the Federal District shall be imposed on persons who commit the offenses specified in the foregoing article.

**Article 225.** For the exercise of action under criminal law, under the circumstances provided for in sections I and II of article 223, the Institute shall be required to issue a technical ruling in which no prejudgment shall be made on whatever actions under civil or criminal law may be appropriate.

**Artículo 226.-** Independientemente del ejercicio de la acción penal, el perjudicado por cualquiera de los delitos a que esta Ley se refiere podrá demandar del o de los autores de los mismos, la reparación y el pago de los daños y perjuicios sufridos con motivo de dichos delitos, en los términos previstos en el artículo 221 bis de esta Ley.

**Artículo 227.-** Son competentes los tribunales de la Federación para conocer de los delitos a que se refiere este capítulo, así como de las controversias mercantiles y civiles y de las medidas precautorias que se susciten con motivo de la aplicación de esta Ley.

Cuando dichas controversias afecten sólo intereses particulares, podrán conocer de ellas a elección del actor, los tribunales del orden común, sin perjuicio de la facultad de los particulares de someterse al procedimiento de arbitraje.

**Artículo 228.-** En los procedimientos judiciales a que se refiere el artículo anterior, la autoridad judicial podrá adoptar las medidas previstas en esta Ley y en los tratados internacionales de los que México sea parte.

**Artículo 229.-** Para el ejercicio de las acciones civiles y penales derivadas de la violación de un derecho de propiedad industrial así como para la adopción de las medidas previstas en el artículo 199 bis de esta Ley, será necesario que el titular del derecho haya aplicado a los productos, envases o embalajes de productos amparados por un derecho de propiedad industrial las indicaciones y leyendas a que se refieren los artículos 26 y 131 de esta Ley, o por algún otro medio haber manifestado o hecho del conocimiento público que los productos o servicios se encuentran protegidos por un derecho de propiedad industrial.

Este requisito no será exigible en los casos de infracciones administrativas que no impliquen una violación a un derecho de propiedad industrial.

**Article 226.** Regardless of the institution of criminal proceedings, the aggrieved party in any of the offenses referred to in this Law may demand from the perpetrator or perpetrators thereof compensation and the payment of damages for the prejudice sustained as a result of the said offenses, according to the provisions of article 221 bis of this Law.

**Article 227.** The federal courts shall have jurisdiction over offenses referred to in this Chapter, and also over commercial and civil disputes and the precautionary measures arising out of the implementation of this Law.

When such disputes affect only private interests, they may be heard by the ordinary courts if the plaintiff so chooses, without prejudice to the right of the parties concerned to submit to the arbitration procedure.

**Article 228.** In the judicial procedures referred to in the foregoing article, the judicial authority may adopt the measures provided for in this Law and in the international treaties to which Mexico is a party.

**Article 229.** For the exercise of actions under civil and criminal law deriving from the violation of an industrial property right, as well as for the adoption of the measures provided for in article 199 bis of this Law, it shall be necessary for the owner of the right to have applied the indications and legends referred to in articles 26 and 131 of this Law to the products, containers or packages of products protected by an industrial property right, or to have declared or made known to the public by any other means that the products or services are protected by an industrial property right.

This requirement shall not be exigible in cases of administrative infringements that do not involve a violation of an industrial property right.

Transitorios de la Ley de 1991
Artículos 1º a 14

**ARTICULO PRIMERO.-** La presente Ley entrara en vigor al día siguiente de su publicación en el Diario Oficial de la Federación.

**ARTICULO SEGUNDO.-** Se abrogan:

I. La Ley de Invenciones y Marcas, publicada en el Diario Oficial de la Federación el 10 de febrero de 1976, así como sus reformas y adiciones, pero se seguirá aplicando por lo que se refiere a los delitos cometidos durante su vigencia, sin perjuicio de lo dispuesto por el artículo 56 del Código Penal para el Distrito Federal en Materia de Fuero Común y para toda la República en Materia del Fuero Federal, y

II. La Ley sobre el Control y Registro de la Transferencia de Tecnología y el Uso de Explotación de Patentes y Marcas y su reglamento, publicados en el Diario Oficial de la Federación los días 11 de enero de 1982 y 9 de enero de 1990, respectivamente.

**ARTICULO TERCERO.-** Para los efectos del artículo 24, fracción XI, de la Ley del Impuesto sobre la Renta, no se requerirá comprobar la inscripción en el Registro Nacional de Transferencia de Tecnología de los actos, contratos o convenios relativos a asistencia técnica, transferencia de tecnología o regalías.

**ARTICULO CUARTO.-** En tanto el Ejecutivo Federal expide el reglamento de la presente Ley, continuara en vigor, en lo que no se oponga a esta, el Reglamento de la Ley de Invenciones y Marcas publicado en el Diario Oficial de la Federación el 30 de agosto de 1988.

**ARTICULO QUINTO.-** El Ejecutivo Federal expedirá el Decreto de creación del Instituto a que se refiere el artículo 7º. de este ordenamiento legal.

**ARTICULO SEXTO.-** Las patentes y registros de dibujos y modelos industriales otorgados con fundamento en la ley que se abroga, conservaran su vigencia concedida hasta su vencimiento pero quedaran sujetos a las disposiciones de esta Ley y su reglamento.

**ARTICULO SÉPTIMO.-** Los registros de marca y las autorizaciones de uso de una denominación de origen otorgados con base en la Ley de Invenciones y Marcas que se abroga, conservaran su vigencia. En todo lo demás quedaran sujetos a esta Ley y su reglamento.

Transitional Provisions of the 1991 Law
Articles 1 through 14

**Article 1.** This Law shall enter into force on the day following its publication in the Diari Oficial.

**Article 2.** The following are hereby repealed:

I. the Law on Inventions and Marks, published in the Diario Oficial of February 10, 1976, and amendments and additions thereto, provided that it shall continue to apply in the case of offenses committed while it was in force, without prejudice to the provisions of article 56 of the Criminal Code for the Federal District in Matters of Common Jurisdiction and for the Entire Republic in Matters of Federal jurisdiction;

II. the Law on the Control and Registration of the Transfer of Technology and the Use and Working of Patents and Trademarks and the Regulations under it, published in the Diario Oficial on January 11, 1982, and January 9, 1990, respectively.

**Article 3.** For the purposes of the Rent Tax Law, it shall not be necessary to prove registration at the National Registry of Technology Transfer of instruments, contracts or agreements relating to technical assistance, transfer of technology or royalties.

**Article 4.** Until the Federal Executive issues the regulations under this Law, the Regulations under the Law on Inventions and Marks, published in the Diario Oficial on August 30, 1988, shall remain in force insofar as they do not contravene this Law.

**Article 5.** The Federal Executive shall issue the Decree creating the Institute referred to in article 7 of this Law.

**Article 6.** Patents and registrations of industrial designs granted under the repealed Law shall remain in force as granted until they expire, but they shall be subject to the provisions of this Law and the regulations under it.

**Article 7.** Registrations of marks and authorizations to use an appellation of origin granted under the Law on Inventions and Marks hereby repealed shall remain in force. In all other respects they shall be subject to this Law and the regulations under it.

ARTICULO OCTAVO.- Los efectos de publicación de los nombres comerciales realizada antes de la fecha en que entre en vigor esta Ley, conservaran la vigencia determinada por la Ley de Invenciones y Marcas que se abroga, siendo aplicable en todo lo demás la presente Ley.

ARTICULO NOVENO.- A los certificados de invención otorgados al amparo de la Ley de Invenciones y Marcas que se abroga les serán aplicables las disposiciones de dicha ley hasta el vencimiento de la vigencia que se les había concedido en el título correspondiente.

ARTICULO DÉCIMO.- A las solicitudes de patente y las solicitudes de certificados de invención que se encuentren en trámite en la fecha en que esta Ley entre en vigor no les será aplicable lo relativo a la publicación de la solicitud prevista en el artículo 52 de esta Ley y solo deberá publicarse la patente en los términos del artículo 60.

Las solicitudes de certificados de invención que se encuentren en trámite se convertirán en solicitudes de patente.

Los solicitantes de las patentes y certificados de invención que se encuentren en trámite en la fecha en que inicie su vigencia esta Ley, deberán pedir por escrito a la Secretaría, dentro de los seis meses siguientes a esa fecha, que continúe el trámite, con base en dichas solicitudes, tendiente a obtener la patente correspondiente en los términos de esta Ley. Si los solicitantes no pidieran a la Secretaría dentro del plazo establecido la continuación del trámite, se consideraran abandonadas sus respectivas solicitudes y se tendrán por concluidos los trámites correspondientes.

ARTICULO DÉCIMO PRIMERO.- Las solicitudes en trámite de certificado de invención y las de patente relativas a procesos de los que se obtenga directamente un producto que no fuera patentable conforme a la Ley de Invenciones y Marcas que se abroga, pero si conforme a esta Ley, podrán convertirse en solicitudes de patente para dicho producto, conservando su fecha de presentación o de prioridad reconocida, solo que cumplan con lo siguiente:

I. Que la conversión sea promovida por escrito ante la Secretaría por el solicitante del certificado de invención o de la patente o por sus causahabientes, dentro de los 12 meses siguientes a la fecha en que entre en vigor esta Ley;

II. Que el solicitante tenga patentado el producto o hubiese presentado una solicitud de patente para el mismo en algún país miembro del Tratado de Cooperación en Materia de Patentes;

**Article 8.** The effects of the publication of trade names prior to the date on which this Law enters into force shall remain as determined by the Law on Inventions and Marks hereby repealed, and this Law shall be applicable in all other respects.

**Article 9.** The provisions of the Law on Inventions and Marks hereby repealed shall be applicable to inventors' certificates granted thereunder until the expiration of the term granted in the corresponding certificate.

**Article 10.** The provisions concerning publication of the application in article 52 of this Law shall not apply to patent applications and applications for inventors' certificates that are pending on the date of entry into force of this Law, and only the patent shall be published as provided in article 60.

Applications for inventors' certificates that are pending shall be converted into patent applications.

Applications for patents and inventors' certificates that are pending on the date of entry into force of this Law shall apply to the Secretariat in writing within the six months following that date for the processing to continue on the basis of their applications with a view to the grant of the corresponding patent in accordance with this Law. If the applicants do not apply to the Secretariat within the period allowed for processing to continue, their applications shall be considered abandoned and the processing thereof terminated.

**Article 11.** Pending applications for inventors' certificates and for patents relating to processes from which products are directly obtainable that were not patentable under the Law on Inventions and Marks hereby repealed, but are patentable under this Law, may be converted into patent applications for the said products, and the filing dates or recognized priority dates may be retained, provided that the following conditions are fulfilled:

I. conversion must be proposed to the Secretariat in writing by the applicant for an inventor's certificate or patent applicant or by his successor or successors in title within the 12 months following the entry into force of this Law;

II. the applicant must have patented the product or filed a patent application for the said product in any country party to the Patent Cooperation Treaty.

III. La publicación de estas solicitudes de patente en la Gaceta se hará en la fecha mas próxima posterior a los 18 meses siguientes a aquella en que se promueva la conversión, y

IV. Las patentes que se otorguen en base a los dispuesto en este precepto tendrán una vigencia de 20 años a partir de la fecha de presentación de la solicitud de certificado de invención . patente de proceso.

**ARTICULO DÉCIMO SEGUNDO.-** Las solicitudes de patente presentadas antes de la fecha en que esta Ley entre en vigor, en cualquiera de los países miembros del Tratado de Cooperación en Materia de Patentes, para invenciones comprendidas en las fracciones VIII a XI del artículo 10 de la Ley de Invenciones y Marcas que se abroga, mantendrán en México la fecha de prioridad de la primera solicitud presentada en cualquiera de dichos países, siempre que:

I. Se presente ante la Secretaría la solicitud para obtener una patente sobre las invenciones señaladas, por el primer solicitante de la patente en cualquiera de los países mencionados en el párrafo anterior o por su causahabiente, dentro de los doce meses siguientes a la entrada en vigor de esta Ley;

II. El solicitante de la patente compruebe ante la Secretaría, en los términos y condiciones que prevenga el reglamento de esta Ley, haber presentado la solicitud de patente en cualquiera de los países miembros del Tratado de Cooperación en Materia de Patentes o, en su caso, haber obtenido la patente respectiva, y

III. La explotación de la invención o la importación a escala comercial del producto patentado u obtenido por el proceso patentado no se hubieran iniciado por cualquier persona en México con anterioridad a la presentación de la solicitud en este país.

La vigencia de las patentes que fueren otorgadas al amparo de este artículo terminara en la misma fecha en que lo haga en el país donde se hubiere presentado la primera solicitud, pero en ningún caso la vigencia excederá de 20 años, contados a partir de la fecha de presentación de la solicitud de patente en México.

**ARTICULO DÉCIMO TERCERO.-** Las declaraciones administrativas que se encuentren en trámite al entrar en vigor esta Ley continuaran substanciándose y se decidirán de acuerdo con las disposiciones contenidas en la Ley de Invenciones y Marcas que se abroga.

III. the publication of such patent applications in the Gazette shall occur on the closest date after the 18 months following that on which the conversion was proposed;

IV. patents granted under these provisions shall have a term of 20 years from the filing date of the application for an inventor's certificate or patent for a process.

**Article 12.** Patent applications filed prior to the date of entry into force of this Law in any of the countries party to the Patent Cooperation Treaty in respect of inventions provided for in article 10, sections VIII to XI of the Law on Inventions and Marks hereby repealed shall retain in Mexico the priority dates of the first applications filed in any such country, provided that:

I. the application for the grant of a patent for the inventions concerned is filed with the Secretariat by the first patent applicant in any of the countries mentioned in the foregoing paragraph, or by his successor in title, within 12 months following the entry into force of this Law;

II. the patent applicant proves to the Secretariat, under the terms and conditions laid down in the regulations under this Law, that he has filed the patent application in one of the countries party to the Patent Cooperation Treaty, or where applicable that the corresponding patent has been granted;

III. the exploitation of the invention or the importation on a commercial scale of the product patented or obtained using the patented process has not been initiated by any person in Mexico prior to the filing of the application in that country.

The validity of patents granted under this article shall end on the same date as it does in the country where the first application was filed, but it shall not under any circumstances exceed 20 years from the filing date of the patent application in Mexico.

**Article 13.** Administrative declarations that are pending on the entry into force of this Law shall continue to be processed, and shall be ruled upon in accordance with the provisions of the Law on Inventions and Marks hereby repealed.

**ARTICULO DÉCIMO CUARTO.-** Para el cumplimiento de lo establecido en el artículo 175 de esta Ley, en el caso de la denominación de origen, se concederá un plazo de tres años, contados a partir de la fecha en que esta Ley entre en vigor. La Secretaría publicara, dentro del termino de tres meses a partir de esta misma fecha, las disposiciones y normas para garantizar la calidad del producto y las formas para su envase o embalaje, que con fundamento en esta Ley deberán cumplir de manera gradual y razonable, a lo largo del trienio de ajuste concedido en este artículo, los usuarios autorizados de la denominación de origen y las personas que distribuyan o vendan sus productos.

**Article 14.** A period of three years from the date of entry into force of this Law shall be allowed for compliance with the provisions of article 175 thereof in the case of appellations of origin. The Secretariat shall, within a period of three months from the said date, publish the provisions and standards for guaranteeing the quality of the product and methods of packing of packaging it which, by virtue of this Law, are to be gradually and reasonably complied with, in the course of the three-year period of adjustment allowed in this article, by the authorized users of the appellation of origin and the persons who distribute or sell their products.

México, D.F., a 25 de junio de 1991.- Sen. **Fernando Silva Nieto**, Presidente.- Dip. **Samy David David**, Presidente.- Sen. **Eliseo Rangel Gaspar**, Secretario.- Dip. **Juan Manuel Verdugo Rosas**, Secretario.- Rúbricas."

En cumplimiento de los dispuesto por la fracción I del artículo 89 de la Constitución Política de los Estados Unidos Mexicanos y para su debida publicación y observancia, expido el presente Decreto en la residencia del Poder Ejecutivo Federal, en la ciudad de México, Distrito Federal, a los veintiséis días del mes de junio de mil novecientos noventa y uno.- **Carlos Salinas de Gortari**.- Rúbrica.- El Secretario de Gobernación, **Fernando Gutiérrez Barrios**.- Rúbrica.

México, D.F., a 25 de junio de 1991.- Sen. Fernando Silva Nieto, Presidente.- Dip. Samy David David, Presidente.- Sen. Eli eo Rangel Gaspar, Secretario.- Dip. Juan Manuel Verdugo Rosas, Secretario.- Rúbricas."

En cumplimiento de los dispuesto por la fracción I del artículo 89 de la Constitución Polít.ca de los Estados Unidos Mexicanos y para su debida publicación y observancia, expido el presente Decreto en la residencia del Poder Ejecutivo Federal, en la ciudad de México, Distrito Federal, a los veintiséis días del mes de junio de mil novecientos noventa y uno.- Carlos Salinas de Gortari.- Rúbrica.- El Secretario de Gobernación, Fernando Gutiérrez Barrios.- Rúbrica.

Transitorios de la Ley de 1994
Artículos 1º a 9º

**ARTICULO PRIMERO.-** El presente Decreto entrará en vigor el 1º de octubre de 1994, con excepción de la fracción V del artículo 16 reformado, que entrará en vigor el 17 de diciembre de 1994.

**ARTICULO SEGUNDO.-** Respecto de las solicitudes en trámite, los interesados que opten por la aplicación de las disposiciones contenidas en el presente Decreto, deberán hacerlo saber, por escrito, al Instituto dentro de los sesenta días siguientes a su entrada en vigor.

**ARTICULO TERCERO.-** Las declaraciones administrativas que se encuentren en trámite al momento de la entrada en vigor del presente Decreto, continuarán sustanciándose y se resolverán conforme a las disposiciones vigentes al momento de su presentación.

**ARTICULO CUARTO.-** Tratándose de marcas registradas con anterioridad a la entrada en vigor de este Decreto, en cuyas solicitudes iniciales se hubiese reclamado toda una clase, al momento de solicitar su renovación deberán especificarse los productos o servicios determinados según la clasificación que establezca el reglamento de la Ley.

**ARTICULO QUINTO.-** Hasta en tanto se expida la Ley que cumpla con las disposiciones sustantivas del Convenio Internacional para la Protección de las Obtenciones Vegetales, 1978, o, en su caso, con las de la Convención Internacional para la Protección de Nuevas Variedades de Plantas, 1991, el Instituto recibirá las solicitudes de los obtentores de vegetales para variedades en todos los géneros y especies vegetales a que se refiere la fracción V del artículo 16 reformado, que le sean presentadas a partir de la entrada en vigor de este Decreto, y en su momento las remitirá a la autoridad competente para que ésta continúe el trámite.

**ARTICULO SEXTO.-** A partir de la entrada en vigor del presente Decreto, y hasta que la Junta de Gobierno del Instituto expida las tarifas que deban cubrirse por los servicios que presta el Instituto se pagarán, por concepto de aprovechamientos, por los servicios que preste el Instituto, las mismas cantidades bajo los mismos conceptos establecidos en los artículos 63 a 70-C de la Ley Federal de Derechos vigentes al primero de julio de mil novecientos noventa y cuatro. La Junta de Gobierno del Instituto expedirá las tarifas por los servicios que preste el propio Instituto a más tardar el primero de enero de mil novecientos noventa y cinco.

Transitional Provisions of the 1994 Law
Articles 1 through 9

**Article 1.** The present Decree shall enter into force on October 1, 1994, with the exception of section V of reformed article 16, which shall enter into force on December 17, 1994.

**Article 2.** With respect to pending applications, the persons concerned who choose to apply the provisions contained in this Decree shall notify the Institute of it in writing within the sixty days following the entry into force of this Decree.

**Article 3.** Administrative declarations which are pending at the time the present Decree enters into force shall continue to be examined and ruled upon in accordance with the provisions in force at the time they were submitted.

**Article 4.** In the case of marks registered prior to the entry into force of this Decree, in the original applications of which an entire class was claimed, the specific products or services shall be specified when the request for renewal of the said marks is made, in accordance with the classification provided for in the regulations under the Law.

**Article 5.** Until such time as the Law is issued which complies with the provisions of the International Convention for the Protection of New Varieties of Plants (1978) or, where appropriate, with those of the International Convention for the Protection of New Varieties of Plants (1991), the Institute shall receive applications from producers of new plant varieties for varieties in all genera and species of plants referred to in section V of reformed article 16, which are submitted to the Institute after the entry into force of this Decree, whereupon the Institute shall submit them to the competent authority in order that it continue the processing thereof.

**Article 6.** Upon entry into force of the present Decree, and until such time as the Governing Board of the Institute announces the fees which must be paid for the services rendered by the Institute, the same amounts must be paid per use for services rendered by the Institute, under the same terms as set forth in articles 63 to 70-C of the Federal Tax Law in force on July 1, 1994. The Governing Board of the Institute shall announce the fees for services rendered by the Institute itself by January 1, 1995 at the latest.

**ARTICULO SÉPTIMO.-** Se derogan los artículos 63 a 70-C de la Ley Federal de Derechos.

**ARTICULO OCTAVO.-** En relación con las solicitudes de patente que se encuentren en trámite y respecto de las cuales no se haya presentado el comprobante de pago de la obligación fiscal correspondiente al examen de fondo, los interesados deberán exhibirlo ante el Instituto dentro de los cinco meses siguientes a la entrada en vigor de este Decreto. De no presentarse dicho comprobante en el plazo señalado, se considerarán abandonadas las respectivas solicitudes y se tendrán por concluidos los trámites correspondientes.

**ARTICULO NOVENO.-** A las personas que hayan cometido un delito de los previstos en la ley que se reforma, incluídas las procesadas o sentenciadas, con anterioridad a la entrada en vigor del presente decreto, les serán aplicables las disposiciones de la Ley de Fomento y Protección de la Propiedad Industrial, vigentes en el momento en que se haya cometido, sin perjuicio de las disposiciones aplicables en materia penal.

**Article 7.** Articles 63 to 70-C of the Federal Tax Law are repealed.

**Article 8.** As concerns patent applications which are pending, and with respect to which no proof of payment of the fiscal obligation corresponding to the substantive examination has been submitted, the interested persons shall submit the said proof to the Institute within the five months following the entry into force of this Decree. If said proof is not submitted within the specified period, the respective applications shall be considered abandoned and the processing thereof terminated.

**Article 9.** The provisions of the Law on the Development and Protection of Industrial Property in force at the time an offense was committed, without prejudice to the applicable provisions of criminal law, shall be applicable to persons who have committed an offense under the provisions of the reformed law, including those indicted or sentenced prior to the entry into force of the present Decree.



FRANKLIN PIERCE
LAW CENTER LIBRARY
CONCORD, N.H.

Rúbricas de la ley de 1994

México, D.F., 13 de julio de 1994.- Dep. **Miguel González Avelar**, Precedente.- Sen. **Ricardo Monreal Av la**, Precedente.- **Dip. Magali Achach Solis**, Secretaria.- Sen. **Oscar Ramirez Mijares**, Secretario.- Rúbricas.

En cum limiento de lo dispues por la fracción I del Artículo ) de la Constitución Política de los Estados Unidos Mexicanos, y para su debida publicación y observancia, expido el presente Decreto en la residencia del Poder Ejecutivo Federal, en la Ciudad de México, Distrito Federal, a los veintinueve días del mes de julio de mil novecientos noventa y cuatro.- **Carlos Salinas de Gortari**.- Rúbrica.- El Secretario de Gobernación, **Jorge Carpizo**.- Rúbrica.

Rúbricas to the 1994 Law

México, D.F., 13 de julio de 1994.- Dep. Miguel González Avelar, Precedente.- Sen. Ricardo Monreal Avila, Precedente.- Dip. Magali Achach Solis, Secretaria.- Sen. Oscar Ramírez Mijares, Secretario.- Rúbricas.

En cumplimiento de lo dispuesto por la fracción I del Artículo 89 de la Constitución Política de los Estados Unidos Mexicanos, y para su debida publicación y observancia, expido el presente Decreto en la residencia del Poder Ejecutivo Federal, en la Ciudad de México, Distrito Federal, a los veintinueve días del mes de julio de mil novecientos noventa y cuatro.- Carlos Salinas de Gortari.- Rúbrica.- El Secretario de Gobernación, Jorge Carpizo.- Rúbrica.

## Notas sobre la traducción

In translating from Spanish to English, the following definitions have been used:

| | |
|---|---|
| artículo = article | article 1 |
| fracción = section | section I |
| apartado = part | part a) |
| párrafo = paragraph | |

## Notes on Translation

In translating from Spanish to English, the following definitions have been used:

| | |
|---|---|
| artículo = article | article 1 |
| fracción = section | section I |
| apartado = part | part a) |
| párrafo = paragraph | |

# REGULATIONS UNDER THE LAW ON INDUSTRIAL PROPERTY

# REGLAMENTO DE LA LEY DE LA PROPEIDAD INDUSTRIAL

SECRETARIA DE COMERCIO Y FOMENTO INDUSTRIAL

**REGLAMENTO de la Ley de la Propiedad Industrial.**

Al margen un sello con el Escudo Nacional, que dice: Estados Unidos Mexicanos.- Presidencia de la República.

**CARLOS SALINAS DE GORTARI**, Presidente Constitucional de los Estados Unidos Mexicanos, en ejercicio de la facultad que al Ejecutivo Federal confiere el artículo 89, fracción I de la Constitución Política de los Estados Unidos Mexicanos, y con fundamento en los artículos 27 y 34 de la Ley Orgánica de la Administración Pública Federal, he tenido a bien expedir el siguiente

## REGLAMENTO DE LA LEY DE LA PROPIEDAD INDUSTRIAL

### TITULO PRIMERO

### DISPOSICIONES GENERALES

### CAPITULO I

### DISPOSICIONES GENERALES

**ARTICULO 1º.-** El presente ordenamiento tiene por objeto reglamentar la Ley de la Propiedad Industrial y su aplicación e interpretación, para efectos administrativos, corresponde al Instituto Mexicano de la Propiedad Industrial.

**ARTICULO 2º.-** Además de las definiciones previstas en el artículo 3º. de la Ley de la Propiedad Industrial, para los efectos de este Reglamento se entenderá por:

I.- Gaceta: la Gaceta de la Propiedad Industrial a que se refiere el artículo 8º. de la Ley;

II.- Ley: la Ley de la Propiedad Industrial, y

III.- Secretaría: la Secretaría de Comercio y Fomento Industrial.

**ARTICULO 3º.-** El Director General del Instituto expedirá, mediante Acuerdo, las reglas y especificaciones de los documentos en los cuales se contenga la información relativa a las descripciones, reivindicaciones, dibujos y resúmenes para poder ser admitidos.

# SECRETARIAT FOR TRADE AND INDUSTRIAL DEVELOPMENT

## REGULATIONS under the Law on Industrial Property

Appearing in the margin, a seal with the National Emblem which says: United Mexican States - Office of the President of the Republic.

CARLOS SALINAS DE GORTARI, Constitutional President of the United Mexican States, in exercise of the power conferred upon the Federal Executive by article 89, Section I of the Political Constitution of the United Mexican States, and with a legal basis in articles 27 and 34 of the Organic Law Governing the Federal Public Administration, has deemed it proper to issue the following

### REGULATIONS UNDER THE LAW ON INDUSTRIAL PROPERTY

### TITLE I

### GENERAL PROVISIONS

### CHAPTER I

### GENERAL PROVISIONS

ARTICLE 1. The object of the present Regulations is to regulate the Law on Industrial Property and, for administrative purposes, the application and interpretation thereof is incumbent upon the Mexican Institute of Industrial Property.

ARTICLE 2. In addition to the definitions provided in article 3 of the Law on Industrial Property, for the purposes of these Regulations:

I. "Gazette" means the Industrial Property Gazette referred to in article 8 of the Law;

II. "Law" means the Law on Industrial Property, and

III. "Secretariat" means the Secretariat for Trade and Industrial Development.

ARTICLE 3. By means of an Administrative Decision, the Director General of the Institute shall issue the rules and specifications governing acceptance of documents containing information relating to descriptions, claims, drawings and abstracts.

Asimismo, podrá establecer procedimientos y requisitos específicos para facilitar la operación del Instituto y garantizar la seguridad jurídica de los particulares.

**ARTICULO 4º.-** Para el cómputo de los plazos establecidos por períodos, a que se refiere el artículo 184 de la Ley fijados en meses o años, se entenderá que el plazo concluye el mismo número de día del mes o año de calendario que corresponda. Si un plazo fijado en meses o años expira en un día en que el Instituto no labore, ese plazo expirará el primer día hábil siguiente.

El Instituto publicará en el Diario Oficial, en el mes de enero de cada año, los días en que se suspenderán las labores.

## CAPITULO II

## DE LAS SOLICITUDES Y PROMOCIONES

**ARTICULO 5º.-** Las solicitudes o promociones deberán presentarse ante el propio Instituto o en las delegaciones de la Secretaria y cumplir los siguientes requisitos:

I.- Estar debidamente firmadas en todos sus ejemplares;

II.- Utilizar las formas oficiales impresas, aprobadas por el Instituto y publicadas en el Diario Oficial y en la Gaceta, en el número de ejemplares y anexos que se establezca en la propia forma, las que deberán presentarse debidamente requisitadas y, tratándose de medios magnéticos, conforme a la guía que el Instituto emita al efecto.

En caso de no requerirse formas oficiales, las solicitudes o promociones deberán presentarse por duplicado, indicando al rubro el tipo de trámite solicitado y los datos a que se refiere la fracción V de este artículo;

III.- Acompañarse de los anexos que en cada caso sean necesarios, los que deberán ser legibles y estar mecanografiados, impresos o grabados por cualquier medio;

IV.- Señalar domicilio para oír y recibir notificaciones en el territorio nacional;

V.- Indicar el número de solicitud, patente, registro, publicación, declaratoria, o folio y fecha de recepción a que se refieran, salvo en el caso de solicitudes iniciales de patente o registro;

The Director General may likewise establish specific procedures and requirements to facilitate the operation of the Institute and to guarantee the legal security of individuals.

ARTICLE 4. For the purposes of calculating the established time periods in months or years, as referred to in article 184 of the Law, it shall be understood that the time period ends on the same corresponding day of the month or calendar year. If a time period set in months or years expires on a day in which the Institute is not in operation, said time period shall expire on the first working day thereafter.

Every year in the month of January, the Institute shall publish in the Diario Oficial those days on which work is suspended.

## CHAPTER II

## APPLICATIONS AND SUBMISSIONS

ARTICLE 5. Applications and submissions must be filed with the Institute itself or with the agencies of the Secretariat and must meet the following requirements:

I. be duly signed on all copies thereof;

II. use the official printed forms approved by the Institute and published in the Diario Oficial and in the Gazette, with the number of copies and attachments specified on the form itself, which must be properly completed when filed and, with respect to magnetic media, in accordance with the instructions issued by the Institute for such purpose;

In the event that official forms are not required, applications or submissions must be filed in duplicate, indicating in the heading the type of processing requested and the information referred to in section V of this article;

III. be accompanied by the attachments necessary in each case, which must be legible and typewritten, printed or recorded by any means;

IV. provide an address within the national territory, for oral and written notifications;

V. indicate the number of the application, patent, registration, publication, declaration, or page, and date of receipt to which they refer, except in the case of initial patent or registration applications;

VI.- Acompañarse del comprobante de pago de la tarifa correspondiente;

VII.- Acompañarse de la correspondiente traducción al español de los documentos escritos en idioma distinto que se exhiban con la solicitud o promoción;

VIII.- Acompañarse de los documentos que acrediten el carácter de los causahabientes, la personalidad de los apoderados o representantes legales, y

IX.- Acompañarse de la legalización de los documentos provenientes del extranjero, cuando proceda. Las solicitudes y promociones deberán presentarse por separado para cada asunto, salvo cuando se trate de inscripción de licencias o transmisiones en los términos previstos en los artículos 62, 63, 137 y 143 de la Ley; inscripción de transmisiones de derechos en las que hayan habido transmisiones intermedias no inscritas, y las relacionadas a un mismo asunto.

Cuando las solicitudes o promociones no cumplan con los requisitos establecidos en las fracciones I a VI, VII y IX anteriores, el Instituto requerirá a los solicitantes o promoventes para que dentro de un plazo de dos meses los subsanen. En caso de no cumplirse con el requerimiento, las solicitudes o promociones serán desechadas de plano.

En caso de que las solicitudes o promociones no cumplan con el requisito establecido en la fracción VII anterior, los solicitantes o promoventes deberán, sin mediar requerimiento del Instituto, presentar ante éste la traducción correspondiente de los documentos que se exhiban dentro de los dos meses siguientes a la fecha en que esas solicitudes o promociones se entreguen. En caso de que los solicitantes o promoventes no exhiban la traducción dentro del plazo fijado, las solicitudes o promociones serán desechadas de plano.

Las solicitudes y promociones remitidas por correo, servicios de mensajería u otros equivalentes se tendrán por recibidas en la fecha en que le sean efectivamente entregadas al Instituto.

VI. be accompanied by the payment voucher for the corresponding fee;

VII. be accompanied by the corresponding translation into Spanish of the those documents written in another language, which are submitted with the application or submission;

VIII. be accompanied by those documents which verify the character of the successors in interest, the legal capacity of the attorneys or legal representatives, and

IX. be accompanied by the certification of those documents originating in another country, where appropriate.

Applications and submissions must be filed separately for each case, except when the recording of licenses or transfers is involved, under the terms provided in articles 62, 63, 137 and 143 of the Law; the recording of transfers of rights wherein there have been unrecorded intermediate transfers, and those related to the same case.

When applications or submissions do not meet the requirements set forth in the foregoing sections I to VI, VIII and IX, the Institute shall require the applicants or petitioners to make the corrections thereof within a period of two months. In the event that the requirements are not met, the applications or submissions shall be rejected entirely.

In the event that the applications or submissions do not meet the requirement set forth in the foregoing section VII, the applicants or petitioners, without any notification by the Institute, must file therewith the corresponding translation of the documents submitted, within the two months following the date on which said applications or submissions are delivered. In the event that the applicants or petitioners do not submit the translation within the set time limit, the applications or submissions shall be rejected entirely.

Applications and submissions submitted by mail, messenger services or other equivalent means shall be considered as received on the date in which they are actually delivered to the Institute.

Se podrán presentar solicitudes o promociones por transmisión telefónica facsimilar, siempre que la solicitud o promoción y sus anexos originales, acompañados del comprobante del pago de la tarifa que en su caso proceda y del acuse de recibo de la transmisión facsimilar, sean presentados en las oficinas del propio Instituto al dia siguiente de haberse efectuado la transmisión. En este caso, bastará que la transmisión facsimilar contenga la solicitud o promoción.

**ARTICULO 6º.-** El Instituto proporcionará gratuitamente a los solicitantes y promoventes ejemplares de las formas oficiales, las que podrán ser reproducidas por terceros, siempre que se ajusten al formato oficial.

**ARTICULO 7º.-** El Instituto al recibir las solicitudes y promociones:

I.- Verificará que se acompañen los documentos y objetos que en las mismas se listen y hará las anotaciones correspondientes;

II.- Anotará en cada uno de los ejemplares, empleando los medios que estime convenientes:

a) La fecha y hora de recepción;

b) El número progresivo de recepción que les corresponda;

c) En su caso, el número de expediente en trámite que les asigne tratándose de solicitudes, y

d) La fecha y hora de presentación, cuando la solicitud cumpla con lo dispuesto en los artículos 38 Bis y 121 de la Ley, y 38 de este Reglamento, y

III.- Devolverá a los solicitantes o promoventes un ejemplar seliado de las mismas con los anexos que sean susceptibles de devolución, una vez hechas las anotaciones que procedan.

**ARTICULO 8º.-** En ningún caso podrá reanudarse el trámite o procedimiento terminado por abandono de la solicitud que lo inició.

Applications and submissions may be submitted by telephone facsimile transmission, provided that the application or submission and its original attachments, accompanied by the payment voucher for any applicable fee and the acknowledgement of receipt for the facsimile transmission are submitted to the offices of the Institute itself on the day after the transmission is carried out. In this case, the facsimile transmission need only contain the application or submission.

**ARTICLE 6.** The Institute shall provide the applicants and petitioners with free copies of the official forms, which may be reproduced by third parties, provided that they conform to the original format.

**ARTICLE 7.** Upon receipt of the applications and submissions, the Institute:

I. Shall indicate on each of the copies, using those means it deems appropriate:

a) The date and hour of receipt;

b) The continuous receipt number corresponding to them;

c) When applicable, the number of the file being processed, which is assigned to them, when applications are involved, and

d) The filing date and hour, when the application abides by the provisions set forth in articles 38 bis and 121 of the Law, and article 38 of these Regulations, and

III. Shall return to the applicants or petitioners a stamped copy thereof along with any returnable attachments, once the proper annotations have been made.

**ARTICLE 8.** In no case shall it be possible to reinitiate the process or procedure terminated through an abandonment of the application which initiated it.

**ARTICULO 9º.-** La solicitud de inscripción de una transmisión de los derechos conferidos por una patente, certificado de invención, registro, autorización o solicitud en trámite, cambio de denominación o razón social, transformación de régimen jurídico o fusión, deberá, además de los requisitos a que se refiere el artículo 5º de este Reglamento:

I.- Señalar el nombre, denominación o razón social y la nacionalidad del titular inmediato anterior del derecho o de los sucesivos titulares anteriores, cuando las correspondientes transmisiones o modificaciones no hayan sido previamente inscritas, así como los mismos datos, del nuevo titular además de los datos que se soliciten en las formas oficiales, y

II.- Acompañarse de un ejemplar certificado o con firmas autógrafas del o de los convenios o documentos en que consten las transmisiones o modificaciones de derechos, incluyendo aquellos que correspondan a transmisiones o modificaciones celebradas con anterioridad, que no hubieran sido inscritos.

La solicitud de inscripción podrá ser presentada por el titular cedente o subrogante o el titular cesionario o subrogatario.

**ARTICULO 10.-** La solicitud de inscripción de una licencia de uso de cualquier derecho de propiedad industrial o franquicia, además de los requisitos a que se refiere el artículo 5º de este Reglamento, deberá señalar:

I.- El nombre, denominación o razón social, nacionalidad y domicilio del licenciante o franquiciante y licenciatario o franquiciatario;

II.- La vigencia del convenio;

III.- Si el convenio reserva al licenciante, usuario autorizado o franquiciante la facultad de ejercer las acciones legales de protección del derecho de propiedad industrial materia del mismo;

IV.- Tratándose de licencia de uso de marca, los productos o servicios respecto de los cuales se concede la licencia, y

V.- Los demás datos que se soliciten en las formas oficiales.

**ARTICLE 9.** In addition to the requirements referred to in article 5 of these Regulations, the application for the recording of a transfer of the rights conferred by a patent, certificate of invention, registration, authorization or pending application, change in the title or name of a company, change in the legal system, or corporate merger shall:

I. Indicate the name, title or name of the company and nationality of the most recent previous owner or of the successive previous owners, when the corresponding transfers or modifications have not been recorded previously, as well as the same information about the new owner along with the information requested on the official forms, and

II. Be accompanied by a certified copy, or one with original signatures, of the agreements or documents in which the transfers or modifications of rights are recorded, including those which correspond to previously executed transfers or modifications which were not previously recorded.

The recording application may be filed by the assignor or subrogor [former title holder] or the assignee or subrogee [new title holder].

**ARTICLE 10.** In addition to the requirements referred to in article 5 of these Regulations, the application for recording a license to use any industrial property right or franchise must indicate:

I. The name, title or company name, nationality and address of the licensor or franchisor and licensee and franchisee;

II. The term of the agreement;

III. Whether the agreement reserves to the licensor, authorized user or franchisor the power to take protective legal actions relating to the subject industrial property right thereof;

IV. As regards a license to use a mark, those goods or services with respect to which the license is granted, and

V. Other information requested on the official forms.

La solicitud deberá acompañarse de un ejemplar certificado o con firmas autógrafas del convenio en que conste la licencia, autorización de uso o franquicia. Podrán omitirse en el ejemplar que se exhiba, las estipulaciones contractuales que se refieran a las regalías y demás contraprestaciones que deba pagar el licenciatario, usuario autorizado o franquiciatario; las que se refieran a información confidencial, referente a las formas o medios de distribución y comercialización de los bienes y servicios, así como los anexos de información técnica que lo integren.

La solicitud de inscripción podrá ser presentada por cualquiera de las partes.

**ARTICULO 11.-** Para la inscripción de transferencias de titularidad o licencias de derechos relativos a dos o más solicitudes en trámite, patentes o registros, en los términos establecidos en los artículos 62, 63, 137 y 143 de lay Ley, deberán cumplirse, además de los requisitos señalados en los artículos 9º. y 10 de este Reglamento, los siguientes:

I.- Exhibir dos copias certificadas o con firmas autógrafas del o de los convenios o documentos en que consten las correspondientes transmisiones o licencias;

II.- Referirse, en cada promoción, ya sea a patentes, registros de modelo de utilidad y diseños industriales concedidos o en trámite, o bien a marcas registradas o en trámite.

El Instituto emitirá un oficio que contenga la resolución sobre la inscripción solicitada, anexando copia del mismo en cada expediente o solicitud.

El solicitante o promovente podrá solicitar la expedición de copias certificadas del convenio exhibido, a fin de que éstas sean glosadas a alguno o algunos de los expedientes o solicitudes contenidas en el convenio.

**ARTICULO 12.-** El Instituto resolverá lo que corresponda sobre las solicitudes o promociones de inscripción a que se refieren los tres artículos anteriores, dentro de los dos meses siguientes a la fecha de recepción de las mismas, o de aquella en que se dé cumplimiento a requerimientos formulados por el Instituto.

The application shall be accompanied by a certified copy, or one with original signatures, of the agreement in which the license, authorization to use or franchise is recorded. The contractual stipulations referring to the royalties and other considerations that the licensee, authorized user or franchisee must pay, those referring to confidential information concerning the forms and means of distribution and marketing of the goods and services, as well as the technical information attachments completing it may be omitted from the copy that is submitted.

The application for recording may be filed by any of the parties.

**ARTICLE 11.** To record a transfer of title or a license with respect to two or more pending applications, patents or registrations, as provided in articles 62, 63, 137 and 143 of the law, in addition to the requirements specified in articles 9 and 10 of these regulations, one must comply with the following:

I.- Present two certified copies or copies with original signatures of the agreements or documents of the agreements or documents which make up the corresponding transfers or licenses;

II.- Refer, in each request to record a transfer or license, to each pending application for or granted patent, registration of utility model and industrial design or to a pending trademark application or registered trademark.

The Institute will issue a decision with respect the resolution of the request for recordation, and will annex a copy of the decision to each file or application.

The applicant seeking to record an agreement or other interested party may request issuance of certified copies of the agreement so that the copies may be placed in the file or application mentioned in the agreement.

**ARTICLE 12.** The Institute shall make a decision with respect to the applications or submissions for recording referred to in the three preceding articles, within the two months following the date of receipt thereof, or that on which the requirements formulated by the Institute are met.

Cuando la inscripción solicitada no proceda, por falta de algún requisito, o por cualquiera otra causa, el Instituto notificará al solicitante para que, dentro del plazo de dos meses, manifieste lo que a su derecho convenga.

## CAPITULO III

## DE LAS NOTIFICACIONES

**ARTICULO 13.-** Las resoluciones, requerimientos y demás actos del Instituto se notificarán a los solicitantes o terceros interesados por correo certificado con acuse de recibo al domicilio que hubiesen señalado al efecto. También podrán notificarse personalmente en el domicilio señalado, en las oficinas del Instituto o por publicación en la Gaceta.

El Instituto podrá emplear otros medios de notificación tales como servicios de mensajeria, el cual será con cargo al particular que lo solicite.

Las notificaciones personales en el domicilio de los solicitantes, terceros interesados o representantes legales sólo se ordenarán y efectuarán, además del caso previsto en el artículo 72 de la Ley, en los casos en que el Instituto estime conveniente.

Las notificaciones personales en las oficinas del Instituto podrán efectuarse cuando el solicitante, tercero interesado, sus apoderados o las personas autorizadas en los términos de la fracción V del artículo 16 de este Reglamento, ocurran personalmente a éstas.

Las notificaciones personales y las que se realicen por correo certificado con acuse de recibo surtirán efectos a partir del día en que sean entregados a los interesados.

Los plazos comenzarán a correr a partir del día siguiente en que surta efectos la notificación.

**ARTICULO 14.-** La Gaceta es el órgano de difusión del Instituto, la cual se editará mensualmente y se dividirá en secciones. En una sección se harán las publicaciones relativas a invenciones, modelos de utilidad y diseños industriales y en otra las que se refieran a marcas, avisos y nombres comerciales y denominaciones de origen.

El Instituto publicará los nombres y ubicación de las instituciones nacionales, públicas o privadas, en las que también podrá consultarse la Gaceta.

When the recording applied for is not processed, due to some unfulfilled requirement, or for any other cause, the Institute shall notify the applicant in order that, within the two-month period, he might make whatever statement best serves his rights.

## CHAPTER III

## NOTIFICATIONS

**ARTICLE 13.** The applicants and interested third parties shall be notified of decisions, requests and other acts of the Institute by registered mail with acknowledgement of receipt to the address indicated for such purposes. They may also be served notice personally at the address indicated, at the offices of the Institute, or by publication in the Gazette.

The Institute may use other means of notification such as messenger services, which shall be at the expense of the person requesting it.

Besides the case provided for in article 72 of the Law, personal notifications to the address of the applicants, interested third parties or legal representatives shall only be ordered and carried out in those cases in which the Institute deems it appropriate to do so.

Personal notifications at the offices of the Institute may be carried out when the applicant, interested third party, his attorneys or those persons authorized under the terms of section V of article 16 of these Regulations personally receive the notifications.

Personal notifications and those carried out by registered mail with acknowledgement of receipt shall take effect the day on which they are delivered to the interested parties.

The time periods shall commence on the day following that on which the notification takes effect.

**ARTICLE 14.** The Gazette is the Institute's vehicle for dissemination, which is published monthly and divided into sections. In one section shall be found those publications pertaining to inventions, utility models and industrial designs, and in another section those relating to marks, advertising slogans and trade names and appellations of origin.

The Institute shall publish the names and location of the national, public or private institutions with respect to which the Gazette may also be consulted.

**ARTICULO 15.-** Se publicarán en la Gaceta además de los actos, documentos y signos que deban publicarse con arreglo a la Ley, las resoluciones que afecten o modifiquen los derechos de propiedad industrial tutelados por la Ley.

## CAPITULO IV

## DE LA REPRESENTACION Y REGISTRO GENERAL DE PODERES

**ARTICULO 16.-** El acreditamiento de la personalidad de apoderados y representantes se sujetará a lo siguiente:

I.- La carta poder a que se refiere el artículo 181, fracciones I y II de la Ley, deberá contener el nombre, firma y domicilio de dos testigos. Los otorgantes podrán ser nacionales o extranjeros;

II.- Se reconocerán para actuar en procedimientos administrativos los poderes generales otorgados para actos de administración o para pleitos y cobranzas;

III.- En los casos previstos en los artículos 187 y 200 de la Ley, los solicitantes o promoventes podrán acreditar su personalidad con copia de la constancia de inscripción del poder de que se trate en el Registro General de Poderes del Instituto, siempre y cuando en el mismo se contengan facultades para pleitos y cobranzas;

IV.- Los poderes especiales se reconocerán para realizar los actos para los cuales se otorgaron, y

V.- Los solicitantes que actúen por sí, los apoderados y representantes legales, podrán autorizar en sus solicitudes y promociones a otras personas físicas para oír y recibir notificaciones y documentos.

**ARTICULO 17.-** El instituto tendrá a su cargo el Registro General de Poderes en el que se inscribirán los documentos originales de poderes o copias certificadas de los mismos y, en su caso, legalizadas. La inscripción en el Registro General de Poderes será opcional.

En cada solicitud o promoción bastará acompañar una copia simple de la constancia de inscripción en el Registro General de Poderes.

**ARTICLE 15.** In addition to the acts, documents and signs that must be published in accordance with the Law, decisions that affect or modify industrial property rights protected under the Law shall also be published in the Gazette.

## CHAPTER IV

## REPRESENTATION AND GENERAL REGISTER OF POWERS OF ATTORNEY

**ARTICLE 16.** Verification of the legal capacity of attorneys and agents shall be subject to the following:

I. The power of attorney referred to in article 181, sections I and II of the Law shall contain the name, signature and legal address of two witnesses. The granting parties may be nationals or foreigners.

II. General powers of attorney granted by administrative acts or by litigation and collections shall be recognized for purposes of acting in administrative procedures;

III. In those cases provided for in articles 187 and 200 of the Law, the applicants or petitioners may verify their legal capacity with a copy of the record showing that the power of attorney in question is recorded in the Institute's General Register of Powers of Attorney, provided that the capacity to litigate and collect are included therein.

IV. Special powers of attorney shall be recognized for executing those acts for which they are granted, and

V. In their applications and submissions, applicants acting on their own behalf, attorneys and legal representatives may authorize other natural persons to receive oral and written notifications and documents.

**ARTICLE 17.** The Institute shall maintain the General Register of Powers of Attorney wherein shall be recorded the original powers of attorney documents or certified and, where applicable, notarized copies thereof. Recording in the General Register of Powers of Attorney shall be optional.

It shall be sufficient to attach to each application or submission a single copy of the document showing recording in the General Register of Powers of Attorney.

## CAPITULO V

## DE LOS EXPEDIENTES

**ARTICULO 18.-** Los expedientes podrán consultarse y permanecerán en el archivo del Instituto durante la vigencia de los derechos de propiedad industrial a que se refieran, salvo aquellos casos en los que el Instituto considere que deberán permanecer por más tiempo.

Quedan incluidos en el supuesto a que se refiere el artículo 186 de la Ley, los expedientes de solicitudes de patentes no publicadas, los de patentes, modelos de utilidad y diseños industriales abandonados o denegados, los cuales sólo podrán ser consultados por los interesados o por sus representantes legales o apoderados, así como por las personas autorizadas en los términos del artículo 16, fracción V de este Reglamento.

**ARTICULO 19.-** El titular o su apoderado, podrán obtener, únicamente durante el tiempo en que los expedientes sean consultables, los documentos originales que acompañaron a sus solicitudes o promociones. En este caso, el Instituto expedirá, a costa del solicitante, y previamente a su devolución, copias certificadas de los mismos para que obren en sus respectivos expedientes en sustitución de los documentos que se devuelvan.

También podrán obtener durante el tiempo señalado en el párrafo anterior, la devolución de los objetos exhibidos con las solicitudes y promociones presentadas. De no solicitarse la devolución de tales objetos en el tiempo señalado, los mismos serán destruidos.

**ARTICULO 20.-** Toda personal podrá solicitar y obtener copias certificadas de los documentos que obren en los expedientes relativos a derechos concedidos o registrados, previo el pago de las tarifas correspondientes.

Tratándose de los expedientes a que se refiere el artículo 186 de la Ley, sólo podrán solicitar y obtener copias certificadas de los documentos existentes en éstos, las personas que en el mismo se indican.

**ARTICULO 21.-** El Instituto utilizará cualquier medio de reproducción, incluidos microfilmación, fotografía, grabación en discos ópticos, o medios magnéticos, de los documentos que obren en los expedientes a fin de facilitar su custodia, consulta y la expedición de copias certificadas de los mismos.

## CHAPTER V

## FILES

**ARTICLE 18.** Files may be inspected and shall remain in the archives of the Institute during the term of the industrial property rights to which they relate, except in those cases in which the Institute determines that they shall remain therein for a longer period of time.

The following are included within the provisions of article 186 of the Law: unpublished patent application files, those related to abandoned or rejected patents, utility models and industrial designs, which may only be consulted by the parties concerned or by their legal representatives or attorneys, as well as by those persons authorized under the terms of article 16, section V of these Regulations.

**ARTICLE 19.** The owner or his attorney may obtain the original documents accompanying his applications or submissions only during the time in which the files may be inspected. In this case, the Institute shall issue certified copies thereof, at the expense of the applicant, and prior to their return, in order that they may be put into their respective files in place of the documents being returned.

During the time period indicated in the foregoing paragraph, the return of those items exhibited along with the applications and submissions filed may also be obtained. If no request for the return of said items is made within the time period indicated, they shall be destroyed.

**ARTICLE 20.** Any person may obtain certified copies of those documents placed in files relating to granted or registered rights, after having paid the corresponding fees.

With respect to those files referred to in article 186 of the Law, only those persons indicated in said article may request and obtain certified copies of the documents found in said files.

**ARTICLE 21.** The Institute shall utilize any means of reproduction, including microfilming, photography, optical disk recording or magnetic media, of the documents placed in the files, in order to facilitate their maintenance, inspection and the sending of certified copies thereof.

## TITULO SEGUNDO

## DE LAS INVENCIONES, MODELOS DE UTILIDAD Y DISEÑOS INDUSTRIALES

### CAPITULO I

### DISPOSICIONES GENERALES

**ARTICULO 22.-** Para efectos de lo dispuesto en el artículo 17 de la Ley, también estarán incluidas en el estado de la técnica las solicitudes de patente y de registro de modelo de utilidad en trámite, presentadas ante el Instituto con anterioridad en fecha y hora a aquellas sujetas a examen de fondo.

El contenido de una solicitud de patente o de registro de modelo de utilidad que fuese desechada, retirada o abandonada, no quedará incluido en el estado de la técnica, salvo en el caso de patentes, cuando ya se hubiese efectuado la publicación de la solicitud.

**ARTICULO 23.-** Para la tramitación y conservación del registro de modelos de utilidad y diseños industriales se aplicarán, en lo conducente, las disposiciones contenidas en este Título.

A los modelos de utilidad y diseños industriales, le será aplicable, en lo conducente, lo previsto en el artículo 18 de la Ley.

Para el registro de los modelos de utilidad, será aplicable, en lo conducente, lo previsto en el artículo 22 de este Reglamento.

### CAPITULO II

### DE LAS SOLICITUDES DE PATENTES

**ARTICULO 24.-** En la solicitud de patente, además de los datos señalados en el artículo 38 de la Ley y 5º de este Reglamento, deberá indicarse la fecha en que la invención haya sido objeto de divulgación previa, conforme a lo establecido en el artículo 18 de la Ley, identificando el medio de comunicación por el que se haya dado a conocer, los datos referentes a la exposición en que la invención haya sido exhibida, o los relativos a la primera vez en que la invención se haya puesto en práctica.

En los casos de las solicitudes divisionales a que se refiere el artículo 44 de la Ley, deberá precisarse la fecha de presentación y número de expediente en trámite, correspondiente a la solicitud inicial.

## TITLE TWO

## INVENTIONS, UTILITY MODELS AND INDUSTRIAL DESIGNS

### CHAPTER I

### GENERAL PROVISIONS

**ARTICLE 22.** For the purposes of the provisions specified in article 17 of the Law, the state of the art shall also include those pending patent and utility model registration applications filed with the Institute prior to the date and time of those subject to a preliminary examination.

The contents of a patent or utility model registration application that was rejected, withdrawn or abandoned shall not be included in the state of the art, except in the case of patents, when the publication of the application has already occurred.

**ARTICLE 23.** Where appropriate, the provisions contained in this Title shall apply to the processing and registration of utility models and industrial designs.

Where appropriate, the provisions specified in article 18 of the Law shall be applicable to utility models and industrial designs.

Where appropriate, the provisions specified in article 22 of these Regulations shall be applicable to the registration of utility models.

### CHAPTER II

### PATENT APPLICATIONS

**ARTICLE 24.** In addition to the information indicated in article 38 of the Law and article 50 of these Regulations, the patent application shall indicate the date on which the invention was the object of a prior disclosure, in accordance with the provisions set forth in article 18 of the Law, indicating the means of communication by which it was made known, the information relating to the exhibition in which the invention was displayed, or that relating to the first time in which the invention was put into practice.

In the case of the divisional applications referred to in article 44 of the Law, the filing date and active file number corresponding to the initial application shall be specified.

**ARTICULO 25.-** En las solicitudes de patente la denominación o título de la invención deberá ser breve, debiendo denotar por sí misma la naturaleza de la invención. No serán admisibles como denominaciones, nombres o expresiones de fantasía, indicaciones comerciales o signos distintivos.

La solicitud deberá contener sólo los datos que se señalen en la forma oficial respectiva. No obstante, podrán acompañarse a la solicitud, en hoja por separado, las aclaraciones que se estimen necesarias, cuyo examen y valoración quedará a juicio del Instituto.

**ARTICULO 26.-** El instituto podrá requerir al solicitante para que exhiba un ejemplar o modelo de la invención cuya protección solicita, en tamaño natural o a escala reducida, siempre que sea necesario para ayudar a comprender la invención.

**ARTICULO 27.-** La descripción, las reivindicaciones y el resumen:

I.- No deberán contener dibujos;

II.- Podrán contener fórmulas o ecuaciones químicas o matemáticas. La descripción podrá contener además instrucciones de programas de computación;

III.- La descripción y el resumen podrán contener cuadros; las reivindicaciones sólo podrán contener cuadros cuando su objeto haga aconsejable su utilización, y

IV.- Los cuadros y las fórmulas matemáticas o químicas podrán estar dispuestos horizontalmente en la hoja si no pueden presentarse verticalmente en forma conveniente, pero en tal caso deberán presentarse de forma tal que las partes superiores de los cuadros o de las fórmulas se encuentren en el lado izquierdo de la hoja.

**ARTICULO 28.-** La descripción se formulará sujetándose a las siguientes reglas:

I.- Indicará la denominación o el titulo de la invención, tal como figura en la solicitud;

II.- Precisará el campo técnico al que se refiera la invención;

III.- Indicará los antecedentes conocidos por el solicitante sobre el estado de la técnica a la que la invención pertenece y citará, preferentemente, los documentos que reflejen dicha técnica;

**ARTICLE 25.** In patent applications, the name and title of the invention shall be brief and precise, denoting in and of itself the nature of the invention. Fanciful names or expressions, trademarks or distinctive signs shall not be admissible as titles.

The application shall contain only that information which is indicated in the respective official form. However, the application may be accompanied, on a separate sheet, by the clarifications deemed necessary, the examination and evaluation of which shall be at the discretion of the Institute.

**ARTICLE 26.** The Institute may request the applicant to submit an actual size or reduced-scale copy or model of the invention for which protection is being applied for, provided that it is necessary to facilitate understanding of the invention.

**ARTICLE 27.** The description, claims and abstract:

I. Shall not contain any drawings;

II. May contain chemical or mathematical formulas or equations. The description may also contain computer-programming instructions;

III. The description and abstract may contain tables; the claims may only contain tables when their subject matter makes it advisable to do so, and

IV. The tables and mathematical or chemical formulas may be arranged horizontally on the page, if they cannot be conveniently positioned vertically, but, in such cases, they shall be positioned in such a way that the top portions of the tables or formulas are situated at the left side of the page.

**ARTICLE 28.** The description shall be formatted subject to the following rules:

I. It shall indicate the name or title of the invention as it appears on the application;

II. It shall specify the technical field to which the invention relates;

III. It shall indicate precedents known by the applicant concerning the state of the art to which the invention belongs and preferably cite those documents which reflect said art;

IV.- Especificará la invención, tal como se reivindique, en términos claros y exactos que permitan la comprensión del problema técnico, aun cuando éste no se designe expresamente como tal, y dé la solución al mismo, y expondrá los efectos ventajosos de la invención, si los hubiera, con respecto a la técnica anterior.

La descripción deberá ser concisa, pero tan completa como fuere posible, y deberán evitarse en ella digresiones de cualquier naturaleza. En la descripción se harán notar las diferencias de la invención que se divulga con las invenciones semejantes ya conocidas;

V.- Cuando se requiera el depósito de material biológico conforme a lo previsto en el artículo 47, fracción I, segundo párrafo de la Ley, mencionará que se ha efectuado dicho depósito e indicará el nombre y dirección de la institución de depósito, la fecha en que se efectuó y el número atribuido al mismo por dicha institución, y describirá, en la medida de lo posible, la naturaleza y características del material depositado en cuanto fuesen pertinentes para la divulgación de la invención;

VI.- Contendrá la enumeración de las distintas figuras de que se compongan los dibujos, haciendo referencia a ellas y a las distintas partes de que estén constituidas;

VII.- Indicará el mejor método conocido o la mejor manera prevista por el solicitante para realizar la invención reivindicada. Cuando resulte adecuado, la indicación deberá hacerse mediante ejemplos prácticos o aplicaciones específicas de la invención, que no sean de naturaleza ajena a la invención que se describe y con referencias a los dibujos, si los hubiera, y

VIII.- Indicará, explicitamente, cuando no resulte evidente de la descripción o de la naturaleza de la invención, la forma en que puede producirse o utilizarse, o ambos.

La descripción deberá seguir la forma y orden señalados en este artículo, salvo cuando por la naturaleza de la invención, una forma o un orden diferente permita una mejor comprensión y una presentación más práctica.

IV. It shall specify the invention, as it is claimed, in clear and precise terms which enable an understanding of the technical problem, even though it may not be expressly stated as such, and provide the solution thereof, and shall explain the advantageous effects of the invention, if any, with respect to prior art.

The description shall be concise, but as complete as possible, and shall avoid digressions of any kind. The differences between the invention being disclosed and similar already known inventions shall be noted in the description;

V. When the deposit of biological material is required, in accordance with the provisions of article 47, section I, second paragraph of the Law, mention shall be made that said deposit has been made and the name and address of the depositary institution shall be indicated and the date on which it was made and the number assigned thereto by said institution, and, to the extent possible, the nature and characteristics of the deposited material shall be described insofar as they are relevant to the disclosure of the invention;

VI. It shall contain a listing of the various figures comprising the drawings, making reference to them and to the different parts of which they are composed;

VII. It shall indicate the best method known or the best manner provided by the applicant for embodying the invention claimed. When deemed appropriate, the indication shall be provided using practical examples or specific applications of the invention, which are not of a different nature from that of the invention being described, and with reference to the drawings, if any, and

VIII. It shall clearly indicate, when not obvious from the description or nature of the invention, the method by which it may be produced or used, or both.

The description shall follow the format and order indicated in this article, except when, due to the nature of the invention, a different format or order enables a better understanding and more practical presentation of it.

Cada apartado de la descripción a que se refieren las fracciones II a VII anteriores, deberá ir precedido de un encabezado.

ARTICULO 29.- Las reivindicaciones se formularán sujetándose a las siguientes reglas;

I.- El número de las reivindicaciones deberá corresponder a la naturaleza de la invención reivindicada;

II.- Cuando se presenten varias reivindicaciones, se numerarán en forma consecutiva con números arábigos;

III.- No deberán contener referencias a la descripción o a los dibujos, salvo que sea absolutamente necesario;

IV.- Deberán redactarse en función de las características técnicas de la invención;

V.- En caso de que la solicitud incluya dibujos, las características técnicas mencionadas en las reivindicaciones podrán ir seguidas de signos de referencia, relativos a las partes correspondientes de esas características en los dibujos, si facilitan la comprensión de las reivindicaciones. Los signos de referencia se colocarán entre paréntesis;

VI.- La primera reivindicación, que será independiente, deberá referirse a la característica esencial de un producto o proceso cuya protección se reclama de modo principal. Cuando la solicitud comprenda más de una categoria de las que hace referencia el artículo 45 de la Ley, se deberá incluir por lo menos una reivindicación independiente, por cada una de estas categorías.

Las reivindicaciones dependientes deberán comprender todas las características de las reivindicaciones de las que dependan y precisar las características adicionales que guarden una relación congruente con la o las reivindicaciones independientes o dependientes relacionadas.

Las reivindicaciones dependientes de dos o más reivindicaciones, no podrán servir de base a ninguna otra dependiente a su vez de dos o más reivindicaciones, y

VII.- Toda reivindicación dependiente incluirá las limitaciones contenidas en la reivindicación o reivindicaciones de que dependa.

Each section of the description referred to in the foregoing sections II to VII shall be preceded by a heading.

ARTICLE 29. The claims shall be formatted subject to the following rules:

I. The number of claims shall correspond to the nature of the invention claimed.

II. When several claims are filed, they shall be numbered consecutively using Arabic numerals.

III. They shall not contain references to the description or drawings, unless absolutely necessary.

IV. They shall be composed with respect to the technical characteristics of the invention.

V. In the event that the application includes drawings, the technical characteristics mentioned in the claims may be followed by reference symbols relating to the corresponding parts of these characteristics in the drawings.

VI. The first claim, which shall be independent, shall refer to the essential characteristic of a product or process for which the principal protection is being claimed. When the application includes more than one category from those mentioned in article 45 of the Law, at least one independent claim shall be included for each one of those categories.

Dependent claims shall include all of the characteristics of the claims on which they depend and shall specify the additional characteristics which maintain a congruent relationship with the related independent or dependent claims.

The dependent claims of two or more claims may not in turn serve as a basis for any other dependent claim of two or more claims, and

VII. Every dependent claim shall include the limitations contained in the claim or claims on which it depends.

ARTICULO 30.- Los dibujos se sujetarán a las siguientes reglas:

I.- Si la solicitud de patente no se acompaña de dibujos y éstos son necesarios para comprender la invención, el Instituto requerirá al solicitante para que los exhiba en un plazo de dos meses. En caso de no cumplirlo, se tendrá por abandonada la solicitud;

II.- Si en la solicitud, en la descripción o en las reivindicaciones se mencionan los dibujos, y éstos no se hubieran exhibido junto con la solicitud y los mismos no se requirieran para la comprensión de la invención, el Instituto requerirá al solicitante para que los exhiba en un plazo de dos meses.

De no cumplir el solicitante con el requerimiento, se tendrá por no puesta cualquier referencia a los dibujos;

III.- Cuando se exhiban dibujos después de la fecha de presentación de la solicitud habiendo mediado requerimiento, el Instituto reconocerá como fecha de presentación de la solicitud la de exhibición de los dibujos enmendados y no reconocerá la fecha de presentación que el solicitante ya hubiese obtenido antes, si los dibujos enmendados agregan materia nueva respecto de los dibujos originales;

IV.- Las gráficas, los esquemas de las etapas de un procedimiento y los diagramas serán considerados como dibujos;

V.- Los dibujos deberán presentarse en tal forma que la invención se entienda perfectamente. Deberán contener siempre las características o partes de la invención que se reivindican, y

VI.- Podrán presentarse fotografías en lugar de dibujos, sólo en los casos en que los mismos no sean suficientes o idóneos para ilustrar las características de la invención.

ARTICLE 30. The drawings shall be subject to the following rules:

I. If the patent application is not accompanied by drawings and they are needed in order to understand the invention, the Institute shall require the applicant to submit them within two months. In the event that this requirement is not fulfilled, the application shall be considered to be abandoned.

II. If the drawings are mentioned in the application, description or claims, and if they were not submitted along with the application and are not required in order to understand the invention, the Institute shall require the applicant to submit them within two months.

Should the applicant not fulfill the requirement, any reference to the drawings shall be considered as not having been made.

III. When, as requested, drawings are submitted after the filing date of the application, the Institute shall recognize as the filing date of the application that on which the amended drawings were submitted and shall not recognize the filing date that the applicant had already obtained earlier, if the amended drawings include material that is new with respect to the original drawings.

IV. Graphs, sketches of the steps of a process and diagrams shall be considered as drawings.

V. Drawings shall be filed in such a way that the invention is understood completely. They shall contain the characteristics or parts of the invention being claimed, and

VI. Photographs may be filed in place of drawings only in those cases in which said drawings do not sufficiently or suitably illustrate the characteristics of the invention.

**ARTICULO 31.-** Los dibujos podrán presentarse, cuando se acompañen a la solicitud, con carácter provisional, sin cumplir los requisitos que establezca el Instituto en la guía, de conformidad con el artículo 3º. de este Reglamento, pero los solicitantes deberán sin mediar requerimiento del Instituto, exhibir ante éste los dibujos definitivos con los requisitos señalados debidamente satisfechos, dentro de los dos meses siguientes a la fecha en que se presente la solicitud de patente. Si los dibujos definitivos no se presentan dentro del plazo señalado, se tendrá por abandonada la solicitud.

Los dibujos definitivos que se presenten en el plazo fijado no deberán agregar materia nueva respecto de los dibujos presentados con carácter provisional, en caso contrario el Instituto reconocerá como fecha de presentación de la solicitud, aquella en la que los dibujos le hayan sido presentados.

**ARTICULO 32.-** Para efectos de lo previsto en el artículo 47, fracción II de la Ley, se considerará que los dibujos son siempre necesarios para la comprensión de los modelos de utilidad y diseños industriales cuyo registro se solicite.

**ARTICULO 33.-** El resumen se formulará sujetándose a las siguientes reglas:

I.- Deberá comprender:

a) Una síntesis de la divulgación contenida en la descripción, reivindicaciones y dibujos. La síntesis indicará el sector técnico al que pertenece la invención y deberá redactarse en tal forma que permita una comprensión del problema técnico, de la esencia de la solución de ese problema mediante la invención y del uso o usos principales de la invención, y

b) En su caso, la fórmula química que, entre todas las que figuren en la descripción y en las reivindicaciones, caracterice mejor la invención;

II.- Deberá ser tan conciso como la divulgación lo permita, pero su extensión preferentemente, no deberá ser menor a cien palabras ni mayor a doscientas;

III.- No contendrá declaraciones sobre los presuntos méritos o el valor de la invención reivindicada, ni sobre su supuesta aplicación, y

**ARTICLE 31.** When accompanying the application, drawings may be filed provisionally, without fulfilling the requirements established by the Institute in the instructions, in accordance with article 30 of these Regulations, but the applicants shall, without any notification by the Institute, submit thereto the final drawings with the indicated requirements properly met, within the two months following the date on which the patent application is filed. If the final drawings are not filed within the time period indicated, the application shall be considered to be abandoned.

Final drawings filed within the prescribed time period shall not include material that is new with respect to the drawings filed provisionally, otherwise the Institute shall recognize as the filing date of the application that on which the drawings were submitted to it.

**ARTICLE 32.** For the purposes of the provisions specified in article 47, section II of the Law, it shall be considered that drawings are always necessary for understanding utility models and industrial designs for which registration is being requested.

**ARTICLE 33.** The abstract shall be formatted subject to the following rules:

I. It shall include:

a) A summary of the disclosure contained in the description, claims and drawings. The summary shall indicate the technical field to which the invention belongs and shall be written so as to enable comprehension of the technical problem, the basis of the solution to this problem by means of the invention and the principal use or uses of the invention.

b) Where applicable, the chemical formula which, among all of those appearing in the description and claims, best characterizes the invention.

II. It shall be as concise as permitted by the disclosure, however it shall preferably not be any shorter than one hundred words or any longer than two hundred words.

III. It shall not contain any statements regarding the presumed merits or value of the invention claimed, nor any regarding its anticipated application.

IV.- Cada característica técnica principal mencionada en el resumen e ilustrada mediante un dibujo, podrá ir acompañada de un signo de referencia entre paréntesis. El resumen deberá referirse al dibujo más ilustrativo de la invención.

**ARTICULO 34.-** La constancia de depósito de material biológico, a que se refiere el artículo 47, fracción I, párrafo segundo de la Ley, deberá presentarse dentro de los seis meses siguientes a la fecha en que el solicitante entregue la correspondiente solicitud de patente, conservando este ultimo el derecho al reconocimiento por el Instituto de la fecha y hora de entrega de la solicitud como fecha y hora de presentación, siempre que la constancia de depósito consigne que ha sido efectuado con anterioridad a la fecha y hora de entrega de dicha solicitud, en caso contrario, se reconocerá como fecha de presentación de la solicitud, aquella en la que se exhiba la constancia correspondiente ante el Instituto.

Cuando el solicitante no exhiba la constancia en el plazo señalado, se tendrá por abandonada la solicitud.

**ARTICULO 35.-** Para los efectos del artículo 47, fracción I, párrafo segundo de la Ley, el Instituto reconocerá a las instituciones que tengan el carácter de autoridades internacionales de depósito de material biológico, asi como a las instituciones nacionales, de conformidad con los criterios y reglas internacionalmente aceptados en la materia.

El Instituto publicará en el Diario Oficial de la Federación la lista de las instituciones reconocidas conforme al presente artículo.

**ARTICULO 36.-** Para reconocer la prioridad a que se refiere el artículo 40 de la Ley, el solicitante deberá satisfacer los requisitos siguientes:

I.- Señalará, en la solicitud, cuando se conozca o esté disponible, el número de la solicitud presentada en el país de origen, cuya fecha de presentación se reclame como fecha de prioridad;

II.- Exhibirá el comprobante de pago de la tarifa correspondiente, y

III.- Exhibirá, dentro de los tres meses siguientes a la presentación de la solicitud, una copia certificada de la solicitud presentada en el país de origen y, en su caso, de la traducción correspondiente. En caso de no cumplir con ese requisito, se tendrá por no reclamada la prioridad.

IV. Each principal technical characteristic mentioned in the abstract and illustrated in a drawing may be accompanied by a reference symbol in parentheses. The abstract shall refer to the technical drawing most illustrative of the invention.

**ARTICLE 34.** The record of the deposit of biological material referred to in article 47, section I, second paragraph of the Law, shall be filed within the six months following the date on which the applicant delivers the corresponding patent application, said applicant maintaining the right to have the Institute recognize the date and time of delivery of the application as the date and time of filing, provided that the record of deposit indicates that it had been carried out prior to the date and time of delivery of said application, otherwise, the date of filing of the application shall be recognized as that on which the corresponding record is submitted to the Institute.

When the applicant does not submit the record within the indicated time period, the application shall be considered to be abandoned.

**ARTICLE 35.** For the purposes of article 47, section I, second paragraph of the Law, the Institute shall recognize those institutions characterized as international authorities for the deposit of biological material, as well as those national institutions which conform to the internationally accepted criteria and rules appertaining thereto.

The Institute shall publish in the **Diario Oficial de la Federación** the list of those institutions recognized in accordance with the present article.

**ARTICLE 36.** In order to recognize the priority to which article 40 of the Law refers, the applicant shall satisfy the following requirements. The applicant shall:

I. Indicate in the application, when known or available, the number of the application filed in the country of origin, the filing date of which is being claimed as the priority date.

II. Submit the proof of payment of the corresponding fee, and

III. Submit, within the three months following the filing of the application, a certified copy of the application filed in the country of origin and, where applicable, the corresponding translation thereof. Should this requirement not be fulfilled, the priority shall be considered as unclaimed.

**ARTICULO 37.-** Para los efectos del artículo 47, fracción I, párrafo segundo de la Ley, se requerirá la constancia de depósito del material biológico en los siguientes casos:

I.- Cuando se reivindique un microorganismo en sí mismo;

II.- Cuando el material biológico a que se refiera la solicitud no se encuentre disponible al público, y

III.- Cuando la descripción que se hubiese hecho del material biológico sea insuficiente para que un técnico en la materia pueda reproducirlo.

**ARTICULO 38.-** El Instituto reconocerá como fecha y hora de presentación de una solicitud de patente, aquella en la que le sea entregada por el solicitante, siempre que la misma cumpla con los requisitos dispuestos en los artículos 47 fracciones I a III, 179 y 180 de la Ley, asi como lo establecido en el artículo 5º, fracciones III y VII de este Reglamento.

Si la solicitud no cumpliere cualquiera de los requisitos legales y reglamentarios indicados en el párrafo anterior, el Instituto sólo reconocerá, salvo en el caso a que se refiere el artículo 180 de la Ley, como fecha y hora de su presentación, la fecha y hora de recepción de la promoción por la que el solicitante cumpla los requisitos señalados en el primer párrafo, que faltaren en la solicitud o subsane la omisión de dichos requisitos.

**ARTICULO 39.-** La publicación en la Gaceta de la solicitud de patente en trámite, contendrá los datos bibliográficos comprendidos en la solicitud presentada, el resumen de la invención y, en su caso, el dibujo más ilustrativo de la misma o la fórmula química que mejor la caracterice. Si el Instituto estimase que ningún dibujo es útil para la comprensión del resumen, la publicación no irá acompañada de ningún dibujo cuando se realice.

No se publicarán las solicitudes que no hubiesen aprobado el examen de forma, las abandonadas, las desechadas, ni las modificaciones que se presenten con posterioridad a la conclusión del examen de forma.

**ARTICULO 40.-** La publicación anticipada de una solicitud de patente se hará en el número de al Gaceta que corresponda al periodo en el que se presente la petición, siempre que haya aprobado el examen de forma, o en el número de la Gaceta que corresponda al periodo en el que la solicitud apruebe el examen de forma.

**ARTICLE 37.** For the purposes of article 47, section I, second paragraph of the Law, the record of deposit of the biological material shall be required in the following cases:

I. When a micro-organism itself is being claimed;

II. When the biological material to which the application relates is not available to the public, and

III. When the description given of the biological material is insufficient for one skilled in the art to be able to reproduce it.

**ARTICLE 38.** The Institute shall recognize as the date and time of filing of a patent application that on which it is delivered by the applicant, provided that said application fulfills the requirements set forth in articles 47, sections I to III, 179 and 180 of the Law, as well as those set forth in article 50, sections III and VII of these Regulations.

If the application does not fulfill any of the legal and regulatory requirements indicated in the foregoing paragraph, the Institute shall recognize as the date and time of filing said application, except in the case referred to in article 180 of the Law, only the date and time of receipt of the submission by which the applicant fulfills the requirements indicated in the first paragraph, which are lacking in the application, or remedies the omission of said requirements.

**ARTICLE 39.** The publication in the Gazette of the active patent application shall contain the bibliographic data included in the filed application, the abstract of the invention and, where applicable, the most illustrative drawing thereof or the chemical formula which best characterizes it. If the Institute deems that no drawing is useful to the comprehension of the abstract, when completed, the publication shall not be accompanied by any drawing.

Applications that have not passed the preliminary examination, abandoned applications, rejected applications, or amendments filed subsequent to the conclusion of the preliminary examination shall not be published.

**ARTICLE 40.** The early publication of a patent application shall occur in the issue of the Gazette which corresponds to the period in which the request is filed, provided that it has passed the preliminary examination, or in the issue of the Gazette which corresponds to the period in which the application passes the preliminary examination.

**ARTICULO 41.-** En caso de que el solicitante transforme, según lo dispuesto en el artículo 49 de la Ley, una solicitud de registro de modelo de utilidad o de diseño industrial en una de patente, o viceversa, la solicitud transformada conservará la fecha de presentación de la solicitud inicial.

Cuando se transforme una solicitud, el Instituto le comunicará al solicitante el nuevo número de expediente que le corresponda.

**ARTICULO 42.-** El examen de fondo tendrá como objeto, además del señalado en el artículo 53 de la Ley, determinar si la invención cumple los requisitos y condiciones establecidos en los artículos 4º. y 43 de la Ley.

Al efectuar el Instituto el examen de fondo de la solicitud, sólo considerará lo que esté contenido en la descripción, reivindicaciones y, en su caso, los dibujos.

Si el Instituto, al efectuar el examen de fondo determina que de declararse procedente el otorgamiento de la patente, posiblemente se afecten derechos de terceros derivados de una solicitud de patente en trámite, que sea anterior en fecha y hora de presentación, lo notificará al solicitante de la que se examina para que manifieste lo que a su derecho convenga, de acuerdo a lo establecido en el artículo 55 de la Ley.

**ARTICULO 43.-** Para efectos de lo dispuesto en los artículos 54 y 55 de la Ley, se entenderán como oficinas examinadoras extranjeras, las que tengan el carácter de administraciones encargadas de efectuar el examen preliminar internacional, de conformidad con el Tratado de Cooperación en Materia de Patentes.

El informe que el Instituto acepte o requiera del examen de fondo realizado por las oficinas examinadoras extranjeras, podrá ser el que efectúen tratándose de solicitudes de patente presentadas con arreglo al Tratado de Cooperación en Materia de Patentes, o el informe que realicen de solicitudes presentadas, conforme a sus respectivas legislaciones.

**ARTICULO 44.-** El informe del examen de fondo realizado por las oficinas examinadoras extranjeras, será considerado por el Instituto como un documento de apoyo técnico, para el efecto de determinar si la invención, cuya patente se solicita, es nueva, si implica una actividad inventiva y si es susceptible de aplicación industrial.

El solicitante podrá presentar, en lugar de los documentos señalados anteriormente, una copia de la patente respectiva que haya sido otorgada por la correspondiente oficina extranjera de propiedad industrial, con su traducción al español.

**ARTICLE 41.** In the event that the applicant converts a utility model or industrial design registration application into a patent, or vice versa, the converted application shall retain the filing date of the initial application.

When an application is converted, the Institute shall inform the applicant of the new file number corresponding to it.

**ARTICLE 42.** In addition to that which is indicated in article 53 of the Law, the object of the merits examination shall be to determine whether or not the invention fulfills the requirements and conditions set forth in articles 40 and 43 of the Law.

When conducting the examination on the merits of the application, the Institute shall consider only that which is contained in the description, claims and, where applicable, drawings.

If, upon conducting the merits examination, the Institute determines that, by declaring the granting of the patent lawful, third party rights deriving from an active patent application having an earlier filing date and time may possibly be affected, it shall notify the applicant of what is being examined so that he might make whatever statement best serves his rights, in accordance with the provisions set forth in article 55 of the Law.

**ARTICLE 43.** For the purposes of the provisions specified in articles 54 and 55 of the Law, foreign examining offices shall be those offices which are characterized as International Preliminary Examining Authorities under the Patent Cooperation Treaty.

The report that the Institute accepts or requires concerning the merits examination conducted by the foreign examining offices, may be the one which is compiled with respect to patent applications filed in accordance with the Patent Cooperation Treaty, or the report compiled with respect to applications filed in accordance with their respective [national] laws.

**ARTICLE 44.** The merits examination report compiled by the foreign examining offices shall be considered by the Institute as a technical supporting document for the purpose of determining whether or not the invention for which a patent is being applied is new, whether or not it involves an inventive step and whether or not it has industrial applicability.

In place of the previously indicated documents, the applicant may file a copy of the respective patent that has been granted by the corresponding foreign industrial property office, along with its translation into Spanish.

**ARTICULO 45.-** Si del examen de fondo apareciere que la invención no es nueva o no es resultado de una actividad inventiva, el Instituto comunicará por escrito al interesado el resultado del referido examen, mencionando las similitudes con las anterioridades y referencias encontradas, a efecto de que, en un término de dos meses, exprese lo que a su derecho convenga y manifieste, en su caso, las diferencias entre su invento por un lado y las anterioridades y referencias que le fueron citadas por el otro; o las razones por las que insiste en la patentabilidad de la invención, o modifique, en su caso, las reivindicaciones presentadas.

Si el solicitante no cumple con el requerimiento que se le haga dentro del término señalado en el párrafo anterior, se tendrá por abandonada su solicitud.

**ARTICULO 46.-** La fecha con que el Instituto otorgará la patente y expedirá el título correspondiente, será aquella en que se efectúe el pago de la tarifa respectiva, siempre y cuando se entere al Instituto dentro de los plazos señalados en los artículos 57 y 58 de la Ley.

Al enterar el pago por expedición del título de patente o de registro, el solicitante entregará tres copias en papel couché de los dibujos, fórmulas químicas o secuencias de nucleótidos o aminoácidos que a juicio del Instituto sean representativos de la invención. Las especificaciones con respecto a la presentación de las copias referidas, se determinarán por el Director General del Instituto, en los términos del artículo 3º. de este Reglamento.

**ARTICULO 47.-** La publicación de la patente comprenderá, en su caso, además de la publicación de la información señalada en el artículo 60 de la Ley, la del dibujo más ilustrativo, la fórmula química principal de la invención patentada o la secuencia de nucleótidos o aminoácidos que determine el Instituto.

En caso de que el solicitante haya modificado las reivindicaciones, el Instituto le requerirá, para los efectos de la publicación de la patente, la presentación del resumen con las correcciones consiguientes.

**ARTICULO 48.-** Para autorizar los cambios en la patente a que se refiere el artículo 61 de la Ley, el Instituto podrá requerir al solicitante para que presente, en un plazo de dos meses, las correspondientes modificaciones a la descripción, reivindicaciones, dibujos o resumen. De no cumplir el solicitante con el requerimiento en el plazo señalado, se tendrá por abandonada la promoción de que se trate.

**ARTICLE 45.** If, from the merits examination, it appears that the invention is not new or is not the result of an inventive step, the Institute shall inform the interested party in writing of the result of the aforesaid examination, mentioning the similarities with the prior art and references encountered, so that, within a period of two months, he might make whatever statement best serves his rights and, where applicable, state the differences between his invention, on the one hand, and the prior art and references cited to him on the other hand, or state the reasons for which he insists on the patentability of the invention, or, where applicable, amend the claims filed.

If the applicant does not fulfill the requirement placed on him within the time period indicated in the foregoing paragraph, his application shall be considered to be abandoned.

**ARTICLE 46.** The date on which the Institute shall grant the patent and issue the corresponding title shall be that on which payment of the respective fee is made, provided that it is paid to the Institute within the time periods indicated in articles 57 and 58 of the Law.

Upon making payment for issuance of the patent or registration title, the applicant shall submit three copies on surface-coated paper of the drawings, chemical formulas or nucleotide or amino acid sequences which, in the opinion of the Institute, are representative of the invention. The specifications with respect to the filing of the aforesaid copies shall be determined by the Director General of the Institute, under the terms of article 3 of these Regulations.

**ARTICLE 47.** In addition to the publication of the information indicated in article 60 of the Law, the publication of the patent shall include, where applicable, the publication of the most illustrative drawing, the principal chemical formula of the patented invention or the nucleotide or amino acid sequence as determined by the Institute.

In the event that the applicant has amended the claims, the Institute shall, for the publication effects of the patent, require him to file the abstract along with the resulting corrections.

**ARTICLE 48.** In order to authorize the changes in the patent referred to in article 61 of the Law, the Institute may require the applicant to file the corresponding amendments to the description, claims, drawings or abstract, within a period of two months. Should the applicant not fulfill the requirement within the prescribed time period, the submission in question shall be considered to be abandoned.

**ARTICULO 49.-** Además del titular de la patente, cualquiera de los licenciatarios, podrá solicitar la rehabilitación de la patente a que se refiere el artículo 81 de la Ley, salvo estipulación en contrario pactada en la licencia respectiva.

## CAPITULO III

## DE LAS LICENCIAS OBLIGATORIAS Y DE UTILIDAD PUBLICA

**ARTICULO 50.-** Cuando se solicite una licencia obligatoria, una vez que el solicitante pruebe ante el Instituto que tiene la capacidad técnica y económica a que se refiere el artículo 71 de la Ley, se dará vista al titular de la patente, para que dentro de los dos meses siguientes a la notificación manifieste lo que a su derecho convenga.

Si el titular se opusiere al otorgamiento de la licencia obligatoria, se dará vista de dicha oposición al solicitante para que en el término de 15 días hábiles manifieste lo que a su derecho convenga. Vencido el plazo fijado para el desahogo de la vista, el Instituto resolverá lo que corresponda, considerando las manifestaciones del solicitante, del titular y las pruebas rendidas.

**ARTICULO 51.-** La declaración a que se refiere el artículo 77 de la Ley, la realizará el Instituto, previo acuerdo del Secretario de Comercio y Fomento Industrial con el titular del Ejecutivo Federal.

Dentro de los dos meses siguientes a la fecha de publicación en el Diario Oficial, de la declaración prevista en el artículo 77 de la Ley, los titulares de las patentes que fueren declaradas susceptibles de ser objeto de licencias de utilidad pública, podrán efectuar ante el Instituto las manifestaciones que a sus derechos convengan respecto de tal declaración. Una vez efectuadas dichas manifestaciones, el Instituto resolverá, en definitiva, confirmando o revocando la declaración según proceda, y ordenando su publicación en el Diario Oficial.

El Instituto publicará en el Diario Oficial la resolución que declare la cesación de las causas de emergencia o seguridad nacional, que hubiesen motivado la declaración a que se refiere el artículo 77 de la Ley.

**ARTICULO 52.-** La explotación de una invención patentada que realice la persona que tenga concedida licencia de utilidad pública, no se considerará como realizada por el titular de la petente respectiva.

ARTICLE 49. In addition to the owner of the patent, any of the licensees may file for reinstatement of the patent as referred to in article 81 of the Law, unless otherwise agreed upon and stipulated in the respective license.

## CHAPTER III

## COMPULSORY AND PUBLIC UTILITY LICENSES

ARTICLE 50. When a compulsory license is applied for, once the applicant has proven to the Institute that he has the technical and economic ability referred to in article 71 of the Law, a hearing shall be granted to the owner of the patent, in order that, within the two months following notification, he might make whatever statement best serves his rights.

If the owner is opposed to the granting of the compulsory license, the applicant shall be granted a hearing with regard to said opposition so that, within 15 working days, he might make whatever statements best serve his rights. Once the time period prescribed for conducting the hearing has elapsed, the Institute shall make the appropriate decision, considering the statements made by the applicant and owner and the evidence adduced.

ARTICLE 51. The declaration referred to in article 77 of the Law shall be made by the Institute subject to agreement between the Secretary for Trade and Industrial Development and the Office of the Federal Executive.

Within the two months following the date of publication in the Diario Oficial, of the declaration provided for in article 77 of the Law, the owners of those patents which were declared susceptible of being the object of public utility licenses may make whatever statements to the Institute which best serve their rights with respect to such declaration. Once the statements have been made, the Institute shall make a final decision, either confirming or revoking the declaration, according to law, and ordering the publication thereof in the Diario Oficial.

The Institute shall publish the decision declaring a discontinuance of the national emergency or security reasons that had motivated the declaration referred to in article 77 of the Law.

ARTICLE 52. The working of a patented invention by the person to whom a public utility license has been granted shall not be considered as being carried out by the owner of the respective patent.

Al conceder una licencia de utilidad pública, el Instituto fijará el plazo en que el licenciatario deba iniciar la explotación de la invención patentada y establecerá como causal de revocación de la licencia la no explotación de la invención. Este plazo no podrá exceder de un año contado a partir de la fecha de concesión de la licencia.

Cuando a petición del titular de la patente o de oficio el Instituto determine que procede la revocación de la licencia obligatoria o la de utilidad pública, requerirá al licenciatario y, en su caso, al titular de la patente, para que manifiesten lo que a su derecho convenga y ofrezcan los medios de prueba que estimen convenientes.

## TITULO TERCERO

## CAPITULO UNICO

## DE LAS MARCAS, AVISOS Y NOMBRES COMERCIALES

**ARTICULO 53.-** Para efectos de lo dispuesto en el artículo 89, fracción II de la Ley, quedan incluidos como formas tridimensionales los envoltorios, empaques, envases, la forma o la presentación de los productos.

**ARTICULO 54.-** Para efectos de lo dispuesto en el artículo 92, fracción II de la Ley, se presumirá, entre otros supuestos, que los productos que se importen son legítimos, siempre que se cumplan los siguientes requisitos:

I.- Que la introducción de los productos al comercio del país del que se importe, se efectúe por la persona que en ese país sea titular o licenciatario de la marca registrada, y

II.- Que los titulares de la marca registrada en México y en el país extranjero sean, en la fecha en que ocurra la importación de los productos, la misma persona o miembros de un mismo grupo económico de interés común o sean sus licenciatarios o sublicenciatarios.

**ARTICULO 55.-** Para efectos de lo dispuesto en la fracción II del artículo anterior, se considerará que dos o más personas son integrantes de un mismo grupo económico de interés común, entre otros casos, cuando estén relacionadas entre sí por un control directo o indirecto, que una de ellas ejerza sobre la otra u otras en sus órganos de decisión o administración o en la adopción de sus decisiones.

Upon granting a public utility license, the Institute shall set the time period during which the licensee must begin working the patented invention and shall establish non-working of the invention as the grounds for revocation of the license. This time period may not exceed one year from the date of grant of the license.

When, on petition by the patent owner or at the instance of the Institute, a decision is made to proceed with the revocation of the compulsory or public utility license, it shall require the licensee and, where applicable, the patent owner, to make whatever statements best serve their rights, and to offer whatever proofs are deemed appropriate.

## TITLE III

## CHAPTER I

## MARKS, ADVERTISING SLOGANS AND TRADE NAMES

**ARTICLE 53.** For the purposes of the provisions specified in article 89, section II of the Law, wrappers, wrapping paper, containers, or the shape or presentation of the goods shall be included as three-dimensional shapes.

**ARTICLE 54.** For the purposes of the provisions specified in article 92, section II of the Law, it shall be assumed, among other assumptions, that the goods being imported are legal, provided that the following requirements are fulfilled:

I. The introduction of the goods to the market from the country from which they are imported is carried out by the person in that country who is the owner or licensee of the registered mark, and

II. The owners of the mark registered in Mexico or in the foreign country are, on the date on which the goods are imported, the same person or members of the same joint interest, economic group, or are the licensees or sublicensees of said mark.

**ARTICLE 55.** For the purposes of the provisions specified in section II of the foregoing article, it shall be considered that two or more legal entities are partners in the same joint interest, economic group when they are interrelated by a direct or indirect control that one of them exercises over the other or others in their decision-making or administration or in the adoption of their decisions.

Para efectos de lo dispuesto en el párrafo anterior, se entenderá por control, la capacidad de adoptar las decisiones empresariales generales o las decisiones administrativas en la operación diaria de las personas morales de que se trate. Queda incluido en este supuesto el control indirecto que se ejerza mediante interpósita persona o sucesivas personas interpósitas.

Se presumirá, que existe el control a que se refiere el primer párrafo, entre otros casos, en los siguientes:

I.- Cuando una persona es tenedora o titular de acciones o partes sociales, con derecho pleno a voto, que representen más del 50% del capital social de otra persona;

II.- Cuando una persona es tenedora o titular de acciones o partes sociales, con derecho pleno a voto, que representen menos del 50% del capital social de otra persona, si no hay otro accionista o socio de esta última que sea tenedor o titular, a su vez, de acciones o partes sociales, con derecho pleno a voto, que representen una proporción del capital social igual o mayor a la que representen las acciones o partes sociales de que sea tenedora o titular la primera;

III.- Cuando una persona tenga la facultad de dirigir o administrar a otra en virtud de un contrato;

IV.- Cuando una persona tenga la capacidad o derecho de designar la mayoría de los miembros del consejo de administración u órgano equivalente de otra, y

V.- Cuando una persona tenga la capacidad o el derecho de designar al director, gerente o factor principal de otra.

**ARTICULO 56.-** En la solicitud de registro de marca, además de los datos señalados en el artículo 113 de la Ley, deberá indicarse:

I.- Cuando se conozca el número de la clase a que correspondan los productos o servicios para los que se solicita el registro, de conformidad con la clasificación establecida en este Reglamento;

II.- Las leyendas y figuras que aparezcan en el ejemplar de la marca y cuyo uso no se reserva.

For the purposes of the provisions specified in the foregoing paragraph, control shall be understood to mean the capability to adopt the overall corporate decisions or the administrative decisions with respect to the daily operation of the legal entities in question. Indirect control exercised by an intermediary legal entity or several intermediary legal entities is included in this supposition.

It shall be assumed that the control referred to in the first paragraph exists in the following cases, among others:

I. When a legal entity is the holder or owner of stocks or corporate shares, with full voting rights, which amount to more than 50% of the capital stock of another legal entity.

II. When a legal person is the holder or owner of stocks or corporate shares, with full voting rights, which amount to less than 50% of the capital stock of another legal entity, if there is no other stockholder or partner of the latter who in turn is the holder or owner of stocks or corporate shares, with full voting rights, which amount to a percentage of the capital stock equal to or greater than that represented by the stocks or corporate shares of which the former is the holder or owner.

III. When a legal entity has the authority to direct or manage another legal entity by virtue of a contract.

IV. When a legal entity has the ability or right to appoint the majority of the members of the board of directors or equivalent body of another legal entity.

V. When a legal entity has the ability or right to appoint the director, manager or principal agent of another legal entity.

**ARTICLE 56.** In addition to the information indicated in article 113 of the Law, the mark registration shall specify:

I. When known, the number of the class corresponding to those goods and services for which a registration is being applied, in accordance with the classification system set forth in these Regulations.

II. The legends and figures which appear in the copy of the mark and for which no use is reserved.

Por el solo hecho de presentar la solicitud de registro, se entenderá que el solicitante se reserva el uso exclusivo de la marca, tal y como aparezca en el ejemplar de la misma que se exhiba adherido a la propia solicitud, con excepción de las leyendas y figuras a que se refiere la fracción II anterior. Tratándose de marcas nominativas, se entenderá que el solicitante se reserva el uso exclusivo de la marca en cualquier tipo o tamaño de letra.

La solicitud se presentará en tres ejemplares. La firma autógrafa del solicitante deberá aparecer en todos los ejemplares.

En su caso, un ejemplar de la marca deberá adherirse en cada uno de los tantos de la solicitud, y

III.- Ubicación del o de los establecimientos o negociaciones relacionados con la marca.

**ARTICULO 57.-** La indicación de los productos o servicios para los que se solicita el registro de marca que se contenga en la solicitud se sujetará a las siguientes reglas:

I.- Sólo deberán especificarse los productos o servicios pertenecientes a una misma clase, y

II.- Los productos o servicios deberán indicarse con los nombres o denominaciones con que aparecen en la lista alfabética de la clasificación y las reglas de aplicación de la misma, publicadas en la Gaceta.

**ARTICULO 58.-** Las reglas a que se refiere el artículo 116 de la Ley deberán pactarse por los solicitantes en convenio por escrito.

Las reglas deberán incluir asimismo estipulaciones sobre la limitación de productos o servicios, régimen de las licencias, la cancelación a que se refiere el artículo 154 de la Ley y sobre la representación común.

By the mere act of filing the application for registration, it shall be understood that the applicant reserves for himself the exclusive use of the mark, exactly as it appears on the copy of same which is attached to and submitted along with the application itself, with the exception of the legends and figures referred to in the foregoing section II. With respect to nominative marks, it shall be understood that the applicant reserves for itself the exclusive use of the mark in any kind or size of typeface.

The application shall be filed in three copies. The original signature of the applicant shall appear on all of the copies.

Where applicable, one copy of the mark shall be attached to each one of the copies of the application, and

III. The location of the institution(s) or business(es) associated with the mark.

**ARTICLE 57.** The indication of the goods or services for which a mark registration is being applied for, which is contained in the application, shall be subject to the following rules:

I. Only goods and services belonging to the same class shall be indicated, and

II. The goods or services shall be indicated along with the names or titles with which they appear in the alphabetical classification list and the rules for use of same published in the Gazette.

**ARTICLE 58.** The rules referred to in article 116 of the Law shall be agreed upon in writing by the applicants.

The rules shall also include stipulations with respect to the restriction of goods or services, licensing regulations, the cancellation referred to in article 154 of the Law, and joint representation.

**ARTICULO 59.-** La clasificación de productos y servicios a que se refiere el artículo 93 de la Ley, será la siguiente:

I.- Productos

**Clase 1.** Productos químicos destinados a la industria, ciencia, fotografía, horticultura y silvicultura; resinas artificiales en estado bruto, materias plásticas en estado bruto; abono para las tierras; composiciones extintoras; preparaciones para el temple y soldadura de metales; productos químicos destinados a conservar los alimentos; materias curtientes; adhesivos (pegamentos) destinados a la industria.

**Clase 2.** Colores, barnices, lacas; conservantes contra la herrumbre y el deterioro de la madera; materias tintóreas; mordientes; resinas naturales en estado bruto; metales en hojas y en polvo para pintores, decoradores, impresores y artistas.

**Clase 3.** Preparaciones para blanquear y otras sustancias para la colada; preparaciones para limpiar, pulir, desengrasar y raspar; jabones; perfumería; aceites esenciales, cosméticos, lociones para el cabello; dentífricos.

**Clase 4.** Aceites y grasas industriales; lubricantes; productos para absorber, regar y concentrar el polvo; combustibles (incluyendo gasolinas para motores) y materiales de alumbrado; bujías, mechas.

**Clase 5.** Productos farmacéuticos, veterinario e higiénicos; sustancias dietéticas para uso médico, alimentos para bebés; emplastos, material para apósitos; material para empastar los dientes y para moldes dentales; desinfectantes; productos para la destrucción de animales dañinos; fungicidas, herbicidas.

**Clase 6.** Metales comunes y sus aleaciones; materiales de construcción metálicos; construcciones transportables metálicas; materiales metálicos para vías férreas: cables e hilos metálicos no eléctricos; cerrajería y ferretería metálica; tubos metálicos; cajas de caudales; productos metálicos no comprendidos en otras clases; minerales:

**ARTICLE 59.** The classification of goods and services referred to in article 93 of the Law shall be as follows:

I. Goods

**Class 1.** Chemical products used in industry, science, photography, agriculture. horticulture, forestry; unprocessed artificial resins; unprocessed plastics; manures; fire extinguishing compositions; preparations for tempering and soldering metals; chemical substances for preserving foodstuffs; tanning substances; adhesive substances (glues) used in industry.

**Class 2.** Paints, varnishes, lacquers; preservatives against rust and against deterioration of wood; dyestuffs; mordants; raw natural resins; metals in foil and powder form for painters, decorators, printers and artists.

**Class 3.** Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.

**Class 4.** Industrial oils and greases; lubricants; dust absorbing, wetting and binding compositions; fuels (including motor spirit) and illuminants; candles, wicks.

**Class 5.** Pharmaceutical, veterinary, and sanitary preparations; dietetic substances for medical use; food for babies; plasters, material for dressings; material for stopping teeth, dental wax, disinfectants; preparations for destroying vermin; fungicides, herbicides.

**Class 6.** Common metals and their alloys, metal building materials; transportable metal buildings; metal materials for railway tracks; nonelectric metal cables and wires; small items of metal hardware and ironmongery; metal tubes; safes; metal goods not included in other classes; ores.

**Clase 7.** Máquinas y máquinas herramientas; motores (excepto motores para vehículos terrestres); acoplamientos y órganos de transmisión (excepto para vehículos terrestres); instrumentos agrícolas; incubadoras de huevos.

**Clase 8.** Herramientas e instrumentos de mano impulsados manualmente; cuchillería, tenedores y cucharas; armas blancas; maquinillas de afeitar.

**Clase 9.** Aparatos e instrumentos científicos, náuticos, geodésicos, eléctricos, fotográficos, cinematográficos, ópticos, de pesar, de medida de señalización, de control (inspección), de socorro (salvamento) y de enseñanza; aparatos para el registro, transmisión, reproducción de sonido o imágenes; soportes de registro magnéticos, discos acústicos; distribuidores automáticos y mecanismos para aparatos de previo pago; cajas registradoras, máquinas calculadoras, equipo para el tratamiento de la información y ordenadores; extintores.

**Clase 10.** Aparatos e instrumentos quirúrgicos, médicos, dentales y veterinarios, miembros, ojos y dientes artificiales; artículos ortopédicos; material de sutura.

**Clase 11.** Aparatos de alumbrado, de calefacción, de producción de vapor, de cocción, de refrigeración, de secado, de ventilación, de distribución de agua e instalaciones sanitarias.

**Clase 12.** Vehiculos; aparatos de locomoción terrestre, aérea o marítima.

**Clase 13.** Armas de fuego; municiones y proyectiles; explosivos; fuegos de artificio.

**Clase 14.** Metales preciosos y sus aleaciones y artículos de estas materias o de chapado no comprendidos en otras clases; joyería, bisutería, piedras preciosas; relojería e instrumentos cronométricos.

**Clase 15.** Instrumentos de música.

**Class 7.** Machines and machine tools; motors (except for land vehicles); machine couplings and transmission components (except for land vehicles); agricultural implements; incubators for eggs.

**Class 8.** Hand tools and manually operated implements; cutlery, forks and spoons; side arms; razors.

**Class 9.** Scientific, nautical, surveying, electrical, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording disks; automatic vending machines and mechanisms for coin-operated apparatus; cash registers; calculating machines; data processing equipment and computers; fire-extinguishing apparatus.

**Class 10.** Surgical, medical, dental, and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopedic articles; suture materials.

**Class 11.** Installations for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply, and sanitary purposes.

**Class 12.** Vehicles; apparatus for locomotion by land, air or water.

**Class 13.** Firearms; ammunition and projectiles; explosives; fireworks.

**Class 14.** Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes, jewelry, costume jewelry, precious stones, horological and chronometric instruments.

**Class 15.** Musical instruments.

**Clase 16.** Papel, cartón y artículos de estas materias, no comprendidos en otras clases; productos de imprenta; artículos de encuadernación; fotografías; papelería; adhesivos (pegamentos) para la papelería o la casa; material para artistas; pinceles; máquinas de escribir y artículos de oficina (excepto muebles); material de instrucción o de enseñanza (excepto aparatos); materias plásticas para embalaje (no comprendidas en otras clases); naipes; caracteres de imprenta; clichés.

**Clase 17.** Caucho, gutapercha, goma, amianto, mica y productos de estas materias no comprendidos en otras clases; productos en materias plásticas semielaboradas; materias que sirven para calafatear, cerrar con estopa y aislar; tubos flexibles no metálicos.

**Clase 18.** Cuero e imitaciones de cuero, productos de estas materias no comprendidos en otras clases; pieles de animales; baúles y maletas; paraguas, sombrillas y bastones; fustas y guarnicionaría.

**Clase 19.** Materiales de construcción no metálicos; tubos rígidos no metálicos para la construcción; asfalto, pez y betún; construcciones transportables no metálicas; monumentos no metálicos.

**Clase 20.** Muebles, espejos, marcos; productos, no comprendidos en otras clases, de madera, corcho, caña, junco, mimbre, cuerno, hueso, marfil, ballena, concha, ámbar, nácar, espuma de mar, sucedáneos de todas estas materias o materias plásticas.

**Clase 21.** Utensilios y recipientes para el menaje o la cocina (que no sean de materiales preciosos ni chapados); peines y esponjas; cepillos (excepto pinceles); materiales para la fabricación de cepillos; material de limpieza; viruta de hierro; vidrio en bruto o semielaborado (excepto vidrio de construcción); cristalería, porcelana y loza, no comprendidas en otras clases.

**Clase 22.** Cuerda, bramante, redes, tiendas de campaña, toldos, velas, sacos (no comprendidos en otras clases); materias de relleno (con excepción del caucho o materias plásticas); materias textiles fibrosas, en bruto.

**Clase 23.** Hilos para uso textil.

**Class 16.** Paper, cardboard and goods made from these materials; printed matter; bookbinding material; photographs; stationery; adhesives (glues) for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic packaging materials not included in other classes; playing cards; printers' type; printing blocks.

**Class 17.** Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; goods made of semifinished plastic materials; materials for packing, stopping or insulating; flexible pipes, not of metal.

**Class 18.** Leather and imitations of leather, and goods made from these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.

**Class 19.** Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments not of metal.

**Class 20.** Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum, substitutes for all these materials, or of plastics.

**Class 21.** Household or kitchen utensils and containers (not of precious metal or coated therewith); combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes, steel wool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes.

**Class 22.** Ropes, string, nets, tents, awnings, sails, sacks (not included in other classes); padding and stuffing materials (except of rubber or plastics); raw fibrous textile materials.

**Class 23.** Yarns, threads for textile use.

**Clase 24.** Tejidos y productos textiles no comprendidos en otras clases; ropa de cama y de mesa.

**Clase 25.** Vestidos, calzados, sombrerería.

**Clase 26.** Puntillas y bordados, cintas y lazos, botones, corchetes y ojillos, alfileres y agujas; flores artificiales.

**Clase 27.** Alfombras, felpudos, esteras, linóleum y otros revestimientos de suelos; tapicerías murales que no sean en materias textiles.

**Clase 28.** Juegos, juguetes, artículos de gimnasia y de deporte no comprendidos en otras clases; decoraciones para árboles de Navidad.

**Clase 29.** Carne, pescado, aves y caza; extractos de carne; frutas y legumbres en conserva, secas y cocidas; gelatinas, mermeladas, compotas; huevos, leche y productos lácteos; aceites y grasas comestibles.

**Clase 30.** Café, té, cacao, azúcar, arroz, tapioca, sagú, sucedáneos del café; harinas y preparaciones hechas de cereales, pan, pastelería y confitería, helados comestibles; miel, jarabe de melaza; levaduras, polvos para esponjar; sal, mostaza, vinagre, salsas (condimentos); especias, hielo.

**Clase 31.** Productos agrícolas, hortícolas, forestales y granos, no comprendidos en otras clases; animales vivos; frutas y legumbres frescas; semillas, plantas y flores naturales; alimentos para los animales, malta.

**Clase 32.** Cervezas; aguas minerales y gaseosas y otras bebidas no alcohólicas; bebidas y zumos de frutas; siropes y otras preparaciones para hacer bebidas.

**Clase 33.** Bebidas alcohólicas (excepto cervezas).

**Clase 34.** Tabaco; artículos para fumadores; cerillas.

II.- Servicios

**Clase 35.** Publicidad; gestión de negocios comerciales; administración comercial; trabajos de oficina.

**Class 24.** Fabrics and textile goods not included in other classes; bed and table covers.

**Class 25.** Clothing, footgear, headgear.

**Class 26.** Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.

**Class 27.** Carpets, rugs, mats and matting; linoleum and other floor coverings; wall hangings (nontextile).

**Class 28.** Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees.

**Class 29.** Meats, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats.

**Class 30.** Coffee, tea, cocoa, sugar, rice, tapioca, sago, coffee substitutes; flour, and preparations made from cereals; bread, pastry and confectionery, edible ices; honey, molasses; yeast, baking powder; salt, mustard, vinegar, sauces (condiments) spices; ice.

**Class 31.** Agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds; natural plants and flowers; foodstuffs for animals, malt.

**Class 32.** Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

**Class 33.** Alcoholic beverages (except beers).

**Class 34.** Tobacco; smokers' articles; matches.

II. Services

**Class 35.** Advertising; business management; business administration; office functions.

**Clase 36.** Seguros; negocios financieros; negocios monetarios; negocios inmobiliarios.

**Clase 37.** Construcción: reparación; servicios de instalación.

**Clase 38.** Telecomunicaciones.

**Clase 39.** Transporte; embalaje y almacenaje de mercancías; organización de viajes.

**Clase 40.** Tratamiento de materiales.

**Clase 41.** Educación; formación; esparcimiento; actividades deportivas y culturales.

**Clase 42.** Restauración (alimentación); alojamiento temporal; cuidados médicos, de higiene y de belleza; servicios veterinarios y de agricultura; servicios jurídicos; investigación científica e industrial; programación de ordenadores; servicios que no puedan ser clasificados en otras clases.

El Instituto publicará en la Gaceta la lista alfabética de productos y servicios, con indicación de la clase en la que esté comprendido cada producto o servicio.

Los productos y servicios incluidos en la lista alfabética de la clasificación se considerarán especies. Se entenderá que los productos y servicios ordenados en su respectiva clase no agotan ésta.

El Instituto establecerá los criterios de interpretación y aplicación de esta clasificación.

**ARTICULO 60.-** Para reconocer la prioridad a que se refiere el artículo 117 de la Ley, el solicitante de registro de marca deberá satisfacer los requisitos siguientes:

I.- Señalar en la solicitud, cuando se conozca, el número de la solicitud de registro de marca presentada en el país de origen, cuya fecha de presentación se reclame como fecha de prioridad;

II.- Exhibir el comprobante de pago de la tarifa correspondiente, y

**Class 36.** Insurance; financial affairs; monetary affairs; real estate affairs.

**Class 37.** Construction; repair; installation services.

**Class 38.** Telecommunications.

**Class 39.** Transport; packaging and storage of goods; travel arrangement.

**Class 40.** Treatment of materials.

**Class 41.** Education; training; entertainment; sporting and cultural activities.

**Class 42.** Providing of food and drink; temporary accommodation; medical, hygienic and beauty care; veterinary and agricultural services; scientific and industrial research; computer programming; services that cannot be classified in other classes.

The Institute shall publish the alphabetical list of goods and services in the Gazette, along with an indication of the class in which each good or service is included.

The goods and services included in the alphabetical classification list shall be considered as species. It shall be understood that the goods and services placed in their respective class are not exhaustive thereof.

The Institute shall establish the criteria for interpreting and applying said classification system.

**ARTICLE 60.** In order for the priority date referred to in article 117 of the Law to be recognized, the applicant for registration of a mark shall satisfy the following requirements:

I. Indicate in the application, when known, the number of the application for registration filed in the country of origin, whose filing date is being claimed as the priority date.

II. Submit the proof of payment of the corresponding fee, and

III.- Exhibir, dentro de los tres meses siguientes a la presentación de la solicitud, una copia certificada de la solicitud de registro de marca presentada en el país de origen y, en su caso, de la traducción correspondiente. En caso de no cumplir con este requisito, se tendrá como no reclamado el derecho de prioridad.

**ARTICULO 61.-** Si el solicitante después de presentada la solicitud de registro modifica el signo distintivo; aumenta el número de productos o servicios para los que se solicita el registro; sustituye o cambia el producto o servicio señalado en la solicitud, ésta será considerada como una nueva y se sujetará a un nuevo trámite, debiéndose enterar la tarifa correspondiente y satisfacer los requisitos legales y reglamentarios aplicables. En este caso, se considerará como fecha de presentación de la solicitud modificada, la de presentación de la promoción por la que el solicitante hubiese modificado la solicitud inicial.

**ARTICULO 62.-** Para los efectos del artículo 130 de la Ley, entre otros casos, se entenderá que una marca se encuentra en uso, cuando los productos o servicios que ella distingue han sido puestos en el comercio o se encuentran disponibles en el mercado en el país bajo esa marca en la cantidad y del modo que corresponde a los usos y costumbres en el comercio. También se entenderá que la marca se encuentra en uso cuando se aplique a productos destinados a la exportación.

**ARTICULO 63.-** El Instituto podrá requerir la ratificación de la solicitud de cancelación de un registro de marca cuando:

I.- Exista cotitularidad de la marca registrada de que se trate, y

II.- Se trate de marcas colectivas.

**ARTICULO 64.-** Los productos que se vendan o el establecimiento en donde se presten servicios a los que se aplique una marca registrada, bajo licencia o franquicia, deberán indicar, además del señalado en el artículo 139 de la Ley, los siguientes datos:

I.- Nombre y domicilio del titular de la marca registrada;

II.- Nombre y domicilio del licenciatario de la marca o del franquiciatario, y

III.- El uso bajo licencia de la marca registrada.

III. Submit, within the three months following the filing of the application, a certified copy of the application for registration of a mark filed in the country of origin and, where applicable, the corresponding translation thereof. Should this requirement not be fulfilled, the right of priority shall be considered as unclaimed.

**ARTICLE 61.** If, after filing the application for registration of the mark, the applicant modifies the distinctive sign, increases the number of goods or services for which protection is being sought, substitutes or changes the good or service indicated in the application, then said application shall be considered as new and shall be subject to new processing, and the applicant shall have to pay the corresponding fee and satisfy the applicable legal and regulatory requirements. In this case, the filing date of the amended application shall be considered as being the same as the filing date of the submission by which the applicant has amended the original application.

**ARTICLE 62.** For the purposes of the provisions specified in article 130 of the Law, among other cases, a mark shall be considered to be in use when the goods or services that it distinguishes have been put into trade or are available on the market in the country under that mark in the amount and in the manner corresponding to commercial usage and practice. The mark shall also be considered to be in use when applied to goods intended for exporting.

**ARTICLE 63.** The Institute may require the ratification of the application for cancellation of the registration of a mark when:

I. There is co-ownership of the registered mark in question, and

II. Collective marks are involved.

**ARTICLE 64.** The goods being sold or the establishment where services are rendered to which a registered mark is applied, which is under license or franchise, shall indicate the following information, in addition to that prescribed in article 139 of the Law:

I. The name and address of the owner of the registered mark;

II. The name and address of the licensee or franchisee of the mark, and

III. The licensed use of the registered mark.

**ARTICULO 65.-** Para los efectos del artículo 142 de la Ley, el titular de la franquicia deberá proporcionar a los interesados previa celebración del convenio respectivo, por lo menos, la siguiente información técnica, económica y financiera:

I.- Nombre, denominación o razón social, domicilio y nacionalidad del franquiciante;

II.- Descripción de la franquicia;

III.- Antigüedad de la empresa franquiciante de origen y, en su caso, franquiciante maestro en el negocio objeto de la franquicia;

IV.- Derechos de propiedad intelectual que involucra la franquicia;

V.- Montos y conceptos de los pagos que el franquiciatario debe cubrir al franquiciante;

VI.- Tipos de asistencia técnica y servicios que el franquiciante debe proporcionar al franquiciatario;

VII.- Definición de la zona territorial de operación de la negociación que explote la franquicia;

VIII.- Derecho del franquiciatario a conceder o no subfranquicias a terceros y, en su caso, los requisitos que deba cubrir para hacerlo;

IX.- Obligaciones del franquiciatario respecto de la información de tipo confidencial que le proporcione el franquiciante, y

X.- En general las obligaciones y derechos del franquiciatario que deriven de la celebración del contrato de franquicia.

**ARTICULO 66.-** Para los efectos del artículo 102 de la Ley, se aplicará la clasificación prevista en el artículo 59 de este Reglamento, en lo conducente. Sin embargo, en una misma solicitud podrán comprenderse productos o servicios de dos o más clases.

**ARTICULO 67.-** Lo establecido en este Reglamento para las marcas será aplicable, en lo conducente, a los avisos y nombres comerciales en lo que no haya disposición especial.

**ARTICLE 65.** For the purposes of the provisions specified in article 142 of the Law, prior to entering into the respective agreement, the owner of the franchise shall provide the interested parties with at least the following technical, economic and financial information:

I. Name, title or corporate name, address and nationality of the franchisor;

II. A description of the franchise;

III. The length of experience of the original franchising firm and, where applicable, that of the principal franchisor in the business which is the subject of the franchise;

IV. The industrial property rights involved in the franchise;

V. The amounts and terms of the payments which the franchisee must make to the franchisor.

VI. The types of technical assistance and services which the franchisor must provide to the franchisee;

VII. The definition of the territorial zone of operation of the business which is working the franchise;

VIII. The right of the franchisee to grant or not grant subfranchises to third parties and, where applicable, the requirements that must be met in order to do so;

IX. The obligations of the franchisee with respect to confidential-type information provided to him by the franchisor, and

X. In general, the obligations and rights of the franchisee deriving from the entering into of the franchising agreement.

**ARTICLE 66.** For the purposes of the provisions specified in article 102 of the Law, the classification system provided for in article 59 of these Regulations shall be applied where appropriate. However, goods or services from two or more classes may be included in the same application.

**ARTICLE 67.** The terms set forth in these Regulations with respect to marks shall be applicable, where appropriate, to advertising slogans and tradenames unless otherwise provided for.

**ARTICULO 68.-** Para los efectos del artículo 169 de la Ley, el interesado deberá formular solicitud al Instituto en la que deberá señalar y, en su caso, acompañar:

I.- Nombre, nacionalidad y domicilio del solicitante;

II.- Ubicación del establecimiento industrial donde se producirá el producto amparado por la denominación de origen;

III.- Constancia de la autoridad local competente, certificando que el establecimiento industrial se encuentra localizado dentro del territorio señalado en la declaración;

IV.- Constancia de la Secretaría de que el interesado cumple con la Norma Oficial de Calidad, cuando exista ésta.

Las constancias a las que se refieren las fracciones III y IV anteriores, deberán haber sido expedidas dentro de los seis meses anteriores a la fecha en que se formule la solicitud de autorización, y

V.- Original o copia certificada del documento de poder, en caso de que la solicitud se formule por apoderado.

## TITULO IV

## DEL PROCEDIMIENTO

### CAPITULO I

### DE LOS PROCEDIMIENTOS ADMINISTRATIVOS

**ARTICULO 69.-** En la solicitud de declaración administrativa, tratándose de infracción administrativa, se deberá mencionar, además de los datos a que se refiere el artículo 189 de la Ley, la ubicación de la empresa, negociación o establecimientos en donde se fabriquen, distribuyan, comercialicen o almacenen los productos o se ofrezcan o presten los servicios con los cuales presuntamente se cometa la infracción denunciada.

**ARTICULO 70.-** En toda promoción relacionada con un procedimiento a los que se refiere el artículo 187 de la Ley, deberá acompañarse una copia que quedará a disposición de la contraparte.

ARTICLE 68. For the purposes of the provisions specified in article 169 of the Law, the interested party shall file an application with the Institute in which he shall indicate and, where appropriate, attach:

I. The name, nationality and address of the applicant;

II. The location of the establishment where the good is produced which is protected by the appellation of origin;

III. The attestation by the local competent authority, certifying that the industrial establishment is located within the territory indicated in the declaration;

IV. The attestation of the Secretariat that the interested party meets the Official Standard of Quality, when one exists.

The attestations referred to in the foregoing sections III and IV must be issued within the six months prior to the date on which the request for authorization is filed, and

V. The original and a certified copy of the power of attorney document, in the event that the application is filed by an attorney.

## TITLE IV

## PROCEDURES

### CHAPTER I

### ADMINISTRATIVE PROCEDURES

ARTICLE 69. In the application for an administrative declaration involving an administrative infringement, and in addition to the information referred to in article 189 of the Law, mention shall be made of the location of the firm, business or establishments in which the goods are manufactured, distributed, marketed or stored or in which the services are offered or rendered with which the alleged infringement was presumably committed.

ARTICLE 70. Any submission related to one of the procedures referred to in article 187 of the Law shall be accompanied by a copy thereof, which shall remain at the disposal of the opposing party.

## CAPITULO II

## INSPECCION Y VIGILANCIA

**ARTICULO 71.-** La visita de inspección se regirá además de lo previsto en el Titulo Séptimo, Capítulo I de la Ley, por las siguientes reglas:

I.- El inspector deberá identificarse exhibiendo credencial vigente con fotografía, expedida por la autoridad competente que lo acredite para desempeñar dicha función;

II.- El inspector deberá estar provisto de la orden de inspección con firma autógrafa expedida por la autoridad competente, en la que deberá precisarse domicilio o domicilios de los establecimientos en los que deba practicarse la inspección, el objeto de la misma, el alcance que deba tener y las disposiciones legales que lo fundamenten;

III.- El titular de un derecho de propiedad industrial protegido por la Ley, que solicite al Instituto la investigación de hechos violatorios de la misma o de su derecho, podrá asistir por sí mismo o por conducto de apoderado a la práctica de la diligencia correspondiente y formular observaciones, mismas que deberán asentarse en el acta, y

IV.- La persona a quien se le practique la visita tendrá derecho a formular las observaciones que considere oportunas, así como a ofrecer pruebas durante la diligencia o hacer uso de este derecho dentro de los diez días hábiles siguientes.

**ARTICULO 72.-** El aseguramiento de bienes se regirá, además de las previstas en la Ley, por las siguientes reglas:

I.- Para efectos de lo dispuesto en el artículo 211 de la Ley, se considerará a la persona con quien se entienda la diligencia de inspección como el encargado del establecimiento, si el propietario o representante del mismo no se encountrare presente;

II.- El depositario tendrá como obligación respecto de los bienes asegurados, mantenerlos en el domicilio donde se hubiere efectuado la diligencia o, en su caso, en el designado para tal efecto; no podrá disponer de ellos y deberá conservarlos a disposición del Instituto;

## CHAPTER II

## INSPECTION AND MONITORING

**ARTICLE 71.** In addition to the provisions specified in Title VII, Chapter I of the Law, the inspection visit shall be governed by the following rules:

I. The inspector shall identify himself by showing a current photo identification issued by the competent authority, which authorizes him to carry out said function;

II. The inspector shall be provided with the inspection order with an original signature issued by the competent authority, which shall specify the address or addresses of the establishments in which the inspection is to be conducted, the subject thereof, the scope of said inspection and the legal provisions on which it is based;

III. The owner of an industrial property right protected under the Law, who files a request with the Institute for an investigation of the acts infringing on the same or on the owner's right, may himself, or through the agency of his attorney, assist in carrying out the corresponding inspection proceeding and make comments which shall be entered into the written record, and

IV. The person to whom the visit is made shall have the right to make observations that he considers appropriate, as well as to offer proof during the inspection proceeding or to exercise this right within the following ten working days.

**ARTICLE 72.** In addition to those provided in the Law, the seizure of goods shall be governed by the following rules:

I. For the purposes of the provisions specified in article 211 of the Law, the person with whom the inspection proceeding is arranged shall be considered the person responsible for the establishment, if the owner or representative of the same is not present;

II. With respect to the seized goods, the depository shall be obliged to maintain them at the address where the inspection proceeding is to be carried out or, where applicable, at the address designated for such purposes; he may not use them and shall maintain them at the disposal of the Institute;

III.- Los bienes asegurados que deban concentrarse en el Instituto, se custodiarán en el local especialmente dispuesto para el efecto por y bajo la responsabilidad del propio Instituto o de la delegación competente de al Secretaria, y

IV.- El inspector podrá tomar las providencias necesarias para la práctica de la diligencia y para ejecutar el aseguramiento. Igualmente podrá solicitar el auxilio de la fuerza pública o la intervención del Ministerio Público Federal, cuando lo estime conveniente.

**ARTICULO 73.-** El aseguramiento de bienes se levantará cuando:

I.- Adquiera el carácter de definitiva la resolución del Instituto en que se declare que no se ha cometido infracción administrativa a la Ley;

II.- La correspondiente sanción administrativa que haya sido impuesta por el Instituto sea declarada insubsistente o se deje sin efectos en cumplimiento de una orden judicial;

III.- Los mismos sean puestos a disposición del Ministerio Público Federal, y

IV.- Por orden de autoridad judicial.

**ARTICULO 74.-** El Instituto podrá requerir al solicitante la ampliación de la fianza a que se refiere el artículo 199 BIS 1, fracción II de la Ley, cuando de la práctica de la medida se desprenda que la fianza otorgada inicialmente resulta insuficiente para responder de los daños y perjuicios que se pudieran causar a la persona en contra de quien se haya solicitado la medida.

## CAPITULO III

## DE LAS SANCIONES

**ARTICULO 75.-** El importe de las multas a que se refiere el artículo 214, fracción I de la Ley, se calculará conforme al salario mínimo general diario vigente para el Distrito Federal, en la fecha de comisión de la infracción de que se trate. En el caso de infracciones continuas, será el que corresponda al día en que el Instituto tuvo conocimiento de la infracción.

III. The seized goods which must be consigned to the Institute shall be kept on the premises especially provided for this purpose by and as part of the responsibility of the Institute itself or the competent delegation of the Secretariat, and

IV. The inspector may take the necessary measures in order to carry out the inspection proceeding and seizure. When deemed appropriate, he may likewise request the aid of the law enforcement forces or the intervention of the Federal Public Prosecutor.

**ARTICLE 73.** The seizure of goods shall be canceled when:

I. The Institute enters a final decision that, under the Law, no administrative infringement has been committed;

II. The corresponding administrative sanction that was imposed by the Institute is declared without justification or becomes ineffective in the enforcement of a judicial order.

III. The goods are placed at the disposal of the Federal Public Prosecutor, and

IV. By order of judicial authority.

**ARTICLE 74.** The Institute may require the applicant to extend the guarantee referred to in article 199 BIS 1, section II of the Law, when, by carrying out the measure, it may be deduced that the guarantee initially offered is insufficient to cover the damages that might be caused to the person opposing the one requesting the measure.

## CHAPTER III

## SANCTIONS

**ARTICLE 75.** The amount of the fines referred to in article 214, section I of the Law shall be calculated according to the general minimum salary payable in the Federal District, on the date on which the infringement in question was committed. In the case of on-going infringements, said date shall correspond to the day on which the Institute became aware of the infringement.

**ARTICULO 76.-** La clausura temporal o definitiva, total o parcial se impondrá mediante resolución, y en su ejecución el personal comisionado procederá a levantar acta detallada de la diligencia siguiendo, en lo conducente, las formalidades establecidas en los artículos 208, 209 y 212 de la Ley.

**ARTICULO 77.-** La ejecución de la clausura temporal se sujetará a las siguientes reglas:

I.- En caso de que en el establecimiento se encuentren bienes o productos perecederos, se procederá a extraerlos bajo la responsabilidad del propietario o encargado del establecimiento;

II.- Si los bienes o productos a que se refiere la fracción I anterior, fueren objeto de la infracción administrativa que se sanciona, el propietario del establecimiento o el de los bienes o productos de que se trate sólo podrá extraerlos si otorga previamente garantía suficiente, a juicio del Instituto, para asegurar la reparación de los daños y perjuicios que se causen al titular del derecho de propiedad industrial afectado por la infracción administrativa o a terceros, en cuyo caso se removerán los signos distintivos infractores;

III.- Los sellos de clausura tendrán una numeración progresiva y serán relacionados en el acta respectiva, y

IV.- Llegado el término de la clausura temporal, el Instituto ordenará el retiro de los sellos mediante diligencia de la que se levantará acta circunstanciada.

**ARTICULO 78.-** La multa adicional a que se refiere el artículo 214, fracción II de la Ley, se impondrá cuando persista la infracción administrativa después de que se notifique la resolución por la que se sancione dicha infracción y expire el plazo concedido por el Instituto para que el infractor demuestre haber cesado en la comisión de la infracción sancionada.

**ARTICULO 79.-** El Instituto comisionará a su personal para la práctica de diligencias de inspección o verificación de hechos, previo pago de la tarifa correspondiente.

TRANSITORIOS

**PRIMERO.-** Este Reglamento entrará en vigor a los quince días siguientes al de su publicación en el **Diario Oficial de la Federación.**

**ARTICLE 76.** Temporary or permanent closure shall be imposed, either totally or partially, by way of a ruling, and the staff holding the warrant to carry it out shall produce a detailed record of the proceeding while following, where appropriate, the formalities laid down in articles 208, 209 and 212 of the Law.

**ARTICLE 77.** Execution of the temporary closure shall be subject to the following rules:

I. In the event that perishable goods or products are found in the establishment, the owner or person in charge shall be responsible for removing them.

II. If the goods or products referred to in the foregoing section I were the object of the administrative infringement being sanctioned, the owner of the establishment or of the goods or products in question alone may remove them if, in the opinion of the Institute, a sufficient guarantee has been previously granted to ensure reparation of the damages and losses incurred by the owner of the industrial property right affected by the administrative infringement or by third parties, in which case the infringing distinctive signs shall be removed.

III. The seizure seals shall be numbered consecutively and shall be reported in the respective record, and

IV. Once the temporary seizure has come to an end, the Institute shall order the removal of the seals by way of a proceeding of which a detailed account shall be made.

**ARTICLE 78.** The additional fine referred to in article 214, section II of the Law shall be imposed when the administrative infringement persists after the decision is announced by which said infringement is sanctioned and after the time period expires which was granted by the Institute in order that the infringer might prove that he has ceased committing the sanctioned infringement.

**ARTICLE 79.** The Institute shall commission its staff to carry out the inspection proceedings or verification of facts, subject to payment of the corresponding fee.

## TRANSITIONAL PROVISIONS

**ARTICLE 1.** These Regulations shall enter into force fifteen days following their publication in the **Diario Oficial de la Federación.**

**SEGUNDO.-** Se abroga el Reglamento de la Ley de Invenciones y Marcas, publicado en el Diario Oficial del 30 de agosto de 1988.

**TERCERO.-** En tanto el Instituto no publique las formas oficiales, seguirán empleándose las que se hayan utilizado previamente.

**CUARTO.-** Los asuntos que estuvieren en trámite al entrar en vigor este Reglamento, se regirán y substanciarán conforme a las disposiciones del presente Reglamento en cuanto no lesionen derechos adquiridos.

Dado en la Residencia del Poder Ejecutivo Federal, en la ciudad de México, Distrito Federal, a los dieciocho días del mes de noviembre de mil novecientos noventa y cuatro.- **Carlos Salinas de Gortari.-** Rúbrica.- El Secretario de Gobernación, **Jorge Carpizo.-** Rúbrica.- El Secretario de Comercio y Fomento Industrial, **Jaime Serra Puche.-** Rúbrica.

**ARTICLE 2.** The Regulations Under the Law on Inventions and Marks published in the Diario Oficial on August 30, 1988 shall be repealed.

**ARTICLE 3.** As long as the Institute does not publish the official forms, those that were previously used shall continue to be used.

**ARTICLE 4.** The cases which were being processed at the time when these Regulations entered into force shall be governed and pursued to completion in accordance with the present Regulations insofar as they do not prejudice any acquired rights.

Dado en la Residencia del Poder Ejecutivo Federal, en la ciudad de México, Distrito Federal, a los dieciocho días del mes de noviembre de mil novecientos noventa y cuatro.- Carlos Salinas de Gortari.- Rúbrica.- El Secretario de Gobernación, Jorge Carpizo.- Rúbrica.- El Secretario de Comercio y Fomento Industrial, Jaime Serra Puche.- Rúbrica.

# INDUSTRIAL PROPERTY
# IN CENTRAL AMERICA
# -AN OVERVIEW-

## A. BACKGROUND

CENTRAL AMERICA BEGAN IN THE DECADE OF THE 60's AN ECONOMIC INTEGRATION PROCESS. FIVE COUNTRIES FORM PART OF IT: GUATEMALA, EL SALVADOR, HONDURAS, NICARAGUA, AND COSTA RICA.

THE INTEGRATION PROCESS IS BEING WORKED TOWARDS THE ECONOMIC UNION OF CENTRAL AMERICA. UP-TO-DATE, THE REGION HAS CREATED A FREE TRADE ZONE, AN .TERNAL COMMON TARIFF AND COMMON RULES FOR A VARIETY OF ISSUES, AMONG THE ONES, WE FIND INDUSTRIAL PROPERTY.

FOR THE TECHNICAL ADMINISTRATION AND IMPLEMENTATION OF THE ECONOMIC POLICIES DEFINED BY THE GOVERNING BODIES OF THE PROCESS, THE TREATY THAT ESTABLISHED THE CENTRAL AMERICAN ECONOMIC INTEGRATION PROCESS, CREATED THE CENTRAL AMERICAN PERMANENT SECRETARIAT TO THE GENERAL TREATY OF ECONOMIC INTEGRATION, KNOWN AS "SIECA".

BASICALLY, THE RESPONSABLES FOR THE DEFINITION OF THE INTEGRATION POLICIES ARE THE MINISTERS OF ECONOMY, THE ONES IN THE CURRENT TIMES MEET REGULARLY ONCE EVERY MONTH AND A HALF. THE BODY FORMED BY THE MINISTERS OF ECONOMY IS KNOWN AS "COMRIEDRE" WHICH STANDS FOR "COUNCIL OF THE MINISTERS RESPONSABLE FOR THE ECONOMIC INTEGRATION AND REGIONAL DEVELOPMENT".

IN 1994, THE GOVERNMENTS OF THE FIVE COUNTRIES SUSCRIBED A PROTOCOL TO THE GENERAL TREATY. SUCH

PROTOCOL WILL MODIFIED, AMONG OTHERS ISSUES, THE CONFORMATION OF THE GOVERNING BODIES OF THE PROCESS. ALL THE COUNTRIES BUT COSTA RICA HAVE RATIFIED THE PROTOCOL. IT IS ESTIMATED THAT COSTA RICA WILL RATIFIED THE PROTOCOL BEFORE THE END OF THIS YEAR.

ON JULY 1, 1968, THE FIVE COUNTRIES SUSCRIBED IN SAN JOSE, COSTA RICA, THE "CENTRAL AMERICAN COVENANT FOR THE PROTECTION OF INDUSTRIAL PROPERTY", THE ONE ENTER INTO FORCE IN 1975 FOR THREE COUNTRIES: GUATEMALA, COSTA RICA AND NICARAGUA. EL SALVADOR JOINED THE CONVENANT IN 1989 AND HONDURAS NEVER JOINED IT, AND IT IS CLEAR IT WON'T JOIN IT AT ALL. THIS INSTRUMENT DEALS WITH TRADEMARK, TRADENAMES, DENOMINATIONS OF ORIGIN AND UNFAIR COMPETITION.

IN NOVEMBER 1994, THE COUNTRIES OF THE REGION CONCLUDED A PROTOCOL TO SUBSTITUTE THE CURRENT TRADEMARK COVENANT. AFTER ALMOST TWO YEARS, JUST NICARAGUA HAS RATIFIED IT (IT DID SO IN AUGUST 1996). IN NOVEMBER 1995, GUATEMALA'S CONGRESS REJECTED THE PROTOCOL AND ACCORDING TO INTERNAL RULES OF THE CONGRESS THE PROJECT CANNOT BE PRESENTED AGAIN BUT AFTER ONE YEAR FROM THE REJECTION DATE. CONSULTATIONS HAVE TAKEN PLACE DURING 1996 BETWEEN GOVERNMENT OFFICIALS, CONGRESSMEN AND TRADEMARK ATTORNEYS IN ORDER TO PREPARE A NEW OPINION ABOUT THE PROTOCOL. IN HONDURAS, EL SALVADOR AND COSTA RICA, THE RESPECTIVE CONGRESSES HAVE NOT YET ENTERED TO CONSIDER THE PROTOCOL.

NOWADAYS, THE REGION IS WORKING IN A COVENANT FOR PATENTS AND INDUSTRIAL DESIGNS. IT IS EXPECTED THAT THE DISCUSSIONS FOR SUCH COVENANT WILL BE CONCLUDED IN FEBRUARY 1997.

IN THE DEVELOPMENT OF COMMON LEGISLATION, THE COUNTRIES OF THE REGION HAVE COUNTED ON THE TECHNICAL ASSITANCE FROM "WIPO" AND WITH THE COORDINATION OF "SIECA".

THE PROMOTION OF NEW INTELLECTUAL PROPERTY LEGISLATION IN THE REGION REFLECTS THE POLITICAL WILL OF THE GOVERNMENTS IN CENTRAL AMERICA TO IMPROVE SUCH AREA. FROM 1994 UP-TO-DATE, THERE HAVE BEEN SEVERAL AND VERY SPECIFIC MANDATES FROM THE MINISTERS OF ECONOMY IN ORDER TO IMPROVE INTELLECTUAL PROPERTY LEGISLATION AND TO DO SO, AS FAR AS POSSIBLE, IN A HARMONIZED AND COORDINATED MANNER.

"SIECA", FOLLOWING THE MANDATES, HAS BEEN ACTING VERY ACTIVILY IN THE ISSUE. IT DEVELOPED IN THE LAST QUARTER OF 1994 A CENTRAL AMERICAN DIAGNOSTIC OF THE SITUATION OF INTELLECTUAL PROPERTY, AND HAS DEVELOPED A SERIES OF TRAINING SEMINARS THROUGH THE REGION. "SIECA" COORDINATES THE FORUM OF HEADS OF INTELLECTUAL PROPERTY OFFICES AND IS NOW WORKING IN A THREE YEAR PROGRAM FOR INTELLECTUAL PROPERTY IN THE REGION THE ONE WILL COVER TRAINING, JUDICIAL SYSTEMS, I.P. OFFICES, PROSECUTORS, CUSTOMS, BIOTECHNOLOGY AND UNIVERSITIES. THE PROJECT COUNTS WITH IMPORTANT FUNDING FROM THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT -USAID-.

"SIECA'S" ROLE IN CONTRIBUTING TO THE IMPROVEMENT OF THE REGION'S KNOWLEDGE, PROTECTION AND PROMOTION OF INTELLECTUAL PROPERTY HAS BEEN VERY ACTIVE. IN 1983 IT CELEBRATED A COOPERATION AGREEMENT WITH "WIPO", AND IN JUNE 1996 IT SUSCRIBED A "MEMORANDUM OF UNDERSTANDING FOR INTELLECTUAL PROPERTY COOPERATION WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE -USPTO-", WITH THE ONE IT HAS

DEVELOPED VARIOUS ACTIVITIES FOR PERSONNEL OF THE I.P. OFFICES FROM CENTRAL AMERICA, ACTIVITIES THAT HAVE TAKEN PLACE IN WASHINGTON D.C. AND IN THE COUNTRIES OF THE REGION. IN THE NEW THREE YEAR TERM PROJECT THAT "SIECA" INITIATED IN SEPTEMBER 1996, THE "USPTO", AS A PARTNER, WILL PLAY A VERY IMPORTANT ROLE.

IS MY PERSONAL APPRECIATION, THAT TODAY THERE IS, IN MOST OF THE POLICY MAKERS OF THE REGION, FULL AWARENESS OF THE POSITIVE SIGNIFICANCE THAT I.P. HAS FOR THE ECONOMIC GROWTH OF THE COUNTRIES OF CENTRAL AMERICA. DEFINITELY THERE IS STILL A LONG WAY TO GO AND LOTS OF CHANGES TO ACCOMPLISH, BUT IT SEEMS THAT WE WILL FACE A WIDER SUPPORT INTERNALLY TO ACHIEVE CONCRETE CHANGES IN A NEAR FUTURE.

## B. INTERNATIONAL TREATIES

MOST OF THE CENTRAL AMERICAN COUNTRIES HAVE ADHERED TO RELEVANT TREATIES REGARDING INTELLECTUAL PROPERTY AND IN OTHER CASES THEY ARE IN THE PROCESS TO ADHERE.

THE FIVE CENTRAL AMERICAN COUNTRIES ARE MEMBERS TO THE WORLD TRADE ORGANIZATION -WTO-, AND BEING SO, THEY ARE MEMBERS OF THE "TRADE RELATED INTELLECTUAL PROPERTY RIGHTS AGREEMENT", BETTER KNOWS AS THE "TRIPs" AGREEMENT.
EVEN THOUGH "TRIPs" MAKES A RELATION TO SOME OF THE MOST RELEVANT AGREEMENTS RELATED TO INDUSTRIAL PROPERTY AND SETTLES A MINIMUN STANDARD FOR LOCAL LEGISLATION IN THAT ISSUE, SOME OF THE COUNTRIES OF THE REGION ALREADY ACCOMPLISH WITH IT, AS WE WILL DISCUSS LATER.

ALL OF THE CENTRAL AMERICAN COUNTRIES ARE MEMBERS TO THE COVENANT THAT CREATES THE WORLD INTELLECTUAL PROPERTY ORGANIZATION.

REGARDING THE "PARIS AGREEMENT" IT IS VERY INTERESTING TO NOTE THAT AMONG THE ELEVEN COUNTRIES THAT FOUNDED THE "PARIS UNION" (1883) THERE WERE GUATEMALA AND EL SALVADOR. BUT SUCH SITUATION DIDN'T LAST LONG. BOTH COUNTRIES DENOUNCED THE COVENANT, EL SALVADOR IN 1886 AND GUATEMALA IN 1894. TODAY, ALL OF THE CENTRAL AMERICAN COUNTRIES BUT GUATEMALA ARE MEMBERS OF THE "PARIS AGREEMENT FOR THE PROTECTION OF INDUSTRIAL PROPERTY". GUATEMALA'S CONGRESS HAS BEEN DELAYING THE PRESENTATION TO THE PLENARY FOR MORE THAN A YEAR AND THE "FOREIGN AFFAIRS COMMISSION" OF THE CONGRESS HAS NOT YET PRESENTED ITS OPINION.

REGARDLESS OF THE FACT THAT THE "PARIS AGREEMENT" IS IN FORCE IN ALMOST ALL OF THE COUNTRIES OF CENTRAL AMERICA, IT HAS HAD VERY LITTLE APPLICATION BECAUSE OF THE WEAK KNOWLEDGE THAT THERE PREVAILS ABOUT IT IN TRIBUNALS AND OTHER INSTANCES RELATED TO THE PROTECTION OF INDUSTRIAL PROPERTY. IN FEW CASES IN THE REGION, THE AGREEMENT HAS BEEN USED AS A LEGAL SOURCE.

IN ANY CASE, THE NEW LEGISLATIONS IN THE REGION (LOCAL OR REGIONAL VIA CENTRAL AMERICAN COVENANTS) HAVE TAKEN INTO ACCOUNT ALMOST ALL OF THE NEW PROVISIONS THAT HAVE BEEN AGREED MULTILATERATELLY.

ALTHOUGH FOUR COUNTRIES OF THE REGION ARE MEMBERS OF THE PARIS AGREEMENT, NO COUNTRY IS MEMBER TO THE PATENT COOPERATION TREATY -PCT-.

TALKING NOW ABOUT THE "GENERAL INTERAMERICAN TRADEMARK AND TRADE PROTECTION COVENANT" OR "1929 WASHINGTON COVENANT" AS IT IS MORE WIDELY KNOWN, ALL THE CENTRAL AMERICAN COUNTRIES BUT HONDURAS HAVE ADHERED TO IT. THIS COVENANT HAS PLAYED AN IMPORTANT ROLE IN EL SALVADOR WERE IT HAS BEEN INVOKED IN SEVERAL WELL-KNOWM TRADEMARK CASES AND IN TRADEMARK CANCELLATION CASES. BUT AS IT HAPPENS WITH MOST OF THE INTERNATIONAL INSTRUMENTS THAT DEAL WITH INDUSTRIAL PROPERTY, IT IS POORLY KNOWN IN THE JUDIACIARY FORUM AND IN OTHER GOVERNMENT OFFICES THAT DEAL WITH INDUSTRIAL PROPERTY.

NO OF THE CENTRAL AMERICAN COUNTRIES ARE MEMBERS TO DE LISBON AGREEMENT FOR THE PROTECTION OF DENOMINATIONS OF ORIGIN, AND REGARDING TO THE PLANT VARIETY PROTECTION, THE SAME CASE APPLIES; THIS IS TO SAY THAT NO COUNTRY IN THE REGION IS A MEMBER TO THE "UPOV" AGREEMENT.

## C. INDUSTRIAL PROPERTY PROTECTION, COUNTRY BY COUNTRY OVERVIEW

### C.1 GUATEMALA

AS IT WAS MENTIONED ABOVE, GUATEMALA WAS ONE OF THE FOUNDERS OF THE PARIS UNION FOR THE INTERNATIONAL PROTECTION OF INDUSTRIAL PROPERTY. IT LOOKED, BY THE END OF LAST CENTURY, THAT GUATEMALA WAS GOING TO STRENGHTEN ITS INDUSTRIAL PROPERTY PROTECTION ACCORDING TO THE INTERNATIONAL STANDARDS. SADLY, GUATEMALA WAS A MEMBER OF THE UNION FOR ABOUT ONLY 12 YEARS. ITS FIRST SPECIALIZED INDUSTRIAL PROPERTY LEGISLATION WAS ENACTED IN MAY, 1886. LATER, IN 1937, GUATEMALA ENACTED A PATENT LAW, THE ONE REMAINED BASICALLY AS IT WAS ORIGINALLY DRAFTED, UP TO 1985,

WHEN A NEW PATENT LAW ENTER INTO FORCE, SUCH LEGISLATION PREVAILS TO THIS DATE.

CURRENTLY, THE COUNTRY'S CONSTITUTION, WHICH DATES FROM 1985, ESTABLISHES IN ITS ARTICLE 42, THE RECOGNITION TO THE AUTHOR'S AND INVENTOR'S RIGHTS AS HUMAN RIGHTS, AND IT REFERS THAT THE OWNERS OF SUCH RIGHTS ARE GRANTED EXCLUSIVE PROPERTY OVER THEM, ACCORDING TO THE RULES SET FOR BY LOCAL LEGISLATION AND INTERNATIONAL TREATIES.

COMPLEMENTARY TO THIS, GUATEMALA HAS TO OBSERVE THE RULES SET BY TRIPs IN THE AREA REGARDING PATENTS, TRADEMARKS, UNFAIR COMPETITION. GEOGRAPHICAL INDICATIONS AND DENOMINATIONS OF ORIGIN, AND UNDISCLOSED INFORMATION (TRADE AND INDUSTRIAL SECRETS).

IN GUATEMALA, TRADEMARKS ARE GOVERNED BY THE CENTRAL AMERICAN COVENANT FOR THE PROTECTION OF INDUSTRIAL PROPERTY. ALSO, AS STATED ABOVE, THE 1929 WASHINGTON COVENANT APPLIES.

TRADEMARKS TERM OF PROTECTION IS OF 10 YEARS, THE ONE CAN BE RENEWED FOR AN EQUAL PERIOD AS MANY TIMES AS DESIRED. TRADE-MARKS, SERVICE-MARKS AND COLLECTIVE-MARKS ARE RECOGNIZED.

WITH THE CURRENT CENTRAL AMERICAN COVENANT, TRADEMARK RIGHTS BASED IN THE PRIOR USE OF THE TRADEMARK ARE NOT RECOGNIZED. ALSO REGARDING THE USE OF TRADEMARKS, THE COVENANT DOESN'T REQUIRES THAT THE PETITIONER OR OWNER OF THE MARK USES IT AFTER THE TITLE IS GRANTED.

WELL-KNOWN MARKS ARE NOT EXPRESSLY PROTECTED IN THE COVENANT, REGARDLESS OF THIS, THE REGISTRY HAS RECENTLY REJECTED THE FILING OF FAMOUS TRADEMARKS ARGUING THAT THE PETITIONER IS INDICATING A FALSE ORIGIN OF THE TRADEMARK (ARTICLE 10 "q" OF THE COVENANT).

THE CURRENT REGISTRAR HAS ESTABLISHED A POLICY OF FIGHTING PIRACY FROM THE VERY BEGINNING OF THE PROCESS SO THIS ATTITUDE HAS HELPED A LOT IN FILTERING ILEGITIMATE FILES.

THE PROTOCOL TO THE COVENANT, THAT, AS INDICATED ABOVE, IS IN PROCESS OF BEING RATIFIED BY THE CENTRAL AMERICAN COUNTRIES, WILL INCORPORATE TO THE TRADEMARK LEGISLATION OF THE REGION VARIOUS CHANGES. IN THE FIRST PLACE, WELL-KNOWN MARKS ARE EXPRESSLY PROTECTED AND PARAMETERS TO DETERMINE THE FAME OF THE MARK ARE ESTABLISHED. OTHER INTERESTING CHARACTERISTIC OF THE NEW RULES CONSIST IN THE RECOGNITION OF RIGHTS BASED ON THE PRIOR USE; OPPOSITION TO TRADEMARK REGISTRATION WILL BE FEASABLE ARGUING PRIOR USE, IN SUCH CASE THE LAW WILL REQUEST THE OPPONENT TO FILE FOR REGISTRATION OF HIS TRADEMARK. USE AFTER TRADEMARK TITLE IS GRANTED WILL ALSO BE REQUESTED BY THE PROTOCOL, A FIVE YEAR PERIOD WAS SET FOR SUCH USE; IF USE DOESN'T OCCUR, CANCELLATION OF THE MARK COULD BE DEMANDED.

UNFAIR COMPETITION IS ALSO REGULATED IN THE CENTRAL AMERICAN COVENANT, TO UNFAIR COMPETITION ACTIONS ONE MAY FIND ALSO PENAL SANCTIONS. SITUATIONS AS THE "PASSING OFF", "DILUTION", "MISAPPROPIATION", "FALSE ADVERTISING", "DISPARAGEMENT" AND OTHER IMMORAL BEHAVIOR IN THE MARKETPLACE ENTITLE THE OWNER OF A DISTINCTIVE SIGN (TRADEMARK, TRADENAME, ETC.) TO PROMOTE ACTION.

MOST OF THE ABOVE MENTIONED APPLIES TO EL SALVADOR, NICARAGUA AND COSTA RICA REGARDING TRADEMARKS AND UNFAIR COMPETITION. IN EL SALVADOR AND COSTA RICA THERE IS A WIDER TRIBUNAL EXPERIENCE RELATED TO TRADEMARK PROTECTION. TRIBUNALS IN BOTH COUNTRIES HAVE ALSO BASED THEIR DECISSIONS IN THE PARIS AGREEMENT AND HAVE PROTECTED WELL-KNOWN MARKS. IT DOESN'T APPLY STRICTLY TO HONDURAS SINCE THIS COUNTRY NEVE ADHERED TO THE CENTRAL AMERCIAN COVENANT FOR INDUSTRIAL PROPERTY PROTECTION.

REGARDING PATENTS, GUATEMALA'S LEGISLATION NEEDS VARIOUS AMENDMENTS. CURRENTLY, THE PATENT TERM IS LIMITED TO 15 YEARS FOR GENERAL INVENTIONS AND TO 10 YEARS FOR CHEMICAL PROCESSES. PHARMACEUTICAL AND CHEMICAL PRODUCTS ARE EXCEPTED FROM PATENTABILITY.

COMPULSORY LICENSES ARE ALLOWED, AND BESIDES THE COMMON CASES OF PUBLIC NEED AND NATIONAL SECURITY, SUCH LICENSES MAY BE GRANTED IF THERE ARE PUBLIC HEALTH REASONS, AND IF, HAVING GRANTED THE PATENT, THE INVENTION IS NOT EXPLOITED AFTER FOUR YEARS OF THE GRANTING DATE. WHEN CONSIDERING EXPLOITATION IT IS UNDERSTOOD THAT THE SAME HAS TO TAKE PLACE IN GUATEMALA, NOT EVEN IMPORTATION WILL BE CONSIDERED AS EXPLOITATION FOR EFFECTS OF THE PATENT LAW.

FOR TRADEMARK AND PATENT REGISTRATION THERE IS THE INDUSTRIAL PROPERTY REGISTRY. THIS OFFICE IS PART OF THE MINISTRY OF ECONOMY AND THE REGISTRAR AND PRACTICALLY ALL THE STAFF ARE APPOINTED BY THE MINISTER.

THE REGISTRY OPERATES WITH MANY ECONOMIC AND HUMAN RESOURCES LIMITATIONS. IN THE CASE OF OPPOSITION PROCESSES TO TRADEMARK REGISTRIATION, THIS YEAR THERE ARE MORE THAN

4,000 FILES PENDING AND THERE SEEMS THAT THE NUMBER WILL INCREASE, SINCE PERSONNEL TO ATTEND SUCH CASES HAS NOT BEEN APPOINTED.

AUTOMATION IS STILL LIMITED IN THE REGISTRY, NEVERTHELESS SOME SERVICES HAVE BEEN IMPROVED DUE TO THE IMPLEMENTATION OF EQUIPMENT. THE STATUS OF EVERY TRADEMARK FILE CAN BE OBTAINED IN THE MONITORS DISPLAYED FOR PUBLIC.

THE SEARCH FOR NOVELTY EXAM IS NOT FULLY AUTOMATED, ALL WHAT AN EXAMINOR OBTAINS IS THE LIST OF THE TRADEMARKS, BUT TO ESTABLISH MERCHANDISES COVERED BY THE TRADEMARK, RESERVES AND OTHER ISSUES, THE EXAMINOR HAS TO LOOK FOR THE ORIGINAL FILE. FIGURES ARE NOT INCLUDED IN THE DATA BASE, SO EXAMINATION HAS TO BE CONDUCTED MECHANICALLY. DUE TO THIS SITUATION IT IS IMPORTANT TO HAVE AN ADEQUATE MONITOR ACTIVITY ON PUBLICATION OF TRADEMARKS IN PROCESS OF REGISTRATION IN ORDER TO BE ABLE TO PROMOTE, WHEN IT PROCEEDS, OPPOSITION. OPPOSITION HAS TO BE PROMOTED WTHIN 60 DAYS FROM THE DATE OF THE FIRST PUBLICATION OF THE EDICT.

THE CURRENT REGISTRAR HAS BEEN MAKING NOTABLE EFFORTS TO IMPROVE THE REGISTRAR'S SERVICE, BUT STILL BUDGET AND HUMAN RESOURCES LIMITATIONS KEEP BEING AN OBSTACLE.

PATENT SEARCH CANNOT BE CONDUCTED IN GUATEMALA, DATA BASES LIMITATIONS AND THE CURRENT PATENT LAW DISCOURAGE SUCH ACTIVITY. REGARDLESS OF THIS, DUE, TO THE CURRENT LEGISLATION, AMONG OTHER REASONS, THERE IS A VERY SHORT NUMBER OF APPLICATIONS.

SINCE GUATEMALAN PATENT LEGISLATION DOESN'T PROVIDE PATENTABILITY FOR PHARMACEUTICAL AND CHEMICAL PRODUCTS, THE COUNTRY IS OBLIGED, ACCORDING TO TRIPs' ARTICLE 70.8 – CHECK– TO INSTALL THE SO CALLED "MAIL BOX" FOR THE PRESENTATION OF PATENT APPLICATIONS. NOTHING HAS BEEN SERIOUSLY DEVELOPED AROUND THIS ISSUE. THE REGISTRY IS NOT CLEAR HOW THIS MECHANISM WILL OPERATE AND SPECIAL CONCERN RESTS ON THE FURTHER GRANTING OF EXCLUSIVE RIGHTS FOR COMMERCIALIZATION OF AN APPROVED PRODUCT THAT ENTERS THE MARKET.

TALKING ABOUT MEANS TO IMPUGN THE REGISTRY'S RESOLUTIONS, WE FIND THAT THE ADMINISTRATIVE RECOURSES ARE SOLVED LATE DUE BASICALLY TO THE LACK OF PERSONNEL IN THE MINITRY OF ECONOMY -WHICH IS THE BODY THAT HAS TO SOLVE- TO ATTEND THOSE CASES. THIS MAKES SUCH MEANS EXPENSIVE AND UNEFFECTIVE. YET, AFTER AN ADMINISTRATIVE RECOURSE IS SOLVED, THE JUDICIAL WAY IS OPEN AND PROCEDURES FOR ADMINISTRATIVE ISSUES CAN TAKE SEVERAL YEARS.

THE JUDICIAL PROCESSES APPLIED TO INDUSTRIAL PROPERTY IN GUATEMALA ARE EXPENSIVE, IN TERMS OF TIME AND MONEY, AND THERE IS YET A RISK IN HOW THE JUDGE WILL DICTATE HIS VERDICT SINCE NO SPECIALIZED JURISDICTION EXISTS. IN THE CIVIL AREA, MOST OF THE INDUSTRIAL PROPERTY INFRINGMENT CASES HAVE TO BE SOLVED THROUGH THE "ORDINARY PROCESS" WHICH IS THE LONGEST AND MOST COMPLEX OF THE CIVIL PROCESSES. IN THE CRIMINAL OR PENAL AREA, THE SO CALLED "ORAL PROCESS" MAY TAKE A LOT OF TIME IN THE INVESTIGATION PHASE AND PROSECUTORS STILL NEED MORE KNOWLEDGE AND TRAINING RESPECT TO INDUSTRIAL PROPERTY RIGHTS.

NOTWITHSTANDING THE EFFORTS AND ACTIVITIES THA HAVE TAKEN PLACE IN THE LAST TWO YEARS, THERE IS A NEED TO PROMOTE INDUSTRIAL PROPERTY PROTECTION AND KNOWLEDGE IN GUATEMALA, PROVIDING PEOPLE TECHNICAL TRAINING AND IMPROVING THE OFFICES RELATED TO THE ISSUE IN TERMS OF INFRASTRUCTURE, BUDGETS AND PERSONNEL. IT IS ALSO ADVISABLE TO DEVELOP TRAINING IN THE JUDICIARY FIELD AND TO AMEND THE ASPECT OF THE PROCESSES APPLIED TO INDUSTRIAL PROPERTY CASES.

REGARDLESS OF THE COMPLEX PANORAMA THAT ONE COULD PERCEIVE, THERE IS A VERY POSITIVE MESSAGE FROM THE GOVERNMENT AUTHORITIES 'AT CHANGES WILL -AND ARE- TAKING PLACE. THE PROCESS MAY TAKE TIME DUE PARTICULARLY TO THE NEED OF DEVELOPING A CLEARER VIEW OF THE IMPORTANCE OF INDUSTRIAL PROPERTY RIGHTS AND THE VALUE THAT INDUSTRIAL PROPERTY PLAYS IN IMPROVING THE INVESTMENT CLIMATE AND THE ECONOMIC DEVELOPING PROGRAMS.

**C.2 EL SALVADOR**

THIS COUNTRY ENACTED A NEW PATENT LAW IN 1993. ACTUALLY WHAT THIS COUNTRY ENACTED WAS THE "LAW FOR THE PROMOTION AND PROTECTION OF INTELLECTUAL PROPERTY" AND IT INCLUDES COPYRIGHTS AND PATENTS, INDUSTRIAL DESIGNS AND TRADE SECRETS. AS EXPRESSED ABOVE, EL SALVADOR ADHERED THE CENTRAL AMERICAN COVENANT IN 1988 AND THE CONVENANT ENTER INTO FORCE IN THIS COUNTRY IN 1989. MOST OF THE ISSUES STATED ABOUT TRADEMARKS FOR GUATEMALA APPLY TO EL SALVADOR.

IT IS IMPORTANT TO ADD THAT THE CENTRAL AMERICAN COVENANT FOR THE PROTECTION OF INDUSTRIAL PROPERTY (TRADEMARKS) ADOPTED THE NICE CLASSIFICATION (INTERNATIONAL

CLASSIFICATION) FOR TRADEMARKS, BEING SO, ALL THE CENTRAL AMERICAN COUNTRIS, BUT HONDURAS THAT IS NOT A MEMBER TO THE COVENANT, HARMONIZED THE CLASSIFICATION FOR TRADEMARKS.

EL SALVADOR IS THE COUNTRY IN THE REGION WITH THE CLOSEST PATENT LEGISLATION TO THE NEW INTERNATIONAL STANDARDS THAT HAVE BEEN ADOPTED IN TRIPs. ALTHOUGH PATENTABILITY IS WIDELY GRANTED, THERE ARE STILL SERIOUS LIMITATIONS TO DEVELOP AN ADEQUATE REGISTRATION PROCESS AND, AS IN THE CASE OF ALL CENTRAL AMERICAN COUNTRIES, SEARCH CAPABILITIES ARE VERY LIMITED AND IT SHOULD BE DISCOURAGED. THE LEGISLATION IN THE REGION SHALL ALLOWED REGISTRARS TO DEVELOP PATENT SEARCH AND EXAMINING THROUGH THIRD PARTIES, BEING THESE, COUNTRIES OR BODIES WITH INTERNATIONALLY RECOGNITION OF HAVING FULL POSSIBILITIES TO DO SO.

THE DEFINITION FOR "INVENTION" IS BASED, AS IN THE REST OF THE COUNTRIES IN THE REGION, TO THE "PROBLEM/SOLUTION" FORMULA (THE TECHNICAL SOLUTION TO A SPECIFIC PROBLEM, CONSTITUTED BY A PRODUCT, A PROCESS, OR A COMBINATION OF THEM). THIS DEFINITION LIMITS THE TERM "INVENTION". HERE, IN THE UNITED STATES OF AMERICA, THE DEFINITION FOR INVENTION, UNDER WHAT HAS BEEN STATED BY THE SUPREME COURT, ENCOMPASSES "ANYTHING NEW UNDER THE SUN MADE BY MAN". IN THIS SENSE, A NEIGHBOR TO THE CENTRAL AMERICANS, "MEXICO", ADOPTED AND INTERESTING DEFINITION IN ITS NEW LAW: "ANY HUMAN CREATION THAT ALLOWS MATTER OR ENERGY EXISTING IN NATURE TO BE TRANSFORMED FOR UTILIZATION BY MAN AND FOR THE SATISFACTION OF HIS NEEDS, SHALL BE CONSIDERED AS AN INVENTION".

IN THE DRAFT OF THE CENTRAL AMERICAN COVENANT FOR PATENTS AND INDUSTRIAL DESIGNS UNDER CONSIDERATION BY THE COUNTRIES OF THE REGION, THE DEFINITION OF PATENT STILL REAMINS BASED ON THE PROBLE/SOLUTION FORMULA.

PHARMACEUTICAL PRODUCTS ARE PATENTABLE, BUT THE TERM OF THE PATENT WILL BE OF 15 YEARS FROM THE DATE OF FILING. FOR THE REST OF THE INVENTIONS, THE PATENT TERM IS 20 YEARS.

BIOTECHNOLOGY IS NOT EXCLUDED EXPRESSLY FROM PATENTABILITY, BUT CERTAINLY THERE IS A NEED AT EVERY LEVEL FOR TRAINING IN THIS AREA. NO ADEQUATE CHANGES HAVE BEEN OPERATED IN THE REGRISTRY IN ORDER TO PROVIDE APPROPIATE TREATMENT TO PLANT VARIETIES AND OTHER BIOTHEC INVENTIONS.

COMPULSORY LICENSES ARE REGULATED AND LIMITED BASICALLY JUST TO PUBLIC NEED AND NATIONAL SECURITY REASONS.

REGARDING THE REGISTRY, IT FORMS PART OF THE "NATIONAL CENTER FOR REGISTRATION" -CNR-; THIS ENTITY WAS RECENTLY CREATED (1995) AND ONE OF ITS BETTER CHARECTERISTICS IS THAT IT IS AUTONOMUS, IN THIS SENSE IT WORKS WITH ITS OWN BUDGET AND HAS AUTHORITY ON ITS PERSONNEL. THERE IS UNDER THE UMBRELLA OF THE "CNR" THE INDUSTRIAL PROPERTY REGISTRY, WHICH DEALS WITH TRADEMARK AND PATENT REGISTRATION.

THE "CNR" IS WORKING IN A PROJECT FOR THE AUTOMATION OF ALL THE OFFICES. BY NOW, THERE ARE STILL BIG LIMITATIONS TO TRADEMARK AND PATENT CONTROL VIA AUTOMATED EQUIPMENT. THE SEARCHES FOR TRADEMARKS BY THE PUBLIC IN THE MONITOR DISPLAYED FOR SUCH EFFECT ARE NOT RELIABLE AND FILES NEED A

BIG EFFORT OF ORGANIZATION. NEVERTHELESS, CHANGES ARE BEGINNING TO OPERATE.

IN THE JUDICIARY FIELD, EL SALVADOR, DIFFERENTLY FROM THE REST OF THE CENTRAL AMERICAN COUNTRIS HAS TRIBUNALS DEDICATED TO SOLVE TRADE ISSUES. INDUSTRIAL PROPERTY CASES HAVE TO BE PROMOTED BEFORE THOSE TRIBUNALS. WITH THIS, EL SALVADOR PROVIDES TRIBUNALS WITH A MORE SPECIFIC AREA OF KNOWLEDGE, ASPECT THAT PROVIDES A MORE AMPLE HOPE FOR PROTECTION IF INDUSTRIAL PROPERTY RIGHTS ARE BEING INFRINGED. DURING 1995 AND 1996, SOME STUDIES HAVE BEGUN IN ORDER TO ESTABLISH THE FEASABILITY OF CREATING INTELLECTUAL PROPERTY TRIBUNALS.

AS IN GUATEMALA AND THE REST OF THE COUNTRIES IN CENTRAL AMERICA, TRAINING AND TECHNICAL ASSISTANCE IS REQUIRED.

### C.3 HONDURAS

AN INTERESTING FACT ABOUT HONDURA'S INDUSTRIAL PROPERTY ACTIVITIES IS THAT CURRENTLY THIS COUNTRY CHAIRS THE FREE TRADE AREA OF THE AMERICAS' INTELLECTUAL PROPERTY GROUP.

AS STATED, THIS COUNTRY DIDN'T ADHERED TO THE CENTRAL AMERICAN COVENANT FOR INDUSTRIAL PROPERTY PROTECTION. IT SUSCRIBED THE PROTOCOL TO SUCH COVENANT AND IT IS ESTIMATED THAT THE CONGRESS WILL APPROVE IT. IF THIS HAPPENS, FINALLY THE FIVE COUNTRIES WILL HAVE A COMMON REGIME CONCERNING TRADEMARKS.

IT IS ALSO IMPORTANT TO MENTION THAT, WITH THE PROTOCOL, ALSO A SET OF RULES TO THE PROTOCOL WERE ADOPTED. THIS WILL HARMONIZED THE REGISTRY'S PRACTICES AND FORMS. ALSO EFFORTS ARE BEING MADE TO HARMONIZED REGISTRARS'CRITERIA IN APPLYING THE COMMON LEGISLATION AND TO FORM WHAT COULD BE CALLED THE CENTRAL AMERICAN INDUSTRIAL PROPERTY "JURISPRUDENCE".

HONDURAS ENACTED ITS NEW INDUSTRIAL PROPERTY LEGISLATION IN DECEMBER 1993. THIS NEW LAW REPRESENTED A SUBSTANTIAL CHANGE IN THAT COUNTRY REGARDIN INDUSTRIAL PROPERTY, PARELLY HONDURAS ADHERED TO THE PARIS COVENANT.

REGARDING TRADEMARKS, IT PROVIDES FOR A 10 YEAR PROTECTION, RENEWABLE FOR EQUIVALENT PERIOD AS MANY TIMES AS IT IS NEEDED. THE LAW COVERS TRADE MARKS, SERVICE AND COLLECTIVE MARKS.

AS THE CENTRAL AMERICAN COVENANT, TRADEMARK REGULATIONS IN HONDURAS REQUEST THAT THE ONE FILING FOR A TRADEMARK BE A PERSON (INDIVIDUAL OR CORPORATION) RELATED LEGALLY TO TRADE ACTIVITIES. THIS OBEYS OBVIOUSLY TO THE NATURE OF THE TRADEMARK IN THE MARKETS.

THE LAW IN HONDURAS REQUIRES USE OF THE TRADEMARK AFTER REGISTRATION AND FOR THIS IT PROVIDES 1 YEAR TERM, UNDESTOOD THAT THIS YEAR HAS TO BE COUNTED BACKWARDS FROM THE DAY A PERSON PROMOTES A CANCELLATION ACTION.

HONDURAS ALSO RECOGNIZES RIGHTS BASED ON PRIOR USE. THIS IS VALID TO MAKE AN OPPOSITION, BUT THE LAW REQUIRES THAT THE OPPONENT TO THE REGISTRATION OF A TRADEMARK FILES AT

THE TIME THE TRADEMARK HE OR SHE HAS BEEN USING IN THE COMMERCE.

WELL-KNOWN MARKS ARE PROTECTED EXPRESSLY.

IN WHAT TO INVENTIONS IS CONCERN, THERE ARE STILL LIMITATIONS TO PATENTABILITY. BIOTHECNOLOGY AND PLANT VARIETY INVENTIONS ARE EXPRESSLY EXCLUDED.

FOR PHARMACEUTICAL PRODUCTS, THE LAW PROVIDES FOR A 17 YEAR TERM, FOR THE REST OF INVENTIONS IT PROVIDES 20 YEARS.

COMPULSORY LICENSES ARE REGULATED AND THESE LICENSES COULD BE GRANTED UNDER PUBLIC NEED, PUBLIC HEALTH AND NATIONAL SECURITY REASONS. ALSO A COMPULSORY LICENSE COULD BE REQUESTED IF THE OWNER OF THE PATENT DOESN'T EXPLOIT IT AFTER 3 YEARS OF GRANTED OR AFTER 4 YEARS FROM THE FILING DATE, APPLYING THE LONGEST TERM. FOR CONSIDERING EXPLOITATION, THE LAW ALLOWS IMPORTATION.

THE REGISTRY IN HONDURAS HAS VERY POOR INFRAESTRUCTURE AND BUDGETARY RESOURCES ARE DEFINITELY LIMITED. HUMAN RESOURCES IS ANOTHER HANDICAP TO THE REGISTRY'S RESPONSABILITIES. WE CANNOT SAY THAT HONDURA'S REGISTRY HAS AUTOMATED EQUIPMENT AND DEFINITELY NO SERIOUS TRADEMARK SEARCH IS DEVELOPED.

PATENT SEARCH HAS TO BE ABSOLUTY DISCOURAGED AND AS PROPOSED FOR THE OTHER COUNTRIES IN THE REGION, SEARCH AND EXAMING (FOR PATENTS) SHOULD BE DONE BY OTHER COUNTRIES OR ENTITIES CAPABLE FOR IT. IN THIS SENSE,THE LEGISLATION SHALL BE MORE CLEAR OF THE POSSIBILITY OF PROCEEDING WITH EXTERNAL EXAMINATION.

JUDICIAL ACTIONS IN HONDURAS ARE ALSO EXPENSIVE IN TERMS OF TIME AND MONEY. THE PROCESSES APPLIED TO INDUSTRIAL PROPERTY CASES ARE COMPLICATED AND EXCESSIVELY LONG. TRAINING RELATED TO INDUSTRIAL PROPERTY HAS TO BE PROVIDED TO JUDGES AND STAFF.

**C.4 NICARAGUA**

TRADEMARK LEGISLATION CHARACTERISTICS DESCRIBED FOR GUATEMALA AND EL SALVADOR APPLY TO NICARAGUA, SINCE THIS COUNTRY IS A MEMBER TO THE CENTRAL AMERICAN COVENANT FOR INDUSTRIAL PROTECTION.

REGARDING PATENTS, NICARAGUA IS THE COUNTRY IN THE REGION WITH THE MOST OBSOLETE LEGISLATION. THE CURRENT LAW DATES FROM 1899 AND WAS BRIEFLY AMENDED IN 1926. INVENTIONS ARE PROTECTE VIA A "PATENT LETTER".

THE WORDING OF THE LAW IS VAGUE AND CONFUSING IN VARIOUS ASPECTS. FOR EXAMPLE, ARTICLE ONE STATES THAT "EVERY DISCOVERY OR INVENTION RELATED TO THE INDUSTRY OR TO THE ARTS" GRANTS ITS "AUTHOR" PROPERTY RIGHTS FOR ITS EXCLUSIVE USE. ALSO THE LAW SEEMS TO RECOGNIZE NOVELTY AS FAR AS THE STATE OF THE ART IS UNKWON IN NICARAGUA, REGARDLESS OF THE STATE OF THE ART IN THE REST OF THE WORLD.

THE LAW DOESN'T MAKE A LIST OF EXCLUSIONS BUT IT DOES EXPRESS THAT NO PATENT WILL BE GRANTED WHEN THE INVENTION OR DISCOVERY HARM THIRD PARTIES RIGHTS, HEALTH OR MORAL AND WHEN IT COUL HARM THE INDIVIDUALS' AND THE COUNTRY'S

SECURITY. ALSO, ARTICLE 12 EXPRESSES THAT PATENTS WILL BE GRANTED ONLY FOR PROCESSES AND NOT FOR PRODUCTS THAT COULD BE OBTAINED THROUGH A DIFFERENT ELABORATION PROCESS.

THE LAW LIMITS PATENT TERM TO A PERIOD OF 5 TO 10 YEARS, BEING TO THE DISCRETION OF THE REGISTRAR THE TIME HE WANTS TO PROVIDE FOR EACH CASE.

THE LAW DOESN'T EXPRESSLY REGULATE LICENSES. BUT IT ESTABLISHED AS A CAUSE OF EXPIRATION OF THE PATENT THE "NON EXPLOITATION OF THE PATENT AFTER ONE YEAR OF GRANTED" OR "FOR NOT HAVING ESTABLISHED IN THE SAME PERIOD THE FACTORY OR INDUSTRY WHERE THE PATENT WAS TO BE EXPLOINTED" OR "FOR HAVING ABANDON THE FACTORY OR INDUSTRY AFTER ONE YEAR FROM HAVING ESTABLISHED IT". SO, DECLARING EXPIRATION, ANYONE COULD USE THE INVENTION.

AS WE CAN SEE, THE PATENT LAW IN NICARAGUA HAS NO PRACTICAL EFFECT.

THE REGISTRY FOR TRADEMARKS AND PATENTS SUFFERS OF DEEP LIMITATIONS FOR THE COMPLIANCE OF ITS RESPONSABILITIES.

TRIBUNALS CASE IS AS THAT FOR GUATEMALA AND HONDURAS.

**C.5 COSTA RICA**

TRADEMARK LEGISLATION CHARACTERISTICS DESCRIBED FOR GUATEMALA APPLY TO COSTA RICA, SINCE THIS COUNTRY IS A MEMBER TO THE CENTRAL AMERICAN COVENANT FOR INDUSTRIAL PROTECTION.

COSTA RICA'S JURISPRUDENCE IN TRADEMARK CASES HAS SUPPORTED WELL-KNWON MARK PROTECTION. IN THIS MATTER THE REGISTRY HAS OBTAINED, IN THE TRIBUNALS JURISPRUDENCE, ADDITIONAL ARGUMENTS FOR REJECTING PETITIONS OF REGISTRATION FOR DISTINCTIVE SIGNS THAT EMULATE OR REPRODUCE A WELL-KNOWN MARK.

REGARDING INVENTIONS, COSTA RICA'S CURRENT LAW DATES FROM 1983. THE LAW ALLOWS FOR PROCESS PATENTABILITY BUT IT STATES THAT SUCH A PATENT DOESN'T COVERS THE PRODUCTS OBTAINED THROUGH THE PROCESS.

PHARMACEUTICAL PRODUCTS ARE PRACTICALLY NOT PROTECTED SINCE AN AMENDMENT TO THE LAW PROVIDES FOR PATENT PROTECTION OF 1 YEAR FROM ~~THE FILING DATE~~. GRANT.

FOR THE REST OF PATENTABLE INVENTIONS THE LAW PROVIDES FOR A 12 YEAR TERM.

COMPULSORY LICENSES ARE REGULATED AND THEY PROCEED FOR PUBLIC NEED REASONS; FOR DEPENDENT PATENTS AND TO THE REQUEST OF AN INDIVIDUAL IS NO EXPLOITATION OF THE PATENT IN COSTA RICA TAKES PLACE AFTER 3 YEARS OF HAVING BEEN GRANTED OR AFTER 4 YEARS OF FILING; AND WILL ALSO PROCEED IN EXPLOITATION IS SUSPENDED FOR MORE THAN A YEAR.

SEARCH IS LIMITED TO LOCAL SOURCES.

REGARDING THE REGISTRY, WE CAN TELL THAT COSTA RICA'S ONE IS PROBABLY THE BEST ORGANIZED IN THE REGION. ITS INFRAESTRUCTURE IS ADEQUATE BUT IT STILL NEEDS IMPROVEMENT.

TRIBUNALS ARE FAIRLY RELIABLE AND HAVE SET JURISPRUDENCE IN THE AREA OF INDUSTRIAL PROPERTY PROTECTION.

# THE PERSPECTIVE OF THE PRIVATE PRACTITIONER IN LIGHT OF THE MEXICAN SYSTEM OF INTELLECTUAL PROPERTY LAW.

## PROTECTING INDUSTRIAL PROPERTY IN MEXICO/CENTRAL AMERICA FRANKLIN PIERCE LAW CENTER

## OUTLINE

**LUIS C. SCHMIDT**
**OLIVARES & CIA.**
**CONCORD, N.H.**
**SEPTEMBER 1996**

### I. THE YEAR OF 1991 REPRESENTS A MILESTONE IN THE MODERNIZATION OF THE MEXICAN SYSTEM OF INDUSTRIAL PROPERTY LAW.

A. Mexico, NAFTA and GATT: The factor of the Changes.

1. The structural economic reform in Mexico was reflected in adoption of improved IP rules.

2. Free trade trends: looking at foreign investment, trade and transfer of technology.

B. NAFTA, TRIPS and Intellectual Property Law.

1. The effects of NAFTA as reflected in the Mexican System.

a) Industrial Property Law of 1991 and Amendments of 1994.

b) Copyright Law. Amendments of 1991.

2. The expectations of IP owners and the perspective of the Intellectual Property Professional.

## II. BRIEF ANALYSIS OF THE PATENT SYSTEM IN VIEW OF NAFTA.

A. Basic Notions.

1. Concept of Invention:

For invention the LIP considers "every human creation which allows for the transformation of matter or energy existing in nature, for its utilization by man and to satisfy man's specific needs".

2. Patentability Requirements.

a) Novelty: Anything that it is not included in the state of the art. The concept is absolute with exception of the 12 month grace period.

b) Inventive step/non-obviousness: creative process whose results are not obviously inferred from the state of the art by someone familiar with the subject matter.

c) Industrial application/usefulness: Possibility of an invention being produced or used in any field of economic activity, including industry, ranching,

fishing, mining transformation, construction, services, etc.

3. Patentability Exceptions.

a) LIP considers not to be inventions: scientific and theoretical principles; discoveries of something previously existing in nature; schemes, plans, rules and methods for carrying out mental acts, games or business; computer software and forms of presenting information.

b) LIP considers not to be patentable: essentially biological processes for the production, reproduction and propagation of plants and animals; animal breeds; and plant varieties. Also, the law deems not to be patentable biological and genetic material as it is found in nature, and the human body and the live parts that make up the human body.

B. Patent Rights and Exceptions to Rights.

a) Patent rights: if the subject matter is a product, right to impede third parties from making, using and selling (including importation); if the subject matter is a process, the right to impede third parties from using the process and from making, using and selling products obtained from the patented process without the consent of the owner.

b) Exception to rights: Experimental research; national exhaustion of rights; use of invention by third parties prior to filing date; among others.

## III. BRIEF ANALYSIS OF THE TRADEMARK SYSTEM IN VIEW OF NAFTA.

A. Acquisition and Registration of Trademark Rights.

1. Mexico follows a dual system based on registration and use of marks.

a) Exclusive rights arise upon registration of a mark.

b) Bona Fide and uninterrupted prior use of a mark may give right to seek cancellation of a junior registration. It also would give a right to defend from infringement actions that are brought by the owners of registrations.

c) Trademark Law is federal in nature (as it is commerce in general); no state rights are recognized by the laws.

2. Mexico is primarily a registration system. Application for federal registration of trademarks requires:

a) Intent to use in commerce. Registration may be granted even if use of the mark has not started. Registrant has obligation to start using the mark within three years after registration has been issued. If the mark is not in use for periods longer than three consecutive years the registration may become exposed to lapse actions.

b) Use is not required for the grant of registration, however, a prior uninterrupted use that is cited in the application, may represent the basis for the

cancella'on of a registration filed after the declared date of first use.

c) Renewal of the registration every 10 years.

3. Federal registration confers national wide exclusive rights as of the date of grant. It additionally offers the following advantages:

a) Actual notice of trademark ownership;

b) Evidence of ownership;

c) Basis for foreign registrations, basically through "priority" right.

d) Right to prevent third parties from using the registered mark if no consent has been given.

e) Right to prevent non-authorized importation of false products.

f) As to certain aspects, incontestability of rights after expiration of corresponding statutes of limitations.

B. Functions that are Required to Perform under LIP.

1. Principles and Functions of Trademarks.

a) Fundamentally trademarks are aimed at distinguishing products and services. This means that they serve to specialize, individualize and singularize the product or service to which they are applied.

b) Also, a trademark has the purpose to protect the "Goodwill" in a particular product or service and consequently the source from where it comes.

2. Types of Protectable Marks and other Distinctive Signs.

a) Signs that are protected: The LIP expressly protects trademarks, service marks, collective marks, commercial establishments or "trade" names (as they are known under Mexican Law), slogans and appellations of origin.

b) Marks that are protected: "Visible signs that distinguish". Among others three dimensional forms, trade names, and business names, and the proper name of a person with his or her consent as well as pseudonyms, signatures, and portraits, titles of intellectual or artistic works of authorship and titles of publications and TV and radio programs the name and image or form of fictitious and real characters, also with the consent of the owner of the corresponding rights. Isolated letters, digits and colors may not be registered unless they are in combination or accompanied by elements that give them a distinctive character.

c) Trademarks are protected if distinctiveness is inherent in regard to the product or service to which it will be applied, that is, if they are suggestive, fanciful or arbitrary. On the other hand, generic, descriptive and deceptive marks are prohibited.

## IV. BRIEF ANALYSIS OF THE ENFORCEMENT SYSTEM IN VIEW OF NAFTA

What the title holder of an infringed IP right wishes to obtain ultimately, when filing an infringement action:

. That infringement is halted properly and promptly.

. That damages produced by the infringement are recovered.

Does Mexican IP system as presently stands achieve that goal?

### A. I. INDUSTRIAL PROPERTY.

#### 1. Administrative remedies:

a) Actions:

Comprise patent and trademark infringement and unfair competition.

b) Preliminary measures:

Yes, very broad indeed, including cease orders, seizure, and border control measures (Difference between article 199 bis and 210 and 211 of LIP).

c) Sanctions: Administrative in nature:

Including fines up to approximately 50,000.00 USCy., temporary, permanent shut downs, and arrest up to 36 hours, and of course orders for the permanent ceasing of infringement.

**2. Civil Remedies:**

a) Actions:

Whereas in accordance with the LIP administrative is the remedy for deterring infringement, civil would be the remedy available for recovering damages. They are two independent actions. Civil action is generally filed after administrative infringement resolution becomes firm.

b) Preliminary measures:

Yes, but generally limited to "arraigue" and "seizure". Federal Civil Procedures Code would be applicable in such cases.

c) Sanctions:

Award of damages calculated over the minimum standard rule of 40%. The basis is the commercial value of infringing products.

**3. Criminal Remedies:**

a) Actions:

Comprise: i) infringement for second time (second offense) after administrative resolution becomes firm; ii) trademark counterfeiting, and iii) trade secret violations.

b) Preliminary measures:

Yes, seizures are possible, but if these are practiced in private property, they would require search and warrant order authorized by Federal District Judge. Federal Criminal Procedures Code is applicable in these cases, and such a statute would not contemplate cease orders.

c) Sanctions:

Prison up to six years, and fines up to $25,000.00 UScy. Recovery of damages is possible by express request of a special motion that can be initiated before the District Court in Criminal Affairs, after criminal resolution becomes firm, and 40% rule would apply.

**B. COPYRIGHT.**

**1. Criminal Remedies:**

a) Actions:

Comprise in general "use and exploitation" of works of authorship. (patrimonial rights), and also violation to integrity and paternity rights (moral rights).

b) Preliminary measures:

Yes, with the same limitations as in the case of industrial property.

c) Sanctions:

Prison for up to six years (the highest), and fines for up to $1,000.00 UScy. (also the highest). Motion for recovery of damages applies as well, including 40% rule.

**2. Civil Remedies:**

a) Actions:

Can be filed in general when "secondary use" of work is made and the amounts specified in agreements or tariffs have not been paid. Also possible in other limited situations.

b) Preliminary measures:

Limited; in addition to arraigue and seizure, it is possible seeking seizure of income obtained for admission to public spectacles; the electromechanical media for carrying out the public performance, and inspection and investigation of business.

c) Sanctions:

The standing for obtaining relief is proving a cause/effect situation between breach of an agreement or commitment of an illicit act and the loss that has been produced. No application of the 40% rule.

**3. Administrative Remedies:**

a) Copyright Law states that:

Any violation to the law that is not expressly criminal, shall be reputed an administrative fault. Among other examples: lack of use or misuse of copyright notices is considered an administrative fault. Conciliatory proceedings and arbitration can be conducted through Copyright Office.

**C. Recommendations:**

On recent times different groups have been suggesting reforms to the mechanisms and systems of IP enforcement. The foregoing has been recommended among others:

1. That both objectives (halting of infringement and damage recovery) could be pursued in one single action, whether administrative or civil.

2. That actions are made more expedite.

3. That the 40% rule is made extensible to civil actions in Copyright Law.

4. In addition to the 40% rule, statutory and punitive damages are introduced as alternatives for calculating damages.

5. In case of copyright enforcement, broader preliminary measures should be considered, which includes cease orders, and a more clear situation concerning border control actions.

# COMPUTER SOFTWARE AND THE NORTH AMERICAN FREE TRADE AGREEMENT: WILL MEXICAN LAW REPRESENT A TRADE BARRIER?[1]

BY LUIS C. SCHMIDT[2]

## I. INTRODUCTION:

### § 1.1 Mexico, Modernity and Free Trade.

Nowadays there is probably no country in the world not trying to modernize through protection of intellectual property rights. Structures, systems and forms can be diverse and vary however, depending on the level of development achieved in a particular country.

Since 1983 Mexico has conducted a structural change of its formerly protectionist industrial policies by slowly opening its borders to international trade, technology and investment. Internal modernization rules and policies have been introduced;[3] as a result, international competitiveness and economic development have become more perceptible.

---

[1] © Luis C. Schmidt, 1993.

[2] Olivares & Cia, Mexico City, Mexico. Bachelor of Law, Universidad Nacional Autónoma de México and Master of Intellectual Property, Franklin Pierce Law Center. Counsel to the Business Software Alliance In Mexico. The author wishes to express his gratitude to Richard E. Neff, Esq., for his assistance in reviewing this exercise and to William O. Hennessey, Esq., for the help in collecting material relating to U.S. Computer Software Law.

[3] *Programa Nacional de Modernización Industrial y del Comercio Exterior* (The National Program of Industrial and Foreign Trade Modernization), has set premises for industrial and trade development looking forward to the internationalization and privatization of the economy; achievement of development through the fostering of technology transfer and intellectual property; economic deregulation; internal market solidification and promotion of exportations. Jaime Serra Puche, *"Las Relaciones Comerciales de México con el Mundo"*, Conference given on April 18, 1990 and published by Secretaría de Comercio y Fomento Industrial, p.10.

This dynamic process of development is also observed in the increase in the export of finished products.[4]

The economic perspective of the world is also changing. This is mostly perceived, on the one hand, in regionalism projects in Europe and Pacific Rim and, on the other hand, in the collapse of communism followed by the need of former socialist countries to start new forms of development based on free market principles. These historic changes and trends have led Mexico to find partners and alliances in the international community. The problem has been where to look. To the south Mexico shares its historic and cultural identity with practically every Latin American State, however, trade volume among these countries is not large.[5]

There are thus very strong reasons why Mexico has looked north instead. Geographically speaking Canada, the United States of America (U.S.A.) and Mexico, have a total population of 356 million inhabitants and an internal gross income of $6 trillion USD. Likewise, commerce between Mexico and its neighbors to the north has increased significantly. The U.S.A. represents Mexicos principal trading partner, while Mexico constitutes the U.S.A.'s third partner, only after Canada and Japan.[6] With respect to Canada, a stronger and more important commercial relationship has been developing lately. One reason has been that both countries complement one another as to diversity of climates and natural resources. Also, an active trade in manufactured goods exists

---

[4] Non-petroleum products exports increased from $5 billion USD in 1982, to $17 billion USD in 1990. Secretaría de Comercio y Fomento Industrial 5 (1992). *"Organización de los Trabajos Preparatorios del Tratado de Libre Comercio con Norteamérica"* [hereinafter Organizacion de los Trabajos].

[5] Trade with Latin American countries represents only 4% of Mexican foreign trade, although in 1980 the Latin American Integration Association (ALADI) was created, with the purpose of establishing an area of economic advantage, including regional tariff preference measures. However, the practical result has actually been highly elevated levels of protectionism. Secretaría de Comercio y Fomento Industrial 21 (1992), *"Las Relaciones Comerciales de México con el Mundo."*

[6] During the latter part of the 19th Century, 70% of Mexican exports were sent to the U.S.A. and 50% of Mexican imports ended up there. More recently, more than 70% of the total exports to the U.S.A. were manufactured products, as compared with 32% prevailing eight years ago. *Supra* note 4, at 5-6. As to trade agreements, during the eighties many bilateral agreements were negotiated in order to eliminate obstacles in some concrete areas; however, tariff and non-tariff impositions still exist between the two countries.

as well.[7] Lastly, the free trade agreement between Canada and U.S.A. of January 1988, has positively fostered commercial activity and investments by reducing tariff barriers, eliminating non-tariff barriers and implementing mechanisms for the solving of disputes.

### § 1.2 Trade and Intellectual Property Around the World.

Because one of its principal aims is the free movement of goods, free trade can never develop properly if intellectual property rights are not protected. Article XX(d) of the General Agreement on Tariffs and Trade (GATT)[8] and Article 36 of the Treaty of Rome,[9] have been fundamental to the balancing of the interests of traders and intellectual property owners.[10] Both the GATT and the Treaty of Rome, as international multilateral conventions regulating trade, seek a system in which unfair trade practices and anti-counterfeiting measures are effectively enforced.

At the GATT's Uruguay Round trade discussions, numerous submissions were brought to the parties' attention, "outlining trade problems encountered in connection with new works of authorship, including books, periodicals, audio and video works, television program-

---

[7] In 1987 Mexico was already Canadas 9th purveyor and represented its 15th market. On the other hand, Canada was considered number 5 among Mexican commercial partners. Petroleum was Mexicos most demanded item during the seventies and first years of the eighties. This changed later and in 1987, export of manufactured and agricultural products helped to diversify the existing trade. Pursuant to trade agreements between Canada and Mexico, before 1990 they had subscribed to some general agreements on trade and industrial and energetic cooperation. In 1989 they signed an agreement related to trade and investment, fostering cooperation and understanding in some areas such as textiles, agriculture and livestock, fishing, automobile, mining, forestal, investment, technology transfer, assembly plants, tariffs and general preference systems. *Id.* at 6-11.

[8] "Contracting Parties to the original Agreement decided to place intellectual property rights on the list of subjects that article XX(d) excepted from the GATTs overall legal regime." J.H. Reichman, *Intellectual Property In International Trade: Opportunities and Risks of a GATT Connection*, 22 Vanderbilt Journal of Transnational Law, Number 4, p.756 (1989).

[9] Establishes some exceptions to the free movement of goods principle, including the protection of industrial and commercial property.

[10] Despite the important contribution of Article XX(d) to the GATT, there has been a longstanding battle between developed and developing countries regarding protection of intellectual property rights. Whilst in developed countries there is a position toward worldwide implementation of effective rules combating the non-authorized use or exploitation of intellectual property rights, there is a tendency in developing countries to free ride on intellectual goods originating in industrialized countries. The foregoing has arisen from the lacunae existing in the Great International Conventions, providing for a proper enforcement system. Reichman, *supra* note 8, at 756-57.

ng and computer software."[11] The industrialized countries spear-aded the move to include intellectual property rights on the Round's enda. Moreover, they proposed the drafting of an anti-counterfeiting de that would establish "a comprehensive package of minimal stan-rds of protection for copyrights, patents, trademarks, trade dress, mask rks and trade secrets."[12] The code should be in harmony with tradi-onal conventions on industrial property[13] and copyright.[14]

Industrialized countries have maintained that under a trade agree-ent like the GATT, a particular member country that offers weak, adequate and ineffective protection of intellectual property has to be nsidered as having "a significant and growing non-tariff barrier to ade in goods and services."[15] On the other hand, developing countries, d by the bloc known as the "Group of 10"[16], have opposed the code and argue in favor of leaving these questions entirely to the World ntellectual Property Organization (WIPO), which administers copyright nd industrial property conventions."[17] In summary, developing coun-ries are satisfied with the idea that the minimum standards in WIPO's conventions can continue to be internationally applied, due to the fact hat such standards are low and will remain so in the future. Thus, they

---

[11] Susan Wagner, *"Gatt Tackles Intellectual Property Issues"*, Copyright and Related Rights in the Service of Creativity, Published by the International Publishers Association and the International Group of Scientific, Technical and Medical Publishers, Autumn 1987, Volume I, No.3, p.6.

[12] *Id.*

[13] Principally the Paris Convention for the Protection of Industrial Property, *signed* March 20, 1883. *revised* at Brussels, December 14, 1900; Washington, June 2, 1911; The Hague, November 6, 1925; London, June 2, 1934, Lisbon, October 31, 1958 and Stockholm, July 14, 1967.

[14] Principally the Paris Convention for the Protection of Industrial Property, *signed* March 20, 1883. *revised* at Brussels, December 14, 1900; Washington, June 2, 1911; The Hague, November 6, 1925; London, June 2, 1934, Lisbon, October 31, 1958 and Stockholm, July 14, 1967.

[15] Wagner, *supra* note 11, at 6. "The investment required for the creation, development and marketing of high-technology products is enormous. And the ability to attract the capital necessary to support such creativity depends increasingly on the availability of a global market in which the creator can market his products. The exclusive rights provided by intellectual property laws enable the owner of such property to penetrate markets and establish a foothold for the sale and distribution of new products and services. Lack of adequate protection deprives investors of the export markets needed to recoup their costs."

[16] Brazil, India, Nicaragua, Argentina, Cuba, Egypt, Nigeria, Peru, Tanzania and the former Yugoslavia.

[17] Wagner *supra* note 11, at 6.

continue to oppose the industrialized countries' attempts to use the GATT as a vehicle increasing minimum standards of protection and establishing new specific rules on enforcement and dispute settlement.

### § 1.3 Mexico Looking Forward to NAFTA

Mexico is conscious of the fact that in order to reach the status of a developed country much has to be done, especially in the field of intellectual property rights protection and enforcement. Steps have already been taken in this regard; and in 1991 a new statute regulating patents and trademarks was implemented[18] and amendments to the copyright law were introduced.[19] As to international trade protection, Mexico fully supports the GATT's principles, including application of article XX(d) of said treaty.

Accordingly, Mexico expects that NAFTA will be compatible with the GATT[20] and in the field of intellectual property, Mexico additionally seeks adequate protection for Mexican inventors and authors and the free flow of new foreign technologies and capital into the country.[21] NAFTA intellectual property talks became stalled over the so-called "Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeiting Goods (TRIPS),"[22] which Mexico has also backed. In order to be compatible with the foregoing general principles, the Mexican domestic system of intellectual property protection must now offer an adequate level of protection to nationals and foreigners alike. Let us now analyze if indeed it does.

---

[18] Law for the Promotion and Protection of Intellectual Property, Federal Gazette (June 27, 1991).

[19] Decree of Amendments and Additions of the Federal Law of Copyright, Federal Gazette (July 17, 1991).

[20] *"Organización de los Trabajos"*, *supra* note 4, at 12.

[21] NAFTA negotiations working groups were divided into six major areas, intellectual property being the fifth. Jaime Serra Puche, *"Bases de la Negociación del Tratado de Libre Comercio entre Mexico, Canadá y Estados Unidos"*, Conference given on April 18, 1990 and published by the Secretaría de Comercio y Fomento Industrial, p.14.

[22] International Chamber of Commerce, *"Commission on Intellectual and Industrial Property Agreement on Trips"*, Policy and Program Department 1992-01-09 DC, document No. 450/702. Specifically, Article 10 establishes that computer programs will be protected as literary works under Berne Convention and compilations will be protected as well. Article 11 establishes a rental right. Article 12 establishes a term of protection of at least fifty years from the date of publication and, if the work is unpublished, from the date of its making.

## II. COMPUTER SOFTWARE PROTECTION UNDER MEXICAN INTELLECTUAL PROPERTY LAW & FREE TRADE TRENDS

### PART II Section 1: Copyright

#### § 1.1 The Basic Framework.

##### [A] A Brief Historical Introduction.

The Mexican Copyright Law evolved from the civil law system adopted by the country as a consequence of the 16th Century Spanish Conquest. After the Mexican war of Independence ended in 1821, a series of constitutions followed which recognized among other basic rights the need to properly protect authors and inventors with respect to their creations.[23] The Constitution of 1917[24], which is still in effect in Mexico, viewed patents and copyrights as permitted monopolies—or in other words, as exclusive rights or "privileges,"[25] limited in time, conferred upon authors and artists with respect to the reproduction of their works and to persons inventing or improving upon inventions for the exclusive use of their inventions.[26] In accordance with the free market economic principles set by the 1917 Constitution, monopolies, trusts and cartels became practices against the Constitution itself, except among others,

---

[23] Article 50 section I of the 1824 Constitution recognized exclusive rights for authors with respect to their works and nothing was said about inventors; on the other hand the Constitutional Laws of 1836 and 1857 referred only to inventor's rights and those of authors were intended to be extensively interpreted. Arsenio Farell Cubillas, *El Sistema Mexicano de Derechos de Autor*, Editor Ignacio Vado, México 1966, p.13.

[24] Promulgated on February 5, 1917.

[25] Although patents and copyrights were actually exclusive rights recognized by the Constitution and granted to authors and inventors, the framers of this Fundamental Law decided to use the old expression "privileges", valid at the time when European Crowns controlled press activity and granted special authorizations for the reproduction of works. In opposition to this "privileges" theory, part of Mexican doctrine follows Gustav Radbruch's ideas about "social rights". This view extrapolates Radbruch's philosophy from labor and agrarian law to copyright, stating that this latter branch of law is devoted to equalizing the rights of authors and publishers, whose negotiating capacities are economically unequal. *Supra* note 23, at 55.

[26] Article 28 of the 1917 Constitution. Although not mentioned in this Constitutional provision, the exclusive rights of authors and inventors are limited by their respective laws depending on the characteristics of the rights therein. Thus, copyright limitations are found in the principles of originality, ideal expression and fair use, among others and patent limitations in the principles of novelty, inventive activity (roughly equivalent to non-obviousness in the U.S.) and industrial application.

for those "privileges" constituting the exclusive rights of authors and inventors.[27]

Since Mexico became independent, various copyright laws have been enacted. A specific law was implemented in 1846[28], but then, the civil codes of 1870[29], 1884[30] and 1928[31], undertook the regulation of copyright. A more complete and systematic approach to the regulation of copyrights was introduced with the Federal Copyright Law of 1947[32], followed by the Federal Copyright Laws of 1956[33] and 1963, this latter law is still in effect.[34]

---

[27] Ignacio Burgoa, *Las Garantías Individuales*, Editorial Porrúa, 18th edition, México 1984, p.409. This Mexican Constitutional professor explains that the exception to what he calls "free concurrence" recognized by Constitution with regard to authors' and inventors' exclusive rights, represents an imposition on third parties to fully respect the rights of inventors and authors. The justification of article 28 "privileges" relies much on the aims of copyright and patent law themselves, that is, achieving progress of culture and technology through the protection of works and inventions. Cubillas, *supra* note 23, at 55.

[28] Apparently published on December 3, 1846. It contained 18 provisions and recognized literary property rights related to the publication of a work, duration of life plus thirty years and conferred equal rights to Mexicans and foreigners. Falsification was elevated to a crime consisting of the publication, copying and performance of works without the author's authorization.

[29] This code was influenced by the Spanish and French codes. It equated copyright as a property identical to that of tangible goods and considered it perpetual, with the exception of dramatic works. Rafael Rojina Villegas, *Derecho Civil, Bienes, Derechos Reales, Posesión*, at 289.

[30] This code followed the one of 1870 respecting copyrights, adding to it some penalty provisions for the copying and performance of works.

[31] Published on August 31, 1928 and effective to date. Different from previous civil codes in that it did not relate copyright to property; rather, it consisted of distinct righs with special characteristics —temporal privileges to use and exploit works.

[32] Published on December 30, 1947 as a result of the entrance of Mexico into the Interamerican Convention of Washington D.C. This Law grants protection to patrimonial and moral rights and — with a social point of view — regulates reproduction and publishing agreements and collecting societies.

[33] Published on December 29, 1956, it follows closely the law of 1947. It merely redistributes former law's chapters and harmonizes it with the Universal Copyright Convention principles, previously subscribed to by Mexico.

[34] Decree of amendments to the 1956 Law of November 4,1963 and published on December 31, 1963.

## [B] Principles of Mexican Copyright Law.

### [B.1] The Author.

Mexican Copyright Law is definitively oriented toward author's rights.[35] The flesh and blood person called the "author"[36] — or "authors" in case of collective works[37] — is the main object of protection. In keeping with this, Mexico — like most other countries with legal systems derived from Roman Law — strongly encourages protection of the author's personality, a situation which is reflected in the concrete application of such basic copyright principles as originality,[38] the expression/idea dichotomy[39] and fair use.[40]

---

[35] Differences between authors rights and copyright systems will be discussed *infra* p. 16.

[36] Mexican Copyright Law does not provide a definition of "author"; however the expression exclusively refers to the natural person who creates a work. Although not a Mexican, Isidro Satanowsky provides a criterion that is valid in Mexico, stating that an author is that person who directly realizes activities oriented to create a unitary, complete and independent work of authorship, revealing his personality, artistic talent and creativity. Isidro Satanowsky, *Derecho Intelectual*, Volume I, Tipográfica Editora Argentina, Buenos Aires, 1954, p.265. As to ownership, the individual author of a work is owner of the copyright on what he or she creates, unless there is a work made for hire relationship. In this respect, article 59 of the Copyright Law establishes that everyone who produces a work with special and remunerated participation or collaboration of one or more persons shall enjoy *ab-initio* the copyright therein. The meaning of remuneration is broad, and comprises salaries, participations, payments for the rendering of services other than employment among others — there are no Court decisions that have limited this criterion.

[37] Articles 12 and 13 of the Copyright Law regulate collective works and works under collaboration.

[38] The originality principle will be discussed *infra* p.18.

[39] Cubillas quotes many different authors to indirectly conclude that it is acceptable under Mexican Copyright Law that due to the characteristic of works, it is not the idea underlying the work which copyright protects; rather it is the expression that the author exteriorizes from his or her inner world. Cubillas, *supra* note 23, at 76.

[40] Article 18 of the Copyright Law, provides some very specific limitations to copyright protection, such as industrial application to ideas in a work, non-lucrative employment of reproduction or performances of works in actual events, publication of art and architectural works which are publicly displayed, translation or reproduction of fragments of works or "chrestomathies", reproduction of a published work as a manuscript, typed document, photograph, photocopy, drawing, painting or microfilm, as long it is done for the exclusive use of who reproduces it. In 1991 a limitation was added dealing with back-up copies of computer software. As can be perceived, this very specific limitation system differs significantly from the equity system followed by § 107 and further provisions of the U.S. Copyright Act.

### [B.2] The Work of Authorship.

A work is the personal intellectual creation or expression of human sensibility, talent and ingenuity. A creation meeting the above criteria, that is, an individual creation, complete, unitary and representing or meaning something,[41] will be granted full protection under Mexican copyright law. Likewise, Mexican Copyright Law requires that the work be embodied in a tangible medium of expression. It is indeed the act of creation and fixation of the author's creation in a material and durable form that leads to copyright protection.[42] However, it will always be always the intangible element — human creation — that will be protected and not the medium or "corpus mechanicum" in which is embodied.[43]

### [B.3] The Rights.

Mexican copyright law states that there are two fundamental types of rights, namely, moral and patrimonial rights. Moral rights are the purest manifestation of the author's personality in copyright. They cannot be transferred, sold or assigned, because they are inherent to and integral to the author, who holds them permanently and perpetually, during and after his or her life. Also, it is not possible for the author to renounce his or her moral rights; they cannot be pledged and they never prescribe.[44] According to Mexican Copyright doctrine, moral rights constitute the dividing line between intellectual property rights and actual property (res).[45] There are various categories of moral rights, of which Mexican law has indirectly recognized some,[46] but expressly only the paternity right[47] and the integrity right.[48]

On the other hand, patrimonial rights can be transferred, licensed, or in any other way disposed of by the author, or by the assignee or

---

[41] Satanowsky, *supra* note 36, at 153.

[42] Article 7 of the Copyright Law.

[43] Cubillas, *supra* note 23, at 81.

[44] Article 3 of the Copyright Law in connection with article 2(I) and (II) of the same statute.

[45] Cubillas, *supra* note 23, at 119. Moral rights are not *"ius in re aliena"*.

[46] Right to create, right to continue and complete their own work, right to modify and destroy their own work, right to keep the work unpublished, right to publish the work under the authors name, under pseudonym or anonymously, right to select interpreters for the works performance and right to withdraw the work from commerce. *See* Carlos Mouchet and Isidro Radaelli, *Los Derechos del Escritor y del Artista*, Ediciones Cultura Hispánica, Madrid (1953).

[47] Article 2(I) of the Copyright Law.

[48] Article 2(II) of the Copyright Law.

copyright owner in case of a work for hire relationship, and its duration is temporary.[49] Just as in the U.S. and other jurisdictions, patrimonial rights contemplated by Mexican law can be divided into the five well known categories of reproduction, distribution,[50] control of derivative works,[51] public performance and display.

### [B.4] Formalities.

Finally, Mexican Copyright Law subscribes to the principle of absence of formalities as to registration and use of copyright notice of the Interamerican Conventions and the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention). Accordingly, Berne Convention standards[52] were introduced into article 8 of the 1963 Copyright Law, which states that there is no need to register a work in order to protect it. As mentioned before, protection of a work arises out of the very act of creation, and registration only recognizes or confirms such previously constituted rights. Notwithstanding the foregoing, registration represents prima facie evidence of copyright ownership.[53] Thus, in case of a dispute over rights, the burden of proof would be borne by the contesting party.

By application of the Berne Convention, the principle of absence of formalities extends to foreign authors who are nationals of Union countries, or if not nationals of Union Countries,[54] if their works have been

---

[49] Article 4 of the Copyright Law as supported by article 23 of the same statute, which establishes the general term of protection of patrimonial rights of life of the author plus fifty years after his or her death.

[50] The distribution right according to Mexican Law of copyright is a broad concept encompassing rental rights, although not expressly. Exhaustion of rights operates only nationally after the first property disposal or transmission of a copy of the copyrighted good is made and there is no provision allowing the parallel importing of a corresponding foreign distributed genuine good.

[51] Article 9 of the Copyright Law states that derivative works such as arrangements, abridgements, amplifications, translations, adaptations, compilations and transformations of works, shall be protected as to its original aspects, but shall only be allowed to be published if they are authorized by the copyright owner of the underlying original work. If the works or features taken to produce the derivative work pertain to public domain, it will be protected as to its original portions, but will not mean extension of the protection to its underlying aspects.

[52] *See* National Treatment Principle of article 5(1) of the Paris Act of the Berne Convention and absence of formalities of article 5(2).

[53] Mexican Law provides an easy, quick and cheap registration system based on originality standards, with no time limitation for registration. Articles 119 and 122 of the Copyright Law.

[54] Article 3(1)(a) of the Berne Convention (Paris Act).

ublished[55] in one Country of the Union, or if they have permanent esidence in one of them.[56] Similarly, the Interamerican Convention onfers protection to member State authors and foreigners domiciled n member States, without registration, deposit or formalities.[57] Therefore, in the case of enforcement, a Mexican court would most likely ecognize application of the principle of absence of formalities to all oreign works whose authors are nationals of Berne Convention or nteramerican Convention countries, but not to nationals of countries vith which Mexico has only Universal Copyright Convention relationships or no reciprocity relationships at all.[58]

The principle of absence of formalities also covers the copyright notice requirements.[59] However, Mexican Copyright Law (Law) states that if proper notice is not displayed in a visible place, the publisher will be liable for sanctions prescribed by the Law[60], but this will not result in loss of copyright.[61] Regarding recordation of agreements, the Law provides that those entered into by authors modifying, transmitting, encumbering or extinguishing patrimonial copyrights shall produce effects after they are recorded with the Copyright Office.[62] It should be understood that only agreements representing transfer, modification or extinction of copyrights have to be recorded; work-for-hire agreements

---

[55] Article 3(1)(b) of the Berne Convention (Paris Act).

[56] Article 3(2) of the Berne Convention (Paris Act).

[57] Article IX of the Interamerican Convention. Article X encourages the use of notices, but it is not mandatory.

[58] Article 28 of the Copyright law states that works of foreign authors whose countries do not have international copyright relationships or works published for the first time in a country with no relationships with Mexico, copyright therein will be protected for a seven year period reckoned from the date of first publication of the work, as long as there is reciprocity with the concerned country. After this period has passed and if the work has not been registered with the Mexican Copyright Office, any person shall be entitled to publish it with previous authorization granted by the Public Education Secretariat.

[59] The Mexican Copyright Law establishes in its article 27 that "[p]ublished works protected by this Law shall bear the expression "Derechos Reservados" (Rights Reserved), or its abbreviation "D.R.", followed by the symbol "©" and the full name and address of the copyright owner and an indication of the year of publication...."

[60] There is no specific sanction applicable to a published work lacking of copyright notice. However, in conforming with article 143 of the Copyright Law, fines ranging from $130,000 to $6,500,000 Mex (approximately $500 to $2,100 USD) are imposed in case of infractions of the Mexican Copyright Law and Regulations thereunder that are not criminal in character.

[61] Article 27 of the Copyright Law.

[62] Article 114 of the Copyright Law.

do not fall within any of the cited categories. Also, recordation is not mandatory for agreements entered into by two publishers or other corporations with no participation of the authors. Otherwise, there are no restrictions imposed by the law to scrutinize and approve recordation of agreements; the intention of the contracting parties governs copyright relationships between authors and publishers.[63]

## § 1.2 Copyright Protection for Computer Programs in Mexico

### [A] History of "Acuerdo"[64] Number 114 of the Public Education Secretariat.

On October 8, 1984 the so-called "Acuerdo 114 of the Public Education Secretariat" was published in the Official Gazette of the Federation. This resolution, although not binding as a statute of Congress, manifested the first intention of the Mexican Government to recognize protection for computer programs. It is not clear why the government chose to regulate software through an administrative resolution and not through enactment of a statute. There is also no legislative history to indicate why the Mexican government decided to protect computer programs through copyright law and not through patent law. Mexico just followed what the World Intellectual Property Organization[65] and other countries[66] had done at that time.

---

[63] Regarding government approvals, the former Technology Transfer Law (TTL) of January 11, 1982 stated that *inter alia*, it was required to record agreements transferring or licensing copyrights regarding industrial exploitation and computer programs: Article 2(l) and (m). The LTT was abolished with the implementation of the new Law for the Promotion and Protection of Industrial Property.

[64] "Acuerdo" could be best translated into English as a resolution or decree of a government body, in this case the Public Education Secretariat, which belongs to the executive branch. It is not a statute; rather, it pertains to a formal ruling of this official body with regard to a matter within its jurisdiction.

[65] Model Provisions on the Protection of Computer Software, 1978 Copyright 6, WIPO Publication No. 814.

[66] See Eugen Ulmer and Gert Kolle, *Copyright Protection of Computer Programs*, IIC, Vol. 14 No. 2/1983. In Germany, the German Association for Industrial Property and Copyright Law submitted an opinion of the WIPO Model Provisions to the Federal Ministry of Justice, which was accepted by the latter in late 1981. There are also landmark resolutions of the matter made by the Kassel, Mannheim, Mosbach and Munich District Courts. In the United Kingdom, a special Committee to Consider the Law of Copyrights and Designs was set up, which prepared the Whitford Report which was presented to Parliament in 1977. It was widely accepted and applied in the study presented by the British Government in 1981, the "Green Paper", which was the basis for a revision to the 1956 Copyright Act. In France, there was an important decision of the Paris Court of Appeals of November 2, 1982 (1982 PIBD

"Acuerdo" 114 contains a provision stating that computer programs were deemed to be works of authorship under the terms of the Federal Copyright Law. Copyright protection and registration[67] thus became available in order to prevent infringement by unauthorized third parties of works having these unique characteristics. These particular characteristics resulted from the contents of the program itself as well as from the tangible medium in which they are embodied. Registration was thus accepted for computer programs under a rationale akin to the "rule of doubt" (applicant's good faith would be presumed without affecting third parties' rights).

### [B] Federal Copyright Law of 1963.

The "Acuerdo" was considered for a long time as the guiding principle of computer program copyright protection; however, the Copyright Law of 1963 was deemed applicable as providing the general framework of protection of these types of works. This curious situation endured for approximately seven years. As a result, the Copyright Office started granting registrations for operating systems and applications programs presented either in source code or object code. Registration required the filing of the ten first and last pages of said object code, source code or

---

[66] *Continued.* III.p. 260). In Japan, there was a decision of the Tokyo District Court of December 6, 1982 (*Taito v. I.N.G. Enterprise*) and another of the Osaka District Court of December 18, 1979, reported in 3 EIPR 131 D 61 (1981). In the Netherlands, decisions of the *Arrondissements Rechbank tes Hertogenbosh* of January 30, 1981 and May 14, 1982 could be found. In the U.S., "as early as 1964, the Copyright Office registered the first computer program in the book category under the rule of doubt, and continued this practice as long as the programs were deposited in humanly readable form." Marshall A. Leaffer, *Understanding Copyright Law*, (Matthew Bender, U.S) 1989 and 1990 reprint, p.64. Copyrightability of computer programs was favored by the legislative history of the 1976 Copyright Act. However, the National Commission of New Technological Uses of Copyrighted Works (CONTU) appointed by U.S. Congress to study the issue concluded with some suggested amendments to the Act, and as a result a definition was included in § 101 and some limitations in § 117. Some landmark cases in the U.S. are *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983)., *cert. dismissed*, 464 U.S. 1033 (1984); *Williams Elec., Inc. v. Artic Intl, Inc.*, 685 F.2d 870 (3d cir. 1982); *Stern Elec., Inc. v. Kaufman*, 669 F.2d 852, 855-56 (2d Cir. 1982) and others. Finally, in Canada "Copyright is currently the principal source of protection for computer programs... Computer programs are now defined as literary works by virtue of legislation recently enacted to revise the Copyright Act (Bill C-60)." Max Wood, *Computer Related Intellectual Property: What Protection is Available?* Scott & Aylen Intellectual Property Quarterly, Volume 8, Number 2, Spring 1992. A leading Canadian case is *IBM Corp. v. Ordinateur Spirales* (1984).

[67] Acuerdo 114 (Article 1).

both.[68] A brief description of the computer program and a listing of its directory were required as well.[69] Finally, the applicant was entitled to file samples of the program in any known tangible form of expression. If these media were other than printed paper, the applicant was required to file the first and last 10 pages in question, which were returned to him or her with corresponding annotations.[70]

**[C] Amendments of 1991.**

With the passage of time the 1963 Law needed to be reformed as it was increasingly unable to cope efficiently with the complexity of legal problems in the software industry. Of the issues that emerged from the use and commercialization of software, growing piracy bears first mention. There was practically no understanding in Mexico of the rights that computer program authors and publishers had with respect to their works of authorship. Likewise, it was difficult to know the obligations of the public relating to the reproduction of the programs. "Acuerdo 114" had fallen behind actual needs and trends. Accordingly, on October 30, 1985, the "Asociación" Nacional de la Industria para Programas de Computadoras", a national organization better known as "ANIPCO", published a document proposing a series of amendments[71], which some years later became the foundation of the 1991 Copyright Law amendments.

The ANIPCO memorandum, among other matters, suggested the recognition of computer programs as a new category, independent of the more traditional types of works. It also raised the possibility of restricting reproduction to a single back-up copy of an original program, and recommended that duration of the protection be life plus thirty years, granted not to the author but to the publisher.[72] Computer software differs from other classes of works in that it manifests problems with respect to moral rights, inasmuch as development of programs is frequently undertaken by groups of 20 or 30 programmers or even more. This situation creates a conflict due to the fact that it is difficult to determine the participation of each programmer; one may not even know about another programmer's contributions. ANIPCO therefore proposed

---

[68] Acuerdo 114 (Article 2).

[69] Acuerdo 114 (Article 3).

[70] Acuerdo 114 (Article 4).

[71] *Legislación sobre derechos de autor.* Editorial Porrúa, México, 1980.

[72] As explained above, the life plus fifty years provision is applicable to author's rights of a natural person and it is not clear with respect to collective persons' rights. The term of life plus fifty was finally applied to computer software as well.

that moral rights with respect to computer software could be waived. Furthermore, ANIPCO suggested that a system should be implemented that restricts access to software registration records filed at the Copyright Office without the express consent of the copyright owner. Finally, ANIPCO's recommendation included an increase in penal and economic sanctions for the non-authorized reproduction of programs, including manuals and nonliteral elements.

As mentioned, ANIPCO's voice was heard by the Mexican Congress and most of its proposals were incorporated into the Copyright Law. The 1991 Amendment[73] was intended to significantly improve copyright protection for computer programs in Mexico, and regulations to the Law should be promulgated soon. Anticipating the North American Free Trade Agreement (NAFTA), and with the goal of raising the standards of protection to a level that compares favorably with that of other countries, Mexico implemented more effective and meaningful enforcement procedures. However, the Amendments met with both national and foreign criticism, before[74] and after[75] their enactment.

Articles 7(j), 18(f), 132(II) and 135(III), were modified or augmented. In the first place, computer programs were expressly considered to be a separate category of works of authorship.[76] Although not intended by

---

[73] Published at the Official Gazette of the Federation of July 17,1991, became effective 30 days after its publication.

[74] On April 11, 1991, an unattributed source produced a document entitled *"Comments on Provisions Relating to the Protection of Computer Software in the Copyright Law Amendment Submitted to the Mexican Congress on June, 1990."* We believe that it was drafted by some American computer software organization involved in some manner in the NAFTA negotiations. In the document can be noted disagreement with the Amendments draft presented to Congress with regard to the failure to protect computer programs as literary works; failure to protect data bases explicitly; failure to exclude computer programs from the application of Berne Convention compulsory license provisions (Appendix, Arts. II and III), and Mexican Copyright Law (Articles 62 through 71); it also notes lack of clarity of deposit provisions, as it can not be easily concluded whether "Acuerdo 114" will still apply respecting the deposit of portions of the codes of the programs to be registered, imprecisions as to the extent of the application of the distribution right, importation right, rental right and as to parallel imports and insufficiency as to the criminal sanctions and civil remedies provided by the law.

[75] Jose Luis Caballero Leal, *Regulación Jur_dica de los Programas de Ordenador a la Luz del Tratado de Libre Comercio*, Conference presented at the seminar entitled *"Aspectos del Derecho Intelectual en su Relación con el Tratado de Libre Comercio Méico-Estados Unidos de Amérca-Canadá."* Organized by the Federal Prosecutor's Office, the Escuela Libre de Derecho and the Mexican Copyright Institute.

[76] Article 7(j) of the Copyright Law.

the drafters of the amendments, the idea of establishing some degree of differentiation between this type of works and others of more traditional character is proper in a country in which an author's rights system prevails.[77] Article 7 of the Copyright Law grants equal protection, without distinction, to all of the listed categories of works. Likewise, as with any other type of literary or artistic works, its nonliteral elements[78] are protected in the same manner as the outlines, sketches, plots, plans and drafts of other works, without having to be expressly mentioned in the Law. However, as a result of the pressure that NAFTA's U.S. negotiating team put on the Mexican Government to classify computer programs as literary works, new changes to the Law surely will come up in the future.

The back-up copy provision of article 18(f) of the Copyright Law[79] was inspired by Article 117 of the U.S. Copyright Act.[80] Nonetheless, such provision is unclear as to whether "back-up" copy refers to one loaded onto the hard disk of a computer or whether the original floppy disk would become the back up copy once it is loaded onto a hard disk.[81] As to adaptation of programs, anyone may to produce derivative works and use them for personal purposes; however, in accordance with the Copyright Law, the publication or public use of the adaptation requires the prior authorization of the copyright owner.[82]

Article 132(III) incorporates ANIPCO's proposal by establishing an exception to third party access to records filed with the Copyright Office relating to computer programs. This was made with the primary purpose of protecting trade secrets embodied in the programs. In fact, the prefatory statement or legislative history of Article 132(III) states that it should be borne in mind that configuration of software "constitutes the essence thereof"[83] and public information on the subject should be

---

[77] *See infra* pp. 18-19, our comments on the originality principle.

[78] Such as the SSO, screen displays and user interface, *see infra* p. 15.

[79] Article 18 of the Copyright Law: "Copyright protection does not extend to the following cases: . . . f) The back up copy made for the exclusive use of one who acquires an authorized copy of the computer program".

[80] 17 U.S.C. § 117. Limitations on Exclusive rights: Computer Programs.

[81] Jose Luis Caballero Leal also questions whether for back up copy we should understand the momentary reproduction of the program in a RAM type memory. Leal, *supra* note 75, at 11.

[82] Article 120 of the Copyright Law.

[83] Taken from Secretaría de Educación Pública, *"Revista Mexicana de Derecho de Autor"*, Year II, Num.7, Jul.-Sept.,1991, p.31.

restricted. Otherwise access to this type of work by the public would be tantamount to disclosing its creative features.[84]

Finally, enforcement of rights, intellectual property infringement and counterfeiting — both for locally manufactured and for imported products — have been grave problems in Mexico in recent years. Therefore, the existence of adequate and effective means by which intellectual property owners can enforce their rights is an important free trade agreement issue that confronts Mexico. Consequently, in addition to a strong copyright law protecting computer programs, effective civil and criminal remedies such as border controls and stringent anticounterfeiting measures are needed as well. The Copyright Law contains a chapter prescribing remedies and sanctions. Both criminal and civil damages actions are contemplated.[85] Also, in addition to the application of the Federal Codes of Civil and Criminal Procedure, this chapter of the Copyright Law authorizes civil judges and criminal prosecutors to seize illegal copies.[86]

The 1991 Amendments to the Copyright Law introduced a criminal penalty of up to six years in prison and significant fines for the unauthorized reproduction of computer programs done for the purpose of gain. This "for purpose of gain" feature has been a bone of contention. However, "gain" or its Spanish translation "lucro", refers not only to the profit directly obtained from the sale or exploitation of a certain good, but also to the indirect benefit or advantage, which would not

---

[84] The *"Comments on Provisions Relating to the Protection of Computer Software..."*, *supra* note 74, at 23, approves this provision; however it suggests that the regulations to the Law allow the deposit of "identifying material" in lieu of entire or partial copies, and that any copies deposited may be redacted for trade secrets. On the other hand, Jose Luis Caballero Leal highlights the legal and technical inconsistencies arising out of treating computer software deposits as private as opposed to other types of works, which deposit remains public; nevertheless, the legislative history of the Amendment indicates that Congress agreed to establish the exemption "because it stimulates and fortifies the creative activity in this subject." *Id.* at 32.

[85] Chapter VIII (Articles 135 through 156).

[86] However, Mexican litigation and its court system do not provide for injunctive relief measures.

necessarily require pecuniary gain.[87] [88] This newly introduced criminal remedy has been recently tested by the Business Software Alliance (BSA)[89] and much success is expected in the near future.

### [D] Software Collecting Society.

On February 27, 1992 the Copyright Office registered a Collecting (or Authors') Society, which among other purposes set by the law, it intends to jointly collect its members' royalties deriving from the use of software.[90] The creation of the Society has surprised more than one commentator, however. The problem is twofold. First, collecting societies in Mexico are entitled to collect royalties arising from the public performance of works of authorship without the express authorization of the author.[91] According to the Copyright Law, collecting societies are not authorized to collect royalties arising from the reproduction and distribution (publication) of copies of the program if no express power of representation is granted by the author.[92] Second, rights to collect royalties derived from publication of software (or mechanical rights, using the terminology employed in the music industry), are only vested in the author or his authorized representative. Furthermore, as most computer programs are produced under work-for-hire relationships, employers and contracting parties that purchase software development services rather than "authors" are frequently the rightful owners of such collection rights.[93]

---

[87] Article 75 of the Copyright Act and legislative history stating that this provision is applicable in the event that a person uses non-authorized reproductions of computer programs for his own benefit or for others.

[88] Whereas the manufacturer most of the times obtains direct "lucro" from the reproduction and distribution or sale of the infringing programs, the dealer normally loads programs onto the hard disks of the computer that it sells as an incentive and the end user buys one or a few original copies of a program and then loads it onto the hard disks of sometimes hundreds of computers on its premises or even onto servers that uses networks.

[89] BSA members in Mexico include Aldus Corp., Autodesk Inc., Lotus Development Corp., Microsoft Corp., Novel Inc. and WordPerfect Corp.

[90] Registration number 68, pages 47 and 48 of the Authors' Societies book.

[91] Articles 72 and 98(II), second and third paragraphs. However, as the reader surely will know, public performance of computer software, if possible at all, could only be found in the displays of some types of screens, like videogames.

[92] Article 98(I) of the Copyright Law.

[93] See comments relating to work-for-hire and Article 59 of the Copyright Law at *supra* p. 7, footnote 36.

**[E] Non-Literal Elements.**

From the above, there is no doubt that literal codes of computer programs are protected in Mexico as forming part of the final product ready for use by a machine. Partial or total copying of these features leads to copyright infringement. On the other hand, there must be a dividing line between such protected expression and the unprotected idea or overall purpose of the program. But would the non-literal aspects of the program be protected in accordance with Mexican Law? These uncharted waters lying between idea and expression, constituting the program's "structure, sequence and organization" (SSO), have not been addressed either by the Copyright Law or by the Courts.[94] "Look and feel" and user interface issues also have not been explored.

Notwithstanding this situation, the Copyright Law of Mexico should protect non-literal features of programs on a case-by-case basis if they form part of the program's expression and not the idea.[95] Although not all transitions between the several stages of program development are fixed, identified or even utilized in the final product (flow charts), "[f]rom a copyright law point of view software development in all its phases can be regarded as a process of work completion which eventually aims at the production of an operational computer program."[96] As mentioned, the Mexican Copyright Law grants protection to sketches, outlines, plots, rough drafts, etc., to all categories of works and the SSO and displays of computer programs are no exception.[97] However, it remains to be seen whether a Mexican court — especially of criminal jurisdiction — would enforce such rights in an action grounded in the unauthorized copying of programs. It is not clear whether this language is broad enough to apply not only to direct reproduction of the program, but also to infringement of non-literal features.

---

[94] Also, it is not completely clear whether program similarities could be identified in levels above the literal code such as "the algorithms that are implemented by the code and, at progressively higher levels, the definition and interrelationship of subroutines, modules and larger functional units." Ronald S. Laurie, Comment: Use of a *"Levels of Abstraction: Analysis for Computer Programs."* A.I.P.L.A. Q.J., Vol. 17:232, p.232. *See also* leading cases in the U.S., e.g., Whelan Associates, Inc. v. Jaslow Dental Laboratory, Inc., 797 F.2d 1222, 230 U.S.P.Q. 481, [1986]; Computer Associates International Inc. v. Altai, Inc., No. 89 CV 0811, *slip op.* E.D.N.Y. Aug. 12,1991) and others.

[95] Ulmer and Kolle refer to the first stage of the program's development as to the writing of a previous specification of the basic concept of the program, then secondly the program's description in a natural language, and lastly to the subsequent conversion into a data flow chart. The second step would be the encoding of the flow chart into the source code and finally the operational object code. *See* Ulmer and Kolle at 173.

[96] *Id.*

[97] *Infra* p. 13.

### [F] Databases.

It is also unclear whether databases are protected by copyright, because the Mexican Copyright Law extendes protection to artistic and literary expressions which are the result of sensibility and talent rather than products of "sweat of the brow."[98] There is also no specific provision in the Law that refers to database protection. Nevertheless, in Mexico as in the U.S.[99] facts and collections thereof are not the subject matter of protection, but compilations are protectible if there is originality as to selection, arrangement and coordination of such facts.[100] Under the above standards, a simple list of names in alphabetical order would probably not be protected. On the other hand, if the compilation meets a certain threshold of originality, it will be protected regardless of whether it is embodied in electronic or non-electronic media.

## § 1.3 Free Trade and Computer Software: Two Systems Vis-a-Vis.

### [A] Evolution of Authors Right and Copyright Systems.

Copyright law evolved differently in England from Continental Europe. However, there are common roots to both Anglo-American and Continental European (and Latin American) copyright systems in the censorship of the press during the 15th Century and the monopoly

---

[98] We believe Mexican courts would follow *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. ___, 113 L.Ed.2d 358, 11 S.Ct. 1282, 18 U.S.P.Q. 2d 1275, 1991 Copyright L. Dec.(CCH) ¶26,702 (1991), in which the U.S. Supreme Court rejected the so-called "sweat of the brow" or "industrious collection" doctrine and held that only unique selections, arrangements and selections of data and facts are protected under copyright law. *See* Morton David Goldberg, *"Copyright for Computer Programs and Data Bases"*, A.I.P.L.A. Vol. 1, Jan. 1992, at N-4. The European Community on 15 April 1992 issued a proposal for an EEC Council Directive concerning legal protection for databases. OJEC C 156, at 4 (23 June 1992) Concerning proposed legislation for the protection of databases as "reserved creations" under French law, see Le Stanc, *Intellectual Property on Procrustes' Bed: Observations on a French Draft Bill for the Protection of Reserved Creations*, 14 EIPR 438 (1992).

[99] *See* Goldberg, *supra* note 98, at N-5., reviewing *Feist*. There he says that "[a]nalyzing the definition of 'compilation' in § 101 of the Copyright Act, the Court said that it conveyed the 'message through its tripartite structure' that "collections of facts are not copyrightable per se": . . . 'The statute identifies three distinct elements and requires each to be met for a work to qualify as copyrightable compilation: (1) the collection and assembly of preexisting material, facts or data; (2) the selection, coordination, or arrangement of those materials; and (3) the creation, by virtue of the particular selection, coordination, or arrangement, of an 'original work of authorship'."

[100] Article 9 of the Copyright Law; see *supra* note 51.

privileges granted by sovereigns, the church and universities.[101] Later, while in France the Crown began to control the press, in England the Stationers Company gained control as the Crown invested it with extraordinary powers to print, and to search and seize when the writings were not "licensed" by official censors.[102] As a result of the increase in piracy throughout Europe due to the monopolistic press, a struggle arose and the right to control publication reverted to the author in France and remained with the Stationers Company in England. This evolution led these two countries to take different courses with regard to copyright protection of authors and their works.[103]

The fundamentals of the French approach are highlighted by the emphasis given to moral rights (theory of personality), whereas in England and later in the United States, the focus has been on the control afforded by copyright over initial disclosure of works (the common law theory of privacy).[104]

### [B] Two Different Systems, Two Confrontations.

#### [B.1] First Confrontation: The Formation of the International Network of Treaties.

Internationalization of copyright was first realized when works produced within one country began to reach other countries. This was due in part to piracy triggered as a consequence of the monopolistic practices of the Crown and publishing companies seeking to control the press. International agreements were resorted to resolve trade conflicts in Europe and the Americas. During the 19th Century many such agreements were reached. Later, these agreements were superseded by multilateral treaties, of which the Berne Convention is considered the most important. Its fundamentals were national treatment and absence of formalities under a system of minimum rights to be complied with and fostered among the subscribing parties.[105] Moral rights were also strongly encouraged by Berne, which resulted in its rejection by certain of the "copyright system" countries. In fact, the United States did

---

[101] "The advent of the book trade prompted national jurisdictions to respond with new laws and entitlements". Reproduction and dissemination of information technologies have since improved "with proliferating challenges to the Law." Edward Geller, *International Copyright: An Introduction*, 15 (Matthew Bender _____)

[102] *Id.* at 17.

[103] *Id.* at 20.

[104] *Id.* at 23.

[105] *See infra* note at 8.

not join the Berne Convention until 1988.[106] Almost 60 years after the formation of the so-called Berne Union, a new international treaty was enacted with the purpose "to tie non-Berne countries, such as the United States at the time, to other countries both inside and outside the Berne Union, but not to tie Berne countries to each other."[107]

### [B.2] Second Confrontation: EC Directive on Software Law.

Professor Geller has stated that the only real differences between copyright and author's rights systems are the term of duration of rights, the definition of author and the style in which legislators fashion rights.[108] However, this opinion is not shared by other authors, especially those in some of countries whose legal systems derive from Roman Law. The EC Directive on Software Protection, also known as the "Green Paper,"[109] is a good example of a confrontation between the two legal approaches to protecting authors. The Directive represents an attempt to harmonize copyright laws in the European Community. Nonetheless, fundamental principles like originality were given an "Anglo-Saxon" interpretation, and a conflict resulted.[110]

Originality is a very sensitive issue, differently conceived by the copyright and the author's rights systems. Whereas the copyright system presupposes "independent creation" and a "modest quantum of creativity" under the theory that the work owes its origin to the author —

---

[106] Berne Convention Implementation Act of 1988: Pub. L. No. 100-568 (1988).

[107] "The Universal Copyright Convention drawn up in Geneva in 1952, came into effect starting in 1955, and has since then attracted about the same number of adhering countries as Berne has over the last century." Geller, *supra* note 101, at 64. Berne preempts the U.C.C., which therefore remains inoperative between Berne countries who adhere it.

[108] *Id.* at 28.

[109] Directive 91/250 of May 14, 1990. It is derived from the *"Green Paper on Copyright and the Challenge of Technology,"* Doc. Com. (88) 172.

[110] *See* Antonio Delgado Porras, *"La Directiva de las CEE sobre la Protección de los Programas de Ordenador,"* Conference presented at the Seminar entitled "Aspectos del Derecho Intelectual en su Relación con el Tratado de Libre Comercio México-Estados Unidos de América-Canadá," Organized by the Procuraduría General de la República, Escuela Libre de Derecho and Instituto Mexicano del Derecho de Autor on March 17-26, 1992. *See also* Antonio Delgado Porras, *"Del Optimismo a la Perplejidad Reflexiones de un Jurista sobre la Protección de los Programas de Cómputo por el Derecho de Autor,"* VI Congreso Internacional sobre la Protección de los Derechos Intelectuales (del autor, el artista y el productor), Organized by SEP, WIPO and FEMESAC, in México City, February 25-27, 1991, and Edition sponsored by CISAC, pp. 269-278.

who can either be a natural or a collective person, the author's rights system highlights a "personal creation" standard as an arbitrary manifestation of the personality of the author — always a flesh and blood person — or what it is known as the "imprint of the author's persona."

The Green Paper adopted copyright protection for computer programs, because this approach has shown the capacity to adapt to new technologies, is not limited to independent creation as is patent law, and because it protects the expression of ideas but not the ideas themselves, which leads to a balanced solution between inadequate and excess protection.[111]

The Roman countries of the EEC have had difficulty dealing with such ideas. For certain countries find it virtually impossible to fit the "independent creation" standard within an author's rights system. If a work is considered the expression of the author's personality it is simply unthinkable that the same works could be repeated. In essence, computer programs are ruled by functionality, inasmuch as they are oriented to accomplishing a utilitarian result (e.g., developing a word processing program, a spreadsheet, etc.). On the other hand, the traditional "work" has no particular utilitarian objective, as author's expressions are arbitrary and unique in nature.

In addition, under the Latin-Germanic approach, computer programs differ from other works in that non-literal elements of computer programs are so linked to the program itself that they are only protected if they are essential to the program's creation. In other words, non-literal elements are only protected if they finally lead to the creation of the program. With other types of works, underlying elements are protected independently of the work itself.[112]

Germany and France have unsuccessfully tried adapting the Anglo-Saxon view of originality into their own systems. In Germany, the Federal Supreme Tribunal in *"Inkassoprogramm v. Entscheidung"*[113] used the criterion of "Durchschnittgestalter," probably equivalent to the Anglo-Saxon standard of individual functionality, finally leading to a "static originality," or to the objective novelty of patent law.[114] Likewise, in the "Pachot" case the French Court of Cassation[115] applied an "individual effort" criterion, but an individual effort can be made by any person without necessarily producing a work of authorship. The

---

[111] *Id.* at 7.

[112] *Id.* at 4.

[113] May 9, 1985.

[114] *"Directiva...," Id.* at 13.

[115] Plenary Assembly, March 7, 1986.

point of citing these two cases is that none of the aforementioned ideas were applicable in Germany and France, both of which had a hard time trying to fit them into their national systems in which an original work is necessarily linked to the persona of its author.[116] As a result, EC Continental European countries have finally decided to follow originality based on "personality rights" for all literary and artistic works of authorship and to apply originality standards based on "independent creation" and "modest quantum of creativity" to computer programs.[117]

The above explained situation shows the different directions taken by the countries subscribing to the Roman Law standpoint and the countries following the Anglo-Saxon view. NAFTA will surely bring up a third confrontation, now transporting the issue to North America. The question here is which of the countries involved will have to modify its copyright system. For many reasons everything seems to indicate that Mexico will be the one having to finally adapt Anglo-Saxon formulations into its own very well grounded system, at least respecting to computer software protection. This expectation has yet to start manifesting itself, as the 1991 Amendments have granted different treatment to computer programs from that accorded to the rest of copyrightable works. Thus, as long as software remains protected by copyright it will be constantly in conflicting as to how it fits within this subject's framework, and Mexican Copyright Law principles will continue to suffer the same consequences also experienced in the Laws of many other Roman system countries.

## PART II Section 2: Patents.

### § 2.1 The Basic Framework.

#### [A] A Brief Historical Introduction.

The first statute regulating patents in Mexico was implemented on May 7 1832.[118] Since then, further legislative acts were enacted on June

---

[116] However in Germany, Ulmer and Kolle maintain in contrast that although an engineering activity (programming, encoding, selecting data, arranging it and generally speaking, developing programs) gives ample room for personal creation and design as to the form and substance of a program, "[p]rograms made by different programmers to solve the same problem and using the same programming language may all serve their purpose. They will nevertheless differ substantially from each other as to form, contents, and quality." Ulmer and Kolle, *supra* note 95, at 179.

[117] Delgado, *"Directiva. . . ,"* *supra* note 114, at 14.

[118] César Sepúlveda, "El Sistema Mexicano de Propiedad Industrial," Editorial Porrúa, S.A., Second Edition, Mexico, D.F., 1981 at p.1.

7, 1890[119], August 25, 1903[120], July 27, 1928[121], December 31, 1942,[122] February 10, 1976[123] and the recent Law for the Promotion and Protection of Industrial Property of June 27, 1991 (LPPIP).

### [B] Principles of Mexican Patent Law.

Mexican Patent Law recognizes as patentable inventions that are novel, the result of an inventive activity and susceptible of industrial application.[124] Every human creation that allows matter or energy existing in nature to be transformed, for exploitation by man, through the immediate satisfaction of a specific need, is considered as an invention. Processes or products for industrial applications are included among inventions.[125]

Novelty under Mexican Law is narrowly interpreted as something different from that which preceded it.[126] It means anything not found in the state of the art, not known to others prior the date that the patent application is filed. The concept of novelty is absolute inasmuch as there is no limitation in applying the principle; the invention will not be deemed novel if it has become public through oral or written description, by exploitation or by any other means of dissemination or information, whether domestic or foreign.[127] Furthermore, the Law defines inventive activity as a creative process, the results of which are not apparent from the state of the art to a person with technical knowledge in that field.[128] The foregoing definition is roughly equivalent to the non-obviousness principle in the U.S. Patent Act.[129]

---

[119] *"Ley de Patentes de Privilegio,"* influenced by the French Law of 1844.

[120] *"Ley de Patentes de Invención."*

[121] *"Leyes de Patentes de Invención y de Marcas y de Avisos y Nombres Comerciales,"* which captures principles from latest revisions of the Paris Convention.

[122] *"Ley de la Propiedad Industrial,"* which incorporates the London revision of the Paris Convention.

[123] *"Ley de Invenciones y Marcas."*

[124] Article 15 of the LPPIP.

[125] Article 16 of the LPPIP.

[126] Sepúlveda, *supra* note 118, at _____.

[127] Article 12(II) LPPIP. However, "an invention will still be considered as novel even if it has been disclosed for non-commercial purposes, provided that within twelve months prior to the filing date of the patent application, or in such case, of the recognized priority, the inventor or his assignee had disclosed the invention through any communication medium or had exhibited at a domestic or international exhibition. When the respective application is filed, documentary evidence shall be included, under the conditions to be established in the Regulations of this Law." Article 18 of the LPPIP.

[128] Article 12(III) LPPIP.

[129] 35 U.S.C. § 103.

The third requirement of patentability turns on the industrial application of the invention. The Law defines it as the possibility that any product or process will be made or used, as the case may be, in industry, including agriculture, ranching, fishing, mining, so-called transformation industries, construction and all types of services.[130]

### [C] Computer Software Not Classified as Inventions.

Among the basic provisions that delineate patent law in Mexico's LPPIP, is one providing a list of items not deemed as patentable inventions, namely, those in which theoretical or scientific principles[131] and computer software[132] are included.[133] The non-patentability of theoretical or scientific principles is a clear and justifiable position and includes algorithms in the abstract. On the other hand, algorithms should be protectible if claimed for a specific purpose or directed to a specific application. The Freeman-Walter-Abele test[134] is compatible with the aforementioned provision of Mexican Patent Law.[135]

---

[130] Article 12(IV) LPPIP.

[131] Article 19(I) LPPIP.

[132] Article 19(IV) LPPIP.

[133] Former Law on Inventions and Trademarks stated the same provision.

[134] *In re* Freeman, 197 U.S.P.Q. 464 (CCPA, 1978); *In re* Walter, 205 U.S.P.Q. 761 (CCPA, 1980); *In re* Abele, 214 U.S.P.Q. 682 (CCPA, 1982).

[135] *See* Michael R. Flemming, *Patentability of Claims Involving Mathematical Algorithms and Computer Programs An Examiners Perspective*, A.I.P.L.A., Volume I, 1992. "Computer programs implemented on a computer are not per se non-statutory subject matter under 35 USC 101. However, mathematical algorithms per se are non-statutory subject matter as determined by the courts. However, if the invention is directed to a machine or process which is statutory but uses a mathematical algorithm, then the invention is not automatically non-statutory. The *Freeman* test as modified by *Walter and Abele* determines if such an invention is statutory. The first step is to determine if a mathematical algorithm is directly or indirectly recited. The mathematical algorithm may be recited in the claims as a formula, in prose or broadly claimed but further defined in the specification. The second step is to determine whether the mathematical algorithm is applied in any manner to physical elements or process steps. The Examiner should view the claim without the mathematical algorithm to determine whether what remains is otherwise statutory...." Likewise in Canada patent, copyright and/or trade secret protection may be available for computer programs "[d]epending on [its] nature, originality and inventiveness" Max Wood, *Computer Related Intellectual Property: What Protection is Available?* 8 Scott & Aylen Int. Prop. Qtrly. (1992). "Although the Canadian Patent Office has taken the position that computer programs per se are not patentable, the fact that a process is executed by a computer does not in itself negate patentability and many Canadian patents have issued for inventions which are essentially computer programs." *Id.* at p.4. "Whilst there is no substitute for experience in assessing the patent-

But it is not clear why the Mexican Federal Congress expressly excluded computer software as patentable invention. This situation not only appears to be incorrect, but it contradicts the conclusions that have been reached about the patentability of algorithms when directed to specific purposes. Computer software is a complex technology or "legal hybrid,"[136] whith specific features that are in part copyrightable and in part patentable.[137] "However, for these hybrids, it is likely that patents would only protect a small portion of the innovation, and that 'powerful reproduction rights and long term of protection [of copyright] implement cultural policies that are largely irrelevant to the needs of a competitive market.' "[138]

Accordingly, it is unfortunate that the existence of such a provision under the LPPIP bar not only protection for programs embodied in computer related technology, but also functional aspects of the program and the algorithm specifically applied as well. The inventive portions of computer programs should represent patentable subject matter, as long as they comply with novelty, inventiveness and industrial application standards.

### [D] Circuit Layouts.

Mexico has not yet implemented any special or sui generis legislation regulating circuit layouts as have other countries.[139] It is unlikely that copyright protection would be available for circuit layouts as the structure of the layers, although they may reflect some originality and contain patterns that probably manifest some creativity as photographs,

---

[135] *Continued.* ability of a software related invention, the following criteria may generally be applied: (a) if the invention is directly or indirectly nothing more than a mathematical algorithm, it is not patentable; and (b) even though the invention includes one or more algorithms, it may be patentable if it defines or refines relationships in a process which is in itself patentable subject matter". *Id.*

[136] J.H. Reichman, *Computer Programs as Applied Scientific Know-How: Implications of Copyright Protection for Commercialized University Research*, 42 Vanderbilt L. Rev. 655 (1989). However the definition of "hybrid" is not well developed.

[137] *See* David A. Einhorn, *Copyright and Patent Protection for Computer Software: Are They Mutually Exclusive?*, 30 IDEA: J. L. & Tech. 265-278 (1989).

[138] *Id.* quoted by U.S. Congress, Office of Technology Assessment, Congressional Board of the 102d Congress, *Finding a Balance: Computer Software, Intellectual Property and the Challenge of Technological Change*, OTA-TCT-527 (Washington, DC: U.S. Government Printing Office, May 1992).

[139] See U.S. Semiconductor Chip Protection Act of 1984; Act of November 8, 1984, Pub. L No. 98-620, 98 Stat. 3347; 17 U.S.C. §§ 900 et seq. and Canadian Legislation on the subject effective October 1, 1992.

they are too functional as to qualify for this type of protection. Mexican copyright law and practice disfavors the protection of objects which are primarily functional (although they may have some artistic mertit). Furthermore, not every chip topography is produced as a photographic mask; and therefore, copyright protection would extend only to those chips produced as photographs.

The only protection that remains available for semiconductor chip products, including its layers, is patent law. This does not mean that patent protection represents the best protection possible. Under patent law, the novelty, non-obviousness and industrial application standards would be applicable. The definition of invention in the patent law is broad enough to encompass circuit layouts embodied in semiconductor chips. But the risk that this type of protection would fail is high however, because while patent protection offers a more complete protection to inventions in general than it would a *sui generis* mask work like legislation or even copyright legislation, it could also prevent development of creativity in this industry. Also, in Mexico as in most countries in the world, patent prosecution is more costly and time consuming than copyrights.

## PART II Section 3: Trade Secrets.

### § 3.1 Trade Secrets and Mexican Industrial Property Law.

Trade Secrets were for long time protected and sanctioned by the Criminal Code[140] and were considered of state jurisdiction until recently, when the LPPIP was implemented and new rules were introduced in this field. Accordingly, the LPPIP created a whole new title[141] in which, first of all, it employed the term "industrial secret" to refer to what in the U.S. is known as "trade secret." Notwithstanding that the scope of such term is narrow in some sense, it has a much broader legal meaning than mere secrets relating to manufacturing techniques and industrial processes, and comprises "trade" or "commercial" secrets as well. Both, industrial and commercial secrets are recognized by the LPPIP to cover valuable information that is protected due to its confidential character.

---

[140] Articles 210 and 211 of the Criminal Code for the Federal District when applied to local matters and throughout the Mexican Republic when applied to federal matters. However, these two provisions relate to prohibition of non-authorized disclosure of confidential information obtained as a result of employment, title or professional activity.

[141] Title Third, Sole Chapter of the LPPIP.

In line with the above, the LPPIP considers as a trade secret information having industrial application, kept confidentially by an individual or corporate entity, which represents a competitive or economic advantage over third parties in the course of economic activities and with respect to which sufficient means or procedures to preserve confidentiality and restricted access have been adopted.[142] Also, the LPPIP has established some limitations as to the subject matter of protection by stating that the confidential information of a trade secret must also refer to the nature, characteristics or purposes of the products; production methods or processes; and to the means or manner of distribution or trade of products or the rendering of services. Since the LPPIP was implemented, there has been discussion of whether the words "productions methods or processes" are ample enough to include not only production activities but repair and maintenance activities as well.[143]

Furthermore, the LPPIP established additional limitations requiring that the above referred "confidential information" must be embodied in documents, electronic or magnetic media, optical disks, microfilms, films or other tangible instruments.[144]

The information subject to confidentiality needs to meet particular standards: First, it has to be undisclosed matter known to an individual or corporate entity, whose attitude is oriented towards keeping such information private. Also, the LPPIP does not require absolute secrecy; in this respect, the definition of the LPPIP provides that the holder of the trade secret needs to adopt sufficient means or procedures to preserve its confidentiality and restrict third parties' access to the information. Likewise, information in the public domain, which is obvious to a person with technical knowledge in the field, or which has to be disclosed by virtue of the law or by a Court order shall be not considered as a trade secret. In this respect, the information submitted to any governmental authority by a person possessing the same as a trade secret will not be deemed to fall into the public domain or be disclosed by virtue of the law when it is submitted for the purposes of obtaining licenses, permits, authorizations, registrations or similar items.

---

[142] Article 82 of the LPPIP.

[143] Horacio Rangel-Ortiz, *"Industrial Secrets"*, Conference given at the Seminar organized on July 17, 1991 by the AMPPI, Mexican Chapter of the AIPPI, in connection with the implementation of the LPPIP.

[144] Article 83 of the LPPIP.

LPPIP's trade secret protection is aimed at ensuring that:

a) That the trade secret is not misappropriated by any person in a confidentiality relationship;

b) That the trade secret is not misappropriated by any person outside a confidentiality relationship, and

c) That those to whom the trade secret is disclosed do not divulge the information or use it without consent of the holder.

The holder of a trade secret is entitled to use undisclosed material by himself or herself or to disclose it to third parties and confidentiality shall remain protected no matter if such disclosure is made as a result of an agreement[145] or a labor or professional relationship.[146] Agreements under which technical knowledge, technical assistance or supply of basic detailed engineering is transmitted, may contain confidentiality clauses to protect the trade secrets they may encompass, but shall set forth the aspects they comprise as confidential.

Finally, the LPPIP has established that trade secret theft will be pursued through criminal actions. Accordingly, criminal sanctions are available in case of non-authorized disclosure[147] misappropriation[148] and unauthorized use[149] of the confidential information contained therein.[150] Notwithstanding this situation, trade secrets are not protected when appropriated by proper means such as reverse engineering or by independently creating, discovering or inventing them.

### § 3.2 Trade Secret Protection Applied to Computer Software.

Nothing has been said with regard to the applicability of trade secret law to unauthorized use, appropriation, disclosure and decompiling of information contained in a program. In this respect commentators have maintained that "[c]omputer software possesses characteristics which

---

[145] Article 84 of the LPPIP.

[146] Articles 85 and 86 of the LPPIP.

[147] Article 223(XIII) of the LPPIP.

[148] Article 223(XIV) of the LPPIP.

[149] Article 223(XV) ot the LPPIP.

[150] The penalty in each case is of two to six years of prison and fine up from one hundred to ten thousand days of general minimum wage in the Federal District (around US$4.00 per day). Under the the foregoing premises and from the above cited provisions a duty to maintain secrecy derived from the LPPIP itself is recognized. This obtains whether the trade secret holder and the party to whom the secret is disclosed actually have signed an agreement or not. Signing of confidentiality agreements is highly recommended though.

make it a unique form of intellectual property. It is extremely portable and is easily misused or misappropriated. Expensive programs, requiring valuable time and expertise, can be copied for a small fraction of the development costs."[151]

Computer programs are processes for processing information automatically by a machine and are thus compatible with industrial processes that have been employing trade secrets status for years.[152] The structure of programs is comprised of a series of levels and stages until they reach a machine readable form.[153] Mexican copyright law protects all those steps and Mexican trade secret law should extend to cover all those undisclosed features of the program for which secrecy measures have been taken by its holder and protect them against unauthorized use and disclosure and misappropriation, by the terms of the LPPIP. As mentioned, these three types of improper conduct have been found in confidentiality relationships, such as employer-employee;[154] however the LPPIP does not not apply to discovery by innocent means and reverse engineering.[155]

An issue exists when the program is distributed to the public, where its design could be easily discovered by third parties with no link to the secret holder. Programs are typically distributed in machine language form in Mexico as well as in the U.S. "Machine language programs do not have to be assembled or compiled by the user; they are ready to be loaded into the computer and executed. In addition, distribution in machine language form has the side effect that it is difficult for others to look at the program code and understand how the program works. This can help to keep secret those elements which give programs a competitive advantage."[156] Users of programs are sometimes able to understand the design and structure of a program by "decompiling" it.[157] In

---

[151] Melvin F. Jager, *"Trade Secrets: The Steady Protection for Computer Technology,"* The Law of Computer Related Technology, A.I.P.L.A., Vol. I, 1992, at p. P-1.

[152] Freed, *Protecting Computer Software*, 16 Les Nouvelles 89, 93-94 (June 1981), cited by Jager, *id* at p.P.2.

[153] *See supra* note at p. 16.

[154] *See* articles 84, 85 and 86 of the LPPIP and sanctions of article 223 (XIII) and (XV).

[155] Article 223(XIV) of the LPPIP. This conduct presupposes improper means for obtaining a trade secret by misappropriating it. However as stated above, in Mexico reverse engineering through decompilation and independent discovery or creation should be considered proper means to obtain information which is supposed to be confidential.

[156] *Finding a Balance... supra* note at p.7.

[157] "Disassembly is the process of translating a machine language program into an assembly language program; decompilation is the process of translating a machine language program into a high-level program." *Id* at p.7.

order to achieve this result, they need to translate the program in object code or machine language program into a source code or high level language and, according to copyright principles, translation of works presupposes the production of a derivative work. In Mexico everyone is free to create derivative works, but such type of works can not be used or exploited without consent of the original works copyright owner. Therefore, the programs user is allowed to decompile the program but will be only entitled to use or reproduce the idea and public domain aspects circumscribing such program[154] and if the expression is copied, it would represent a copyright infringement.

### § 3.3 Shrink Wrap Licenses.

Producers have taken additional steps and measures against decompilation of their programs by licensing them to customers under an obligation of confidence or non-disclosure. This is made mostly through a legal mechanism called the "shrink-wrap license," which in Mexico is a kind of adhesion contract, with many particularities. As its name indicates, the license is wrapped or packaged but still visible on the exterior of the bag or box serving as container. The user has accepted the license's terms and conditions if he or she opens the wrapper. The principal clauses of the agreement relate to limitations placed on the user's ability to decompile, disassemble and copy the program. In Mexico, enforceability of shrink wrap licenses could represent an issue in the future — not so much with regard to copying limitations supported by the law itself; rather, the problem is oriented to decompilation and disassembly of the program in view of the fact that a contract limitation of that kind could lead to illegality problems since no one can be prevented from creating a work of authorship from an original underlying work. In addition, there are other issues which a software producer has to take care of, inasmuch that Mexican Civil Law requires that an adhesion contract be represented in a written form and be properly accepted by the contracting parties (this principally through the signing of the corresponding agreement).[155]

Lastly, despite what has been mentioned above, Mexican and foreign software producers are recommended to establish non-disclosure

---

[154] We believe Mexican Law would be compatible with *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989), in allowing buyers to examine a distributed product and use the unpatentable or non-copyrightable portions thereof.

[155] Courts would probably decide similarly as in *Vault Corp. v. Quaid Software Limited*, 847 F.2d 255, 7 U.S.P.Q. 2d, 1281 (1988).

measures through confidentiality agreements restricting the copying, decompiling, disassembling, non-authorized use and disclosure and misappropriation of the licensed programs.

## III. CONCLUSIONS.

Mexico has been facing changing times now for almost a whole decade. New international trade, investment, and intellectual property policies have been introduced which have brought renewal and a higher level of economic development. An environment of openness has surrounded Mexico's free trade agreement negotiations with its neighbors to the north. Copyright and industrial property laws have improved significantly in recent times, but there is still much to do to reach the higher standards of protection and rights enforceability found in other developed countries. In the field of computer software law, Mexico will have to be prepared to deal with the new complex issues which have been testing other countries' intellectual property laws as well. Accordingly, as to copyright, courts and governmental authorities will have to bear in mind that protection offered by the law extends to nonliteral portions of computer programs and data bases and that criminal provisions should consider plagiarism a form of reproduction. Also, courts are encouraged to apply to computer software the same type and level of protection that copyright law grants to other works of authorship — as long as software remains protected by this branch of intellectual property law. Copyright law fundamentals will be constantly challenged, tested, and interpreted, as has happened lately in Europe; and most probably, significant rearrangements will be needed in order to permit computer software to share legal characteristics with other type of creations, very different in nature. Software is exclusively exploited through publication and private use, and there is thus no reason why a Software Collecting Society should exist if such organizations are entitled by the Law to collect royalties deriving from the public performance of works. The LPPIP will require amendment so that the restriction imposed on the patentability of software is eliminated. This provision should allow in the future for the proposition that algorithms as applied to a particular function and software-related inventions are duly protected, without risks of illegality. *Sui generis* protection for circuit layouts is definitely needed as well. Finally, as to trade secrets, authorities should also keep in mind that they extend to those features of computer software which the publisher decides to maintain under secrecy and that accordingly, confidentiality agreements, including "shrink wrap" licenses are enforceable, in addition to trade secret protection against any attempt by third parties to obtain them by improper means.

# IDEA

THE JOURNAL OF LAW & TECHNOLOGY

Published by the PTC Research Foundation of the
Franklin Pierce Law Center

## SUBSCRIPTION NOTICE

Each subscriber must renew his subscription every calendar year. Please inform your subscription agency if applicable.

All members of the PTC will receive one complimentary subscription (all issues published) so long as their membership is current.

In 1993 IDEA will be published quarterly, including conference proceedings. The subscription rates are as follows:

(Check one) Regular Subscription $49.00 _____

Foreign Regular Subscription $57.00 _____

Enclosed is a check for $ _____ (Amount) for _____ (No.) subscriptions to IDEA for 1993.

Please mail check and notice to:

IDEA
The PTC Research Foundation
Franklin Pierce Law Center
Concord, New Hampshire 03301

Additional notices are available from above address.

Please mail IDEA to:

Name: _____

Title: _____

Organization: _____

Address: _____

_____ (Zip)

Telephone: (  ) _____

# PTC
## Schedule of Membership

Classes of *corporate* membership in the Patent, Trademark and Copyright Research Foundation (PTC), are:

| Corporate Membership Class | Annual Corporate Contribution |
|---|---|
| Donor | $5,000 or more |
| Sustaining | $1,000 to $5,000 |
| Participating | $500 to $1,000 |
| Member | $150 to $500 |

Classes of *individual* membership (or individual membership on behalf of a law firm) are:

| Individual (or Law Firm) Membership Class | An Individual (or Law Firm) Contribution |
|---|---|
| Life | $10,000 or more in one year |
| Sustaining | $500 or above |
| Participating | $100 to $500 |
| Member | $50 to $100 |

---

## Membership Application

To: PTC Research Foundation
Franklin Pierce Law Center
2 White Street
Concord, New Hampshire 03301

Gentlemen:

Enclosed please find a check in the amount _____, as a tax-deductible contribution, covering membership for one year from the date of receipt of this application, in the PTC Research Foundation of the Franklin Pierce Law Center.

Membership Class
(Check One)
___ Corporate
___ Individual
___ Law Firm

_____
(Name) (Title)

_____
(Law Firm Name)

Address for
Correspondence:

_____
(Company Name)

_____
(Address)

_____
(Address)

_____
(Telephone) (Zip)

# 9 From minimum to maximum

*Antonio Lorca and Luis C. Schmidt, partners in Olivares & Cia., Mexico, DF, show how the intellectual property protection for pharmaceutical products and processes has greatly improved in Mexico over the last 20 years*

Historically, the patent and trade mark protection of chemical products and processes, particularly pharmaceutical products and process for preparing them, have been subject to periodical cycles of protection and non protection in Mexico.

## The 1976 Act

The Mexican Patent Law, enacted in 1976, established that chemical products and chemical pharmaceutical products were not patentable and that the only way to protect them was by means of certificates of invention. The most important difference between a patent and a certificate of invention was that the owner of a patent had an exclusive right to the patented invention, while the owner of a certificate of invention indeed had the right to work the invention himself but was also under an obligation to grant a non-exclusive licence to any third party who wished to use the invention.

As a result of the provisions of the 1976 Patent Law, many foreign pharmaceutical companies ceased filing patent applications in Mexico.

At that time, the maximum duration of a patent and of a certificate of invention was 10 years from the date of grant.

## The 1987 amendments

On 17 January 1987 very important amendments were introduced to the 1976 Law For example, the duration of patents and of certificates of invention was extended up to 14 years, also from the date of grant. The following, previously unpatentable, became patentable;

*As a result of the 1976 Patent Law, many foreign pharmaceutical companies ceased filing patent applications in Mexico*

- processes for the obtainment, modification or application of chemical products or mixtures of them, with the exception of biotechnological process;

- processes for the obtainment of alloys, pharmaceutical products, medicines in general, foods and beverages for animal consumption, fertilizers, pesticides, herbicides or fungicides.

With these amendments, the term of patents was increased and at least processes for preparing pharmaceutical products became patentable – a small step in the right direction.

## The 1991 reform

Finally, in 1991 a great change was made and a new Law was put in operation on 28 June. First of all, the old certificates of invention were removed. The patent term was further extended for up to 20 years, counted from the filing date, and the concept of patentability was broadened to include:

- plant varieties (however, plant species remained unpatentable);

- inventions relating to microorganisms, such as inventions involving their use, inventions that are applied to microorganisms or inventions that result from them, covering all types of micro-organisms, such as bacteria, fungi, algae, viruses, microplasm, protozoa and, in general, cells that do not reproduce sexually;

- pharmaceutical chemicals, medicines in general, foods and beverages for human or animal consumption, fertilizers, pesticides, herbicides, fungicides or products with biological activity, such as vaccines and hormones,

- biotechnological processes for obtaining any of the preceding products.

## PIPELINE AND TRANSITIONAL PROVISIONS

Besides the above, "pipeline" protection was provided by means of Transitional Articles which allowed the recovery of protection for inventions already patented in other countries but which had not yet been produced or imported into Mexico; such inventions now qualify for a national patent. Pipeline protection was granted to the original applicant of the patent abroad, provided he presented an application in Mexico within a year following the date the new Law came into effect. This patent protection was available in the case of chemicals, pharmaceuticals and biotechnological processes and products.

Besides this improvement in the term of patents and the broadening of patentable inventive concepts, this new Law included a three year extension in the term of Patents related to pharmaceutical chemicals or pharmaceutical products or processes for obtaining them, provided that their owner granted a licence for the use of the invention to any legal entity the majority of whose capital is controlled by Mexican parties.

## THE 1994 AMENDMENTS

As of 1 October 1994 the 1991 Law will incorporate substantial amendments to further strengthen patent protection for pharmaceutical patents and to satisfy the NAFTA provisions without discrimination as to

- the field of technology,

- the territory of the three parties in which the invention was made and

- whether products are imported or locally produced.

Regarding plant varieties, Transitional Article 5 provides that, until the Law that complies with the substantive provisions of the International Agreement for Protection of Vegetable Obtentions 1978 is enacted (on or before 17 December 1994) or with the provisions of the International Convention for the Protection of New Plant Varieties, 1991 (UPOV), the applications from plant obtainers for varieties in all plant genera and species will be received by a new administrative authority. This authority will replace the Patent and Trademark Office with a new office named the Mexican Institute of Intellectual Property, (IMPI), starting from the effective date of the Decree of Amendments (1 October 1994) and in due course will remit them to the competent authority for further processing.

From the above, it is quite evident that only the items mentioned under Article 16 may not be the subject of patents in Mexico; all other inventive concepts are patentable, including second medical uses of known pharmaceutical products and compounds.

It is important to mention that the provision regarding the three-year extension in the term of patents related to pharmaceutical chemicals or pharmaceutical products or processes was deleted by the amendments to the Law, both because it was optional for Mexico under the NAFTA and also in order to avoid certain discriminatory treatment of Mexican nationals.

***The 1994 amendment: Article 16***

Article 16 provides that inventions that are new, the result of an inventive activity and susceptible of in dustrial application are eligible for patent protection except:

- processes that are essentially biological for the production, reproduction and propagation of plants and animals;

- biological and genetic material as found in nature;

- animal breeds;

- the human body and the living parts that compose it and

- plant varieties.

## TRADE MARKS

In the field of trade marks, Mexican Law grants pharmaceutical marks the same type and level of protection and regulation that it offers to trade marks or service marks in other industrial sectors, without making any dis-

*All other inventive concepts are patentable, including second medical uses of known pharmaceutical products and compounds*

tinctions. As in other countries, Mexican Law considers marks registrable if they are inherently distinctive, that is, marks that are suggestive, fanciful and arbitrary. On the other hand, it prohibits registration of generic and descriptive marks and, in this latter case, does not recognize protection even if a descriptive mark has acquired a secondary meaning.

Some pharmaceutical trade marks share in common the characteristic that they combine distinctive elements with other elements of a generic or descriptive nature. Such generic or descriptive element usually consists of a prefix or suffix that is used to give a slight or indirect idea of the active ingredient in the pharmaceutical product identified under the particular trade mark. Mexican trade mark law has granted protection for these marks without the need for the generic or descriptive element to be disclaimed and has allowed the co-existence of registrations for trade marks that include the same prefixes or suffixes, as long as the overall impression of the marks remains distinctive.

## PARALLEL IMPORTS

Mexican Law appears to allow parallel imports in a fairly broad form. In fact, a provision was introduced in the 1991 Law in terms so broad that they practically permit any form of grey marketed goods. The regulations to the Law that are expected to be published in October 1994, will impose control measures aiming at ensuring that not every single form of parallel import will be permitted in Mexico. This limitation will be focused on protecting the consumer and the goodwill of trade marks by imposing a burden on behalf of the importer to introduce into the Mexican market parallel imported goods of the same quality to those circulating in the territory of this country. In addition, it will have to comply with product standards and regulations and consumer law provisions.

## OMISSIONS

Nothing appears to be provided in the regulations in connection with repackaging and relabelling of the grey marketed products. It can however be expected that, if repackaging or relabelling of products is used as a means of misleading the consumer, for example as to quality or origin of the products, such acts will constitute a bar to the right of the importer to bring the grey market product into Mexico .

In 1991 the Mexican Trade Mark Law abolished the grant of compulsory licences, which was adopted in the Law of Inventions and Trade Marks of 1976. The 1976 Law gave authority to the Trade Mark Office to declare compulsory registration and use of marks or even prohibit it when the use of the mark was considered to be associated with monopolistic practices or used for distorting or blocking production and commercialization of goods and services, when that practice was conducted by a particular industrial sector. Unfortunately, under the Law such authority still subsists. These rules are applicable to all industrial sectors without distinction, including of course the pharmaceutical industry.

From all the above it may be concluded that the patent and trade mark protection of pharmaceutical products and processes has been highly improved in Mexico in recent years.

# 35 Nullity and lapse actions under Mexican law

*Antonio Belaunzarán and Luis C Schmidt partners, Olivares & Cia., Mexico, DF, show how these actions can be used as legal tools to tackle pirate registrations*

In common with many other countries Mexico is not exempt from pirates who obtain registration for trade marks previously adopted by their genuine owners. In most cases the pirate registration covers a mark that was originated in a foreign country. The registration will be rejected if the mark happens to be well known in Mexico; however, if the Trade Mark Office concludes that the mark has not reached that status, registration will be granted and the genuine owner will have no other choice but to initiate nullity or lapse actions, as the case may be.

Before giving a full analysis of the present situation, it should be mentioned that, under Mexican Law, exclusive rights to use a mark are only acquired through a registration granted by the Trade Mark Office. The registration process in Mexico rests on the principle of "first to file, first in right". Mexican Law does not provide for opposition proceedings, but the genuine owner of a mark is entitled to seek the cancellation of spurious registrations by the filing of nullity and lapse actions which will be briefly explained below.

## NULLITY ACTIONS

Article 151 of the Mexican Law for the Promotion and Protection of Industrial Property (LPPIP), which is comprised of six specific provisions, constitutes the legal framework for filing nullity actions.

The first paragraph of Article 151 considers a registration to be void if it was granted in violation to the legal requirements and conditions for the granting of registrations established in sections I to XV of Article 90. Section XV of this Article deserves special mention as it grants authority to the Trade Mark Office for rejecting applications of marks considered to be well-known in Mexico. A nullity action under this paragraph will be pertinent if the registration covers a well known mark and it was granted to a third party other than the true owner.

The second and third paragraphs of Article 151 refer to nullity actions based on prior use, in Mexico or abroad respectively, of an identical or confusingly similar mark. In the latter hypothesis the existence of a foreign registration, as well as a reciprocal provision benefiting Mexican trade mark owners in the country of origin, is required. However, in practice reciprocity has represented a requirement impossible to meet as it appears that there is no foreign trade mark law granting similar standards to Mexican trade mark owners. We therefore invite our colleagues abroad to conduct a thorough research to determine whether the laws in their countries reciprocate with Mexican Trade Mark Law.

The fourth paragraph of Article 151 states that a registration shall be considered null and void if it was granted on the grounds of false or inaccurate information that is considered to be "essential". Discussion has developed as to what represents essential information in the context of this provision. Perhaps the Trade Mark Office will not cancel a registration based on information that is false or inaccurate but not deemed to be of transcendental importance. However, the Office will most likely declare to be void any registrations granted on the basis of false or inaccurate information given in the application papers related to the date of first use, address of the business and of the manufacturing or commercial establishments.

The fifth paragraph deals with registrations that the Trade Mark Office grants in error,

*Reciprocity has represented a requirement impossible to meet as it appears that there is no foreign trade mark law granting similar standards to Mexican trade mark owners*

*At first glance, it seems that a direct and personal relationship is needed between the owner of the foreign mark and its business partner in Mexico*




inadvertently or on the basis of a misappreciation of those marks that are identical or confusingly similar to previously registered ones. In these cases the prior registration is deemed to be violated by the latter one because of the identity or similarity of the marks and the services or products to which they are applied. The issue has usually been determining whether the expression "similar products and services" should be restricted to cover only those in a particular class of the international classification or whether it should also extend to include products or services within different classes which are nevertheless similar in nature.

Paragraph six of Article 151 represents a cancellation provision arising from situations involving a business relationship between the owner of a foreign trade mark registration and its Mexican agent, representative, user or distributor. In these cases, any of these latter will have sought a Mexican registration of the mark or a confusingly similar one, in its own name, and without the express consent from the trade mark owner. The law regards the registration as having been obtained in bad faith.

It is not clear how broad the scope of this provision should be considered. At first glance, it seems that a direct and personal relationship is needed between the owner of the foreign mark and its business partner in Mexico. However, it remains to be seen whether this provision would apply where the distributor or user of the mark is appointed by the foreign registrant's agent and the relationship with such distributor or user is only an indirect one.

The period of limitations runs for five years in connection with the nullity provisions in paragraphs two, four and five of Article 151 and one year as to paragraph three. In every case this is reckoned from the circulation date of the *Trade Mark Gazette* in which the corresponding registration was published. There is no statute of limitations for bringing actions under paragraphs one and six.

## LAPSE ACTION

A lapse action was introduced into the LPPIP in 1991. It can be an effective tool for cancelling pirate registrations when their marks are not in use. The LPPIP states that registrations are valid for a 10-year period; however, if the mark is not used for a three full years, a lapse action can be filed, unless justifiable reasons exist for the lack of use. While the law does not establish what type of excuses will be accepted as "justifiable reasons", it can be concluded that they will necessarily be directed to show that the registrant had the willingness to use it but could not, on account of causes beyond his or her control.

(To be published: AIPPI Reports Vienna 1997).

**Mexico**
Mexique
Mexiko

Report Q 133

in the name of the Mexican Group
by Luis C. SCHMIDT, Cesar RAMOS Jr. and Javier UHTHOFF

## Patenting of Computer Software

### A) Legal situation in the country in question:

a) Does national law expressly exclude protection for software by means of a patent?

Yes it does. The patent Law establishes that for inventions it shall be understood "every human creation which allows for the transformation of matter or energy existing in nature, for its utilization by man and to satisfy man's specific needs".

The Law of Industrial Property (LIP) considers the following to be patentable inventions:

"Eligible for patent protection are inventions that are new, the result of an inventive activity and susceptible of industrial application in the terms of this law, except:

I. essentially biological processes for the production, reproduction and propagation of plants and animals;
II. biological and genetic material as it is found in nature;
III. animal breeds;
IV. the human body and the parts that make up the human body; and
V. plant varieties.

Finally, the LIP establishes in Article 19 that the following does not represent inventions in terms of the statute:

I. scientific and theoretical principles;
II. discoveries of something previously existing in nature;
III. schemes, plans rules and methods for carrying out mental acts, games or business;
IV. computer software;
V. forms of presenting information;
VI. aesthetic creations, artistic and literature works; and
VII. diagnostic therapeutic and surgical methods for the treatment of humans and animals.

As it can be noticed, computer software was included in the list of those elements that the LIP excludes as being inventions. Thus lack of protection of this form of creation is express and radical.

b) Does case law in certain cases accept such protection and under what conditions?

Under the above mentioned rule it is absolutely clear that computer software per se would not be qualified as statutory subject matter. However, patent protection has been conferred by the Mexican Patent Office (IMPI) to the so called software related inventions, with the limitation that claimed subject matter interacts or produces effect on objects, substances or processes in a physical environment, or if on the other hand, the claimed invention has some technical application or utility even if it is essentially mathematical or abstract in nature.

And what is the current trend in case law and doctrine?

It still would remain to be seen how broadly the IMPI and the Courts will interpret the computer software prohibition. At this time it seems that the trend is to keep computer software per se as a non statutory subject matter.

c) If protection for software by means of a patent should be accepted, would it be necessary to alter the law or would it be enough to alter interpretation of the law by the Courts?

In our opinion, in order to allow possibility of rescuing patentability of computer software per se the LIP should be modified for at least deleting the computer software as "non-invention" rule.

On the other hand, it would also be necessary to at least alter the interpretation of industrial activity.

**B) What are the problems raised by patentability of software?**

**1. The definition of patentable software:**

Is it possible to give a general definition of patentable software? If it is not possible to give such a definition, is it possible to distinguish the elements of patentable software from those which can be protected by means of copyright?

We would consider very difficult finding a definition of patentable software, as it has been noticed by AIPPI. Notwithstanding the trends, it is at present time impossible reaching a uniform position on whether patent protection should be conferred to software or not. However, at least at present we believe it is possible to draw a division line between the copyrightable and the patentable that would be satisfactory in general terms. In our opinion, if patentability of software would be accepted it would be difficult to determine the difference between the copyrightable and the patentable. We even see the dividing line as needless assuming that patent law will be made available to computer software sometime in the future, we would believe that copyright should still represent an alternative form of protecting the form of expressing the ideas that circumvent the program itself as well as the aesthetic presentation thereof. In other words, we would not see incompatibility between the two systems of protection, which could nicely operate on an alternate basis.

**2. The subject of protection:**

a) If patentability of software is admitted, at what level of conception can such software be the subject of a patent? In other words, can the subject of a patent relate to functional analysis, that is to say, the elements involved in preparatory conception of the software, or in contrasts that subject to be limited to the elements embodying the software?

We do not consider that the subject of a patent should be limited to the elements embodying the software since such elements constitute nothing more than a carrier. In our opinion, in order to determine the patentability of software, special attention should be given to the stage of conception, including a deep functional analysis of all the elements involved in preparatory conception and even of the elements involved in reduction to practice.

b) To admit patentability of software, is it necessary to distinguish between the different types of software such as basic software which is integrated in machines, operating software providing a user-machine dialogue, application software or integrator software providing for communication of an application software to another, etc.?

The distinction between the different types of software could be helpful for classification purposes, but as long as the computer software meets with the patentability criteria no distinctions should be made.

**3. The notion of technical or industrial character:**

If patentability of software is admitted the first condition to be fulfilled by the software is that it is to be of a technical character. How is the technical character of software to be defined? Two series of questions can be raised on this subject.

a) Do purely abstract data handling operations comply with the condition of technical character?

We would not realize that the mere handling of abstract data would meet the requirement of the invention having a technical character (capability of industrial application) as it should be understood. Even if the legal definition of "industrial application" or its interpretation would be modified, we should disregard any possibility that the handling of abstract ideas would be protected. In order to be patentable, the computer software should represent transformation of data, but also the obtention of a tangible result, notwithstanding the likelihood to represent that result in the form of a screen display.

b) Can the mere fact of presenting information in digital form on a diskette or a CD-ROM be considered as patentable? Is such an information support

to be treated differently from a conventional paper support? How are information supports which involve a technical character to be distinguished from those which, when they are carried into effect, produce only purely aesthetic effects?

Patents should not be awarded to computer programs by the mere fact that information is presented in digital form, on a diskette, CD-ROM, or any other type of objective form.

c) In general terms, is the notion of industrial character, which is conventional in patent law, applied directly to patentability of computer programs, or in contrast is to be adapted in relation to such inventions?

As discussed above, it would be necessary to at least alter the interpretation of industrial activity contemplated by the Mexican Law.

**4. The requirement for description:**

If patentability of software is admitted, the minimum condition is for the description of the patent application to be sufficient for a man skilled in the art to be able to carry the invention into effect. That question is not truly a new one as it already arises in relation to patents concerning inventions using a computer program, which corresponds to the situation of inventions which are currently recognized as patentable. However, if a computer program in itself constitutes the subject of a patent, should not particular rules concerning the description be envisaged? The difficulties inherent in prior-art searches in this area should also not be forgotten.

a) Is it sufficient to indicate a simple flow chart in the description of a patent application, leasing to the man skilled in the art the task, by a simple performance measures, of producing the program which can be used by a corresponding machine?

In our opinion, simple flow charts would not represent sufficient indication for assisting the examiner in the analysis of the invention, and thus the granting of a patent. Under Mexican Patent Law, the inventor would be required to provide a detailed analysis of the elements involved in the preparatory conception of the software as well as the elements embodying the software. In addition, inventor is required to describe the best mode for carrying out the invention, by including all possible information related to the program in

a complete and detailed form, as well as with the adequate performance of the program as an invention.

It is not considered to be appropriate that basic principles of patent law are modified with the sole purpose of granting protection to software. Accordingly, patent protection should not be extended to software per se if it would not meet the standards, requirements and rules in the patent law.

b) Or in contrast is it necessary to provide all the information relating to the program in fully detailed manner?

See point 4 a) above.

c) Would it be desirable to standardize the presentation of programs or extracts from programs, for example in the form of a magnetic support, to permit subsequent performance? It can be observed that there are already provisions requiring the people drafting patents to supply diskettes in an area which is as different as that of sequences of amino acids.

Yes, it would be desirable to standardize the presentation of programs or extracts of programs, with the purpose to have an easy access to the information contained therein. The existence of legal provisions in other different laws such as copyright should work as a supporting tool for the standardization in the presentation of the programs or its extracts.

d) Are the lists of instructions which constitute the program in the true sense to be provided in their totality or only in the form of extracts permitting identification of the program, as is already done for protection by means of copyright in some countries?

The most important form of disclosing the best mode in the performances of the program as invention, if not the only one, would be definitively to file the lists of instructions backing it. The filing of such lists, presented in the form of diskettes, would represent the best standard on which to rely for presenting information about the program. Additionally, it would be worthwhile to rely on extracts that would allow identification of the program, particularly concerning prior art searches, investigations, and even the publication of the invention.

**5. The drafting of the claims:**

It is necessary to lay down particular rules for the drafting of claims determining the scope of a patent relating to the program in itself?

Yes, it would be convenient indeed. Such particular rules for the drafting of claims would represent the most adequate framework assisting examiners to apply standards in the way that computer program would be claimed, as well as the scope of the corresponding claims.

**6. Assessment of inventive activity:**

Is the conventional notion of non-obviousness in patent law directly applicable in regard to assessing the patentability of programs?

The expression "inventive step" is equivalent to "non-obvious" under Mexican Law. In our opinion that term is somewhat more flexible, and would probably apply in respect to patentability of software. However, due to reasons explained above, it still would need some adjustment to properly include software as subject matter of protection.

**7. Prior-art searches:**

It would be appropriate to show the difficulties with which the Offices would be faced in carrying out prior art searches in the area of patents covering software. As indicated above, do not those specific difficulties result in the observation of certain rules in terms of presentation of the description and claims of patent applications?

Patent Offices would have difficulties for conducting prior art searches in the field of software. Legal provisions related to description and claims establish obligation on behalf of applicant to absolutely include every single precedents that could represent the prior art in regard to a particular program and that would be related therewith. The Patent Law could be amended with a cancellation provision applicable in the event that the foregoing requirement has not been fulfilled. Perhaps, this could work out even better under opposition systems, as it would permit third parties to bring prior art that could have been not identified in official searches, all this before the patent would be granted.

**8. Exercise of the rights:**

Do you think that particular problems would arise in regard to exercise of the rights of patents protecting software? For example, within the context of applying the rules relating to copyright, it is accepted that interfaces permitting interoperability, that is to say the circulation of items of information from one program to another, can be freely reproduced. Should provision also be made for exceptions within the framework of the rights afforded by a patent covering a program in itself?

We would not have a doubt that different particular problems would arise to exercise of the rights of patents protecting software, as it has been the case of copyright law. However, the idea to use the patent system for protecting software would be that the scope of protection of the program itself increases much more as in case of copyright law. Otherwise, it could be pointless considering the possibility of including software as a patentable subject matter, which as it has been said along this report, it would finally require major modification of the general principles in patent law, and the provisions in the law.

**9. Double protection by copyright and a patent:**

Do you already have knowledge of programs which may arise by virtue of the possibility of protecting software both by means of copyright and by means of patents? In the absence of experience, what assumed problems could occur?

In Mexico there is no experience in applying a double system comprising copyright and patent law. As mentioned above, patent law would emerge to offer protection in those aspects or portions of the programs which are functional, and that copyright law has been incapable to protect. Governments and judicial systems in many countries have sought to adapt copyright principles to the particular case of software. There is no question at present that under practically every legislation in the world, reproduction of source and/or object code of a program may represent infringement of copyright rights, in the absence of proper consent. Mexican Copyright Law has proved to be the best form of protecting software in these cases. Besides, application of fundamentals of copyright law to software, such as registration procedures, have resulted determinant factor of increased and adequate protection.

In addition to the "literal" copying of computer programs, legislations and Courts have applied copyright principles in order to protect the "non-literal" reproduction of programs. Copyright protection in the structure, sequence and organization of programs would represent the most significant example of the foregoing. Also, they have used copyright law for protecting the so-called "look and feel" of screen displays. Notwithstanding such achievements, it has been now considered that Patent Law would be more effective in protecting the functional aspects of the programs, which is something that copyright law would definitively be unable to offer. We thus believe that the best would be that patent and copyright principles are alternatively applied to software and that it would be decision of applicants to chose for one or the other, or even both.

**C) What is the wish of the National Groups?**

Do the National groups want protection for software by means of a patent to be accepted?

The Groups are invited to set out the arguments in support of their position whether the answer is in the positive or the negative, while analyzing the advantages and disadvantages involved?

Mexican Group position has been expressed all along the present document and that will be summarized hereunder.

## SUMMARY

Mexican Patent Law expressly excludes computer software as patentable subject matter; it even disqualifies it as a form of invention. However, patent protection has been conferred by the Mexican Patent Office to the so-called software related inventions under particular circumstances. In case that the Patent Law is being changed for allowing patentability of software per se, it would require to delete the "non-invention" rule. It also would be necessary to at least alter the interpretation of industrial activity, as well as standardizing the representation of inventions, the draft of claims, the description of the invention, and clearly determine on which supporting material to rely, and what the criterion of best mode to carrying out the invention. As to the issue of double-protection of computer software, first of all it would be somewhat difficult imposing a dividing line between the copyrightable and the patentable, which by the way could be even needless. Assuming that patent law would be made available to computer software sometime in the future, copyright should still represent an alternative form of protection, as there are no substantial incompatibilities, and can work alternatively, being the decision of applicants to chose for one or the other, or still both.

## SOMMAIRE

La Loi de Propriété Industrièlle Mexicaine exclut la possibilité de breveter le logiciel d'ordinateur, et même de le considérer comme une invention. Cependant, la protection moyennant le brevet a été concedée par le Bureau de Marques et Brevets Mexicain sous la denomination des inventiones en rapport le logiciel d'ordinateur sous circonstances particulaires. Dans le cas où la Loi des Brevets soit modifiée pour permettre breveter le logiciel d'ordinateur per se, il faudra aussi eliminer la norme de la "non-invention". Il faudra aussi, au moins, modifier l'interprétation de l'activité industrielle, ainsi que standardiser la représentation des inventions, la redaction des revendications, la description de l'invention et clairement déterminer les matériels de support où nous pouvons nous appuyer et aussi, déterminer le critère pour mieux réaliser l'invention. En rapport avec la double protection du logiciel d'ordinateur, avant tout il serait difficile imposer une ligne divisoire entre la protection du droit d'auteur et son brevetabilité, la qu'elle, d'autre côté, serait inutile. Supossant que la Loi des Brevets pourrait être en possibilité de considerer le logiciel d'ordinateur dans le future, le droit d'auteur répresente un façon alternative de protection, étant donnée qu'il n'y a pas des incompatibilités substantielles et peut travailler d'une façon alternative étant à decider sur une ou l'autre ou les deux même, un droit par le intéressé.

## ZUSAMMENFASSUNG

Das mexikanische Patentrecht verweigert Computer-Software ausdrücklich den Patentschutz; es erkennt sie nicht einmal als Erfindung an. Allerdings hat das mexikanische Patentamt unter bestimmten Bedingungen sogenannten softwaregesteuerten Erfindungen Patentschutz gewährt. Gesetzt den Fall, dass nun eine Änderung des Patentrechts dahingehend, auch Software "per se" Patentschutz zu erlauben, erfolgt, dann müsste zunächst die gesetzliche "Nichtanerkennung als Erfindung" aufgehoben werden. Ferner ist es dann notwendig, die Gesetzesauslegung bei gewerblichen Verfahren dem anzupassen und einen allgemeinen Standard für die Definition von Erfindungen, für das Formulieren der Patentansprüche und für die Beschreibung der Erfindungen festzulegen. Ausserdem muss dann klar bestimmt werden, worin der zugrundeliegende Patentgegestand eigentlich liegt und welches die entscheidenden Kriterien für die Ausführung der Erfindung sind. Bei dem Problem des Doppelschutzes von Computer-Software ist ist es sicherlich nicht einfach, eine verbindliche Grenzlinie zwischen Schutz durch Urheber- und Patentrecht zu finden, zumal sich diese auch als gar nicht notwendig herausstellen könnte. Einmal angenommen, dass zukünftig auch Computer-Software patentfähig ist, dann sollte doch auch das Urheberrecht als zusätzliche Schutzform verfügbar bleiben, zumal es keine erheblichen Überschneidungen gibt und beide sich alternativ ergänzen Können. Letzlich sollte es dem Antragssteller überlassen bleiben, den einen oder anderen Schutz oder doch beide zu wählen.

# AIPPI

Association Internationale
pour la Protection de la Propriété Industrielle




12 - 18 Juin 1994
June 12 - 18, 1994
12. - 18. Juni 1994

Annuaire 1993/IV

Réunion du Comité exécutif
Copenhague 1994
(12–18 Juin 1994)

Rapports des Groupes Q 116

Licence de marque et «franchising»

Mexique
Mexico
Mexiko

Report Q 116

in the name of the Mexican Group
by Luis C. SCHMIDT

## Trademark licensing and franchising

### I. Definition of a trade mark licensing agreement and a franchise

#### A. A trade mark licence

**1. Is there a definition of a trade mark and, if some, what is it?**

Industrial Property is ruled in Mexico principally through a statute known as the "Law For the Promotion and Protection of Industrial Property" (LPPIP), which was published in the Federal Government Gazette of June 27, 1991 and became effective as of June 28, 1991. Besides patents, said statute of Congress represents the legal instrument aimed to protecting trade marks, service marks, collective marks, commercial or trade names, slogans and appellations of origin. The foregoing are defined as follows by the LPPIP:

**A. Marks** (term comprising trade marks and service marks): "Understood as a mark is every visible sign that distinguishes products or services from others of their same kind or class in the market". (Article 88, LPPIP)

"The following signs may constitute a mark:

I. Visible, sufficiently distinctive names and figures, capable of identifying the products or services to which they are applied or attempted to be applied, against other products or services of their same kind or class;

II. Tridimensional forms;

III. Trade names and denominations or corporate names, provided they do not fall in the following article; and

IV. An individual's own name, provided there is no homonym already registered as a mark". (Article 89, LPPIP)

**B. Collective marks:** "Legally incorporated associations of producers, manufacturers, merchants or purveyors of services may apply for the registration of a collective mark to distinguish in the market the products or services of their members from products or services of such persons who are not members of said associations". (Article 96, LPPIP)

**C. Slogans:** "Deemed to be slogans are the phrases or sentences whose purposes is to advertise to the public establishments or commercial, industrial or service businesses, products or services, to easily distinguish them from others of their kind". (Article 100, LPPIP)

**D. Trade names:** "The trade name of a company or industrial, commercial or service establishment, and the right to its exclusive use will be protected, without the need of a registration. The protection will cover the geographic zone of the actual clientele or the company or establishment to which the trade name is applied, and will extend throughout the entire country if there is a massive and constant dissemination thereof at the national level". (Article 105, LPPIP)

**E. Appellation of origin:** "Understood as an appellation of origin is the name of a geographic region of the country which is used to designate a product that originates there, and the quality or characteristics of which are due exclusively to the geographic medium, which includes natural and human factors". (Article 156, LPPIP)

**2. Is there a definition of a trade mark licence and, if so, what is it?**

The Mexican LPPIP does not convey any particular definition of trade mark license, however, from the combination of some of the provisions in said statute a legally acceptable concept can be obtained:

a) First of all, in accordance to the LPPIP, "the holder of the registration of a mark may grant, by means of an agreement, a license to one or more persons respecting all or some of the products or services to which the mark is applied..." (Article 136, LPPIP). Although not expressly mentioned by the LPPIP, the holder of a trade mark registration may license any rights arising therefrom, but most frequently the right for the use of the mark in the manufacture and commercialisation of a product or the rendering of a service. Also, due to the nature and scope of the exclusive rights in a trade mark registration, its owner is entitled to decide whether to grant the corresponding license on an exclusive or non-exclusive basis, with an additional right to sub-license and covering the entire Mexican Republic or a particular territory therein.

b) Secondly, the LPPIP imposes an obligation of quality control by stating that "the products that are sold or the services that are rendered by the user must be of the same quality as those manufactured or rendered by the holder of the mark..." (Article 139, LPPIP). Further comments in this regard can be found at 3 a) below.

c) The LPPIP further establishes that "the use of the mark by the user to whom a license, recorded with the Ministry, has been granted, will inure to the benefit of the owner of

the mark". The present provision as the foregoing one is aimed to protecting uniformity of trademarks and the goodwill backing them. More detailed comments in this regard can be consulted at 3 b) below.

d) In order to achieve a quality and uniformity standard in the manufacture of products or the rendering of services under the licensed trade mark, it seems warranted that licensor shall have to disclose information and to provide training and technical assistance to licensee, pursuant to the procedures and techniques for the manufacture and commercialisation of the products and the rendering of the services. Accordingly, it is commonly observed in complex trade mark license agreements that they include know-how and confidentiality clauses in connection with the quality control and training programs by licensor.

e) Finally, as to consideration, it is frequently found that licensee pays a license fee in the form of a lump sum and/or a fee measured by the number of products sold or by gross sales.

From the above, and based on the principles and provisions of the LPPIP, a trademark license could be reputed as a form of business, represented in a contract, in which licensor will grant to licensee the right for using his trademark in connection with the products manufactured and commercialized or the services rendered by said licensee, under an exclusive or non-exclusive basis, with the option of an additional right to sublicense and for the Mexican territory or a part of it. In other words, a trade mark license agreement allows licensee sharing a portion of the goodwill associated with the licensed trade or service mark, in exchange for a consideration that is commensurate with such goodwill. Accordingly, licensor will be interested in expanding his operation or business by letting third parties using his trademark in return of a royalty. Licensee will only be interested in paying for the value of a trademark or service mark carrying sales and increasing profits. In addition to the particular interest of licensor and licensee, the LPPIP protects the legal interest of that non-measurable entity being the consumer public from any form attempting against uniformity of a licensed trade mark. In fact, this justifies in a very important manner the LPPIP's policy of combating the so-called naked licenses, by promoting quality control provisions, which are mandatory according to the Law itself.

Lastly, the Mexican doctrine has provided various definitions of trade mark license, deserving special mention the one made by Dr. David Rangel - Medina in the "Revista Mexicana de la Propiedad Industrial y Artística "(La Licencia de Explotación de Marcas en el Derecho Mexicano, number 4, July - December 1964, at p. 279):

"The condition of authorized user arises from an agreement entered into by the owner of the trade mark and an individual or legal entity who agrees employing the same manufacturing procedures and technical formulas, in order that those products by the registration owner and those of the user are equivalent. The exchange to complying with said substantial obligations, said person shares the exploitation of the trademark. The document in which the agreement is written is known as license for exploitation of the trade mark".

**3. Are there specific provisions concerning a trade mark licence and what are those provisions**

Following are comments to provisions in the LPPIP regulating trade mark licenses as well as to clauses usually contained in these kind of agreements and compatible with the LPPIP, although not necessarily included in the statute in an express manner:

a) **Quality Control:** Article 139 of the LPPIP - referred to at 2 b) -, does not particularly point out who bears the quality control obligation referred to above. However, it can be obtained therefrom that, on the one hand, licensee shall have to manufacture its products or render its services following the standards and guide-lines dictated by licensor in order to at least achieve the same level of quality as to the products or services of this latter party. On the other hand, licensor is bound to keep control of licensee's products or services quality standards, which not only has to be considered as a right, but as well as a commitment on its behalf for monitoring, testing and approving licensee's products or services. Considering that one of the main objectives of the LPPIP is that trade marks remain as instruments for standardizing quality in a uniform manner in the benefit of consumers, we have to understand the quality control provision as broad as possible and a result, the authority of licensor to control quality of licensee's products or services going beyond the simple approval of the products or services themselves, but also of the manufacturing or production techniques and procedures.

   As to enforcement of the quality control provision, Mexican law would most likely support termination of trade mark license agreements on the basis of breach of quality control clauses. However, it remains to be seen what actions could be taken if the license agreement does not convey a quality control clause. Perhaps, the Trademark Office would be entitled to refuse recordal of the agreement for contradicting the public interest; also, although never explored or tested before in Mexico, there should be the possibility that the members of the general public file consumer class actions against the parties' failure in taking adequate measures for procuring uniformity of the licensed trade mark.

b) **Recording System:** The LPPIP has introduced an assignment and license recording system, having similarities with the Anglo-Saxon registered user system. In keeping with this, article 136 of the LPPIP states that "the license shall be recorded with the Ministry in order for it to be enforceable against third parties". In addition, article 141 of the LPPIP establishes that "the use of the mark by the user to whom a license, recorded with the Ministry (Trademark Office), has been granted, will be deemed to be used by the holder of the mark"

   As in some Anglo-Saxon jurisdictions, the idea surrounding the requirement of the LPPIP for recording license agreements, in order for a trade mark's use made by a licensee to inure in the benefit of licensor and owner of the registration, arises from the principle of uniformity in the quality of the products manufactured or services rendered under the licensed trade mark. Thus, in those cases licensee's use of licensor's trade mark will be made as if it was made by licensor himself. The recordal requirements

have the intention that the Trademark Office is able to trace, from the official records themselves, if steps have been taken for imposing quality control provisions as to uses of the trade mark made by any authorized user. However, as in practice a single license recordal has been considered as sufficient ground in order for licensee's use of the trade mark to inure in the benefit of licensor, it is unclear whether in case of multiple users of said trade mark, the lack of recordation of any of them would produce abandonment of rights and the availability of sanctions against licensor for non-compliance with the afore-mentioned quality control legal provisions.

In accordance with the LPPIP, license recordals have no longer the purpose of producing legal effects, prior to strong scrutinity and approval measures as it used to be with the former Technology Transfer Law (LTT). Nowadays, recordations are not mandatory but are anyway recommended in order that they produce effects against third parties and the Trademark Office has now the authority to refuse and reject recordations of licenses and assignments in case of public interest, as well when the applicability of the LPPIP is expressly excluded from the respective agreement, without detriment to the fact that the parties may submit any dispute or controversy to international arbitration.

c) **Cancellation of a license's recordation:** Pursuant cancellation of the recordal of a trade mark license agreement, article 138 of the LPPIP establishes the following:

"Cancellation of the recordation of a license will be available in the following cases:

"I. When jointly requested by the holder of the mark and the user to whom the license was granted;

"II. As a result of the nullity, lapsing or cancellation of the registration of the mark; and

"III. By a court order". (Article 138, LPPIP)

The foregoing provision is directed to protecting licensee's interest in keeping with the licensing relationship, in those cases when licensor unilaterally terminates the agreement without licensee's will concurring as to that end. Thus, for instance, if licensee should not accept or recognize the termination of the license or rescission of the same, notwithstanding the fact that the license has terminated or can be rescinded in accordance with the terms agreed upon by the parties, licensor will have to resort to a Court of Law seeking for the corresponding judgment, so the provisions of the Commerce Code, Civil Code, Codes of Procedures and the LPPIP would be applicable.

d) **Legal Actions:** The last specific provision governing trade mark license agreements is article 140 of the LPPIP, which states that "the user to whom a license has been granted and who is recorded with the Trade mark Office, will be entitled to exercise legal

actions to impede the counterfeiting, imitation or illegal use of the mark, as he himself was the holder, unless otherwise agreed upon".

It is important to take into account that no additional legal restrictions or obligations are imposed by the LPPIP, besides the ones that we have referred to above. As the LTT was abolished as a result of the implementation of the LPPIP, it is now the will of the contracting parties that rules trade mark license agreements, in general terms. However, restrictions can some times be found in laws and other provisions regulating specific subjects, such as tax law - that for example, would consider a disproportional and unreasonable royalty as only partially deductible-, or antitrust law - in this regard please refer to comments in the corresponding chapter below-.

**4. Are there provisions concerning collective or certification marks, and, if so, is there any obligation imposed by regulations on the users of such a collective or certification mark?**

The Trademark Laws in Mexico does not recognize protection for certification marks; however, as to collective marks, the following provisions are found:

"Legally incorporated associations of producers, manufacturers, merchants or purveyors of services may apply for the registration of a collective mark to distinguish in the market the products or services of their members from products or services of such persons who are not members of said associations". (Article 96)

"Together with the application for the collective mark, it will be necessary to submit a list of the associates and the rules for use of the mark. Once the registration of the collective mark has been obtained, the association shall notify the Ministry of any changes that occur in the list of associates". (Article 97)

"The collective mark may not be transferred to third parties, and its use is reserved to the members of the association. Collective marks will be governed, in absence of a special provision, by the provisions of this law relating to marks. (Article 98)

**B. A franchising agreement**

**1. Does domestic law include provisions which are specific to a franchise, and if so, what are they?**

**In this case, what definitions are laid down by the law? If there are no legal definitions, what are the definitions which are admitted by case law, of if there are none, what definitions could be suggested?**

The LPPIP provides the following as a legal definition for a franchise:

"A franchise will exist when, with the license of a mark, technical knowledge is transmitted or technical assistance is provided, allowing the person to whom it is granted to produce or sell products or render services uniformly and with the operational, commercial and

administrative methods established by the holder of the mark, for the purpose of preserving the quality, prestige and image of the products or services distinguished by the mark.

"Whoever grants a franchise shall provide to the person to whom it is intended to be granted, prior to the execution of the respective agreement, information about the status of his business, in the terms established in the Regulations of this Law.

"The provisions contained in this chapter will apply to the recordation of a franchise". (Article 142, LPPIP)

**2. Does legislation include particular rules as regards a franchise, especially in relation to territorial restrictions, an obligation to register the agreement, protection for the franchised parties in the event of expiration of the agreement, and responsibility for the fact of the product. In the absence of a legislative provision, are there rules which have been laid down by case law or doctrine?**

Mexican law has recognized franchise and trade mark licenses as two different forms of doing business and accordingly, as two different forms of agreement, which despite some similarities, are independently conceived and governed. The basic similarity arises from the fact that in both it is a trademark that constitutes the core of the business. A second similarity arises from the fact that the two forms of agreements share the same historical root. However, they both developed afterwards taking different directions and aimed to resolve essentially different situations.

In line with the above, trade mark licenses are found in every franchise agreement but not every trade mark license will necessarily be forming part of a franchising agreement. Also, quality control provisions and even know-how and confidentiality clauses can be found in both type of agreements, which can be understood precisely from the fact that the trade mark represents the ground on which both forms of agreements rely.

The first forms of franchising that appeared in Mexico can be found back during the decades of the 50's and 60's, and are now identified by the experts as "franchises of the first generation". The most suitable example can be found in the automobile distribution business and further in the soft drink bottling and distribution industry. However, as the franchising business has been developing in Mexico, it is now virtually impossible referring to such "first generation" franchises as real franchises, if they only represent basic forms for distributing products by dividing territories.

The term "franchising" remained associated with the division of a market into various fragmented territories until the last decade, when a modern concept of franchise known as "business format" became effective as a result of the changes in Mexico's protectionist policies of the 70's and 80's. Essentially a franchise is still a form for producing and distributing goods or rendering services, but presently based on a "system", comprising a complete marketing, operation, commercial and administrative strategy or method established by the owner of the mark and that is planned to be disclosed to third parties, whose work and investment will contribute to a business expansion that otherwise would not have been reached by franchisor. Therefore, as the use of the trademark will be permitted to a multi-

plicity of parties, which requires strict uniformity standards, it is of utmost importance that they all follow the same instructions and comply with the same rules in the production and distribution of the products or the rendering of the services.

The relationship between franchisor and franchisee has become in Mexico one of a close participation, in which franchisor is constantly assisting franchisee in accomplishing the purposes of the franchise and in which franchisee works for implementing franchisor's ideas and indications. This type of business requires franchisee to be acquainted with how the "system" works and franchisor to exercise tight quality control measures. In Mexico it is a common practice that only information related to the franchise shall be contained in manuals that are handed to the franchisees as part of the deal.

Being a "system" integrated by a diversity of elements, a franchised business can include not only trademarks but patents, copyrights and other intellectual property rights as well, which are normally licensed as part of the franchise agreement. The territory of the franchise constitutes a very important element in this type of business frequently divided according to demographic distribution and market needs. The only restrictions that are imposed in a franchise agreement are those established by franchisor as there are none imposed by the LPPIP; in any event, it has to be borne in mind that due to the nature of the franchise itself a plurality of users of the trademark will be strategically distributed along the Mexican territory, attending to the demographic and market criteria explained above.

As to consideration in a franchise agreement, a royalty is not only justified because of the licensing of trade marks and other intellectual property rights, but also in connection with the range of services that franchisor renders to its franchisees and the investment made by licensor in the development of the "system" and programs surrounding it, including publicity and marketing strategies. In addition, it is common in Mexico that licensor charges a so-called "franchise fee" which is paid at the time that the agreement is executed and which has the purpose of reimbursing the expenses in which franchisor incurred for preparing the execution of the business arrangement.

Under Mexican LPPIP, franchisors are required to provide to a potential franchisee, information about the status of his business, in the terms established in the regulations of the LPPIP. Although no regulations have been published so far, it is expected that the obligation in behalf of franchisor for disclosing its business and financial information to the prospective franchisee - "offering" as it is known - will not exceed the scope that is actually required in other countries.

Finally, the LPPIP states that the recordal provisions that were previously discussed for the case of trade mark licenses shall be applied to franchise agreements as well.

## II. Line of demarcation between trademark licensing and franchising agreements

### 1. What are the essential element of a trademark licensing agreement and a franchising agreement?

A) An obligation on the part of the franchiser to give the franchised party all financial and other information relating to this activity, which may be decisive in terms of inducing a new franchised party to sign the agreement.

B) Transfer of the technical and commercial know-how. In this the determining element in the franchising agreement?

C) Quality control in respect of the products or services.

Does such quality control also exist in regard to a trade mark licensing agreement, and is it then exercised at a different level, in relation to a franchising agreement?

While discussing the elements of trade mark licenses and franchising agreements, it was mentioned that although they both share characteristics in common and are strongly framed on trade marks, they actually represent two different forms of doing business directed to resolve different problems.

Notwithstanding the foregoing, and in case of a vis-a-vis analysis of the two forms of agreement the following dividing lines can be drawn:

a) The LPPIP requires franchised to disclose information about his or her business to franchisee, which this is not an obligation imposed by the LPPIP in case of licenses;

b) As to transfer of information, it is frequently found in franchise agreements, but also in most type of license agreements, depending on its complexity level;

c) Quality control provisions are equally required by the LPPIP in both types of agreements. However, franchises deserve a special attention as to quality control in general terms, considering that it will be normally a large number of franchisees that will make use of the franchised trade mark. However, a franchise will never be granted on exclusivity as it is frequently the case of trade mark licenses;

d) Licensor shall not provide ancillary services to licensee and shall not make licensee participate in any kind of marketing, administrative or operative plan or strategy, which is essential in any franchise agreement.

e) As a difference from a franchise agreement, the licensor may condition the licensee to meeting minimum sales quotas or other performance criteria during each year of the license agreement. Some trade mark license agreements provide that failure to meet minimum sales quotas or make minimum royalty payments will result in loss of exclu-

sive use of the mark, while others provide that the failure to meet such quotas gives the licensor the right to terminate the license.

**2. Independently of a franchising agreement, the proprietor of a trade mark may be induced to grant enjoyment thereof to a number of licensees**

**On the other hand, some countries make provision for a collective or certification trade mark.**

**Regulations in respect of use often include obligations on the part of the users of such a collective or certification mark, with the possibility of monitoring.**

The owner of a trade mark registration has the right to decide whether to grant licenses his trade mark or not and there is no obligation set by the LPPIP on his behalf for doing it. However, in case of franchises, their objectives will be fulfilled only if a trade mark is licensed as it is this element the core of the agreement.

The LPPIP does not provide whether a trade mark, a service mark or a collective mark are to be the subject of a franchise agreement; it should be possible to have any of the three as no restrictions are imposed by the LPPIP. However, a collective mark requires an association to be the owner of the registration, which would be difficult in case of a franchise agreement. In keeping with this idea, use requirements could have very different purposes in both cases.

**III. Anti-trust rules**

**A trade mark licensing agreement and a franchising agreement may fall foul of anti-trust rules.**

Before fully addressing the present question, the rules of unfair trade practices in commerce deserve some previous comment. Formerly, restrictive practices and limitations were expressly prohibited and controlled in most intellectual property licensing and technology transfer agreements. This was governed by the so-called Technology Transfer Law, which was however repealed in June 1991, at the same time that the new Law for the Promotion and Protection of Industrial Property (LPPIP) was implemented. Among other provisions, the LTT prohibited tying arrangements, confidentiality convenants beyond the expiration date of agreements, and limitations in general that could attempt against the strict technology transfer policies of former governments.

After the LTT was repealed, the old principle stating that the intention and will of the contracting parties shall rule the legal relationships between them, was incorporated as the governing rule in intellectual property licenses and assignments.

Notwithstanding the foregoing, on December 24, 1992, a new law entitled "Federal Law of Economic Competition" (FLEC), was published in the Federal Official Gazette, in force as of June 24, 1993, with the aim of ensuring free competition by preventing and eliminating

monopolies, monopolic practices and any restriction to the efficient functionality of every market of goods and services.

The FLEC objectives are avoiding monopolies and monopolic practices, including trusts and cartels; in fact, the provisions of such statute are so broad that comprise unfair trade and restrictive practices in commerce - including all type of agreements-, if they are directed to diminish, distort, impede or block competition in the production, processing, distribution and commercialisation of goods and services.

The statute has set a distinction between the so-called "absolute practices" and "relative practices". The first category prohibits and sanctions any act that attempts against free competition under any angle and the latter relates to practices requiring a more detailed and exhaustive analysis for ensuring that they attempt or distort free competition. Such distinction has thus the purpose of establishing different levels in the application of the rules and sometimes of the FLEC.

With regard to "relative monopolic practices", the FLEC further establishes that in order to determine whether it has been infringed, it must be shown that the licensor has "substantial power" over the "relevant market" and that the violations upon the law are made respecting the goods or services of the corresponding "relevant market".

The FLEC understands that in order to determine the meaning of "relevant market", the possibilities of substituting the good or service by third parties, should be considered in addition to the costs of the good itself, of its raw materials, components and substitutes in other regions or foreign countries and the government restrictions imposed on them. Also, the FLEC understands as "substantial power" over a market, the fact that a particular entity has power to fix prices unilaterally or to restrict the supply of the good in "relevant market", without an opportunity for competitors to contrarest said power.

As it can be appreciated the provisions of the FLEC are so broad that could be extensively applied to restrictive practices in a license or franchise agreement. However, it seems that application of these rules will be more justified in case that the particular goods are considered as non staple. Accordingly, we believe the more possibilities customers have to find the same or substitute products in the market from third parties competing against licensor, the more likelihood will exist that the authorities in charge of governing this law will apply the sanctions and remedies offered by such law. Such sanctions represent administrative fines and orders of suspension, correction and suppression of the infringing practice.

In conclusion, after the LTT was repealed there was no doubt that most restrictive practices in licensing agreements were seemed to be considered legal, as long as the contracting parties agreed upon in that direction. However, after the implemention of the FLEC restrictive and monopolic practices could be pursued again, in those cases in which a "relevant market" in undertaken by a single entity representing a "substantial power". It has

to be realized that this law would most likely not cover ordinary situations, but rather situations in which there is a real or monopolic practice.

## Summary

Mexican law has recognized franchise and trade mark licenses as two different forms of doing business and accordingly, as two different forms of agreement, which despite some similarities, are independently conceived and governed. The basic similarity arises from the fact that in both it is a trademark that constitutes the core of the business. A second similarity arises from the fact that the two forms of agreements share the same historical root. However, they both developed afterwards taking different directions and aimed to resolve essentially different situations.

In line with the above, trade mark licenses are found in every franchise agreement but not every trade mark license will necessarily be forming part of a franchising agreement. Also, quality control provisions and even know-how and confidentiality clauses can be found in both type of agreements, which can be understood precisely from the fact that the trade mark represents the ground on which both forms of agreements rely.

Franchise agreements have evolved in Mexico from the "first generation" franchises, which were closer to distribution agreements to franchises of "business format", which have become real "systems", comprising a complete marketing, operation, commercial and administrative strategy. Therefore, the franchise will be surrounded by very complex legal and business requirements, which in most cases differ from those observed in license agreements.

On the other hand, trade mark license agreements in Mexico have also matured through the passing of time and its complexity has also increased, however, in most cases the relationship between a licensor and a licensee shall be not as close as franchisor's and franchisee's, considering that besides technical assistance and training, licensor will normally not provide ancillary services and the operation, administration and marketing policies of licensee's company will be set up by this latter party.

## Résumé

La loi mexicaine a reconnu les licences des franchises et des marques comme deux formes différentes de faire des affaires et donc comme deux formes différentes d'accord, lesquelles, malgré certaines ressemblances, sont conçues et gouvernées de façon indépendante. La ressemblance essentielle se dégage du fait que les deux formes d'accords ont en commun la même racine historique. Pourtant, elles se sont toutes les deux développées après, en prenant des directions différentes, et visaient à résoudre des situations essentiellement différentes.

En accord avec ce qui précède, on retrouve des licences des marques dans tous les accords des franchises, mais chaque licence de marque ne sera forcément pas partie d'un accord de franchise. D'ailleurs, on peut retrouver dans tous les deux types d'accords des provisions pour le contrôle de la qualité et même des clauses sur la nature confidentielle et sur le savoir-faire, ce qui peut être compris précisément du fait que la marque représente le terrain su lequel s'appuient toutes les deux formes d'accords.

Les accords des franchises ont évolué au Mexique à partir des franchises de la "première génération", qui étaient plus proches des accords de distribution, à savoir des franchises au "format affaires", qui sont devenues des "systèmes" réels, y compris une stratégie complète du marketing, opérationnelle, commercielle et administrative. La franchise donc sera entourée par des formalités légales et commercielles très complexes, qui dans la plupart des cas sont différentes de celles observées chez les accords des licences.

D'autre part, les accords de licence des marques au Mexique ont aussi mûri dans le temps, et leur complexité s'est aussi accrue. Pourtant, dans la plupart des cas le rapport "licenceur" et "licencié" ne sera pas si proche que celui entre le "franchiseur" et le "franchisé". Il faut tenir compte que, outre l'assistance technique et les stages, le licenceur ne fournira pas d'habitude de services additionnelles tandis que les politiques opérationnelles, administratives et du marketing de l'entreprise du licencié seront instaurées par ce dernier.

## Zusammenfassung

Das mexikanische Gesetz hat die Franchise- und die Warenzeichenlizenzen als zwei verschiedene Geschäftsformen anerkannt. Folglich sind das zwei verschiedene Vertragsformen, die trotz einiger Aehnlichkeiten unabhängig behandelt und geregelt werden. Die grundsätzliche Aehnlichkeit entsteht aus der Tatsache, dass ein Warenzeichen in beiden Fällen der Kern vom Geschäft ist. Eine zweite Aehnlichkeit entsteht aus der Tatsache, dass die beiden Vertragsformen die gleiche historische Wurzel teilen. Aber sie haben sich danach anders entwickelt, haben verschiedene Wege genommen, und ihr Ziel war, ganz verschiedene Situationen zu lösen.

Dem vorangehenden Abschnitt entsprechend, findet man Warenzeichenlizenen in aller Art von Franchiseverträgen, aber nicht jede Warenzeichenlizenz wird unbedingt ein Teil eines Franchisevertrags sein. Ausserdem kann man Regeln für Qualitäskontrolle und sogar Klauseln über technische Kenntnisse und Vertraulichkeit in beiden Vertragsformen finden. Das kann man genau wegen der Tatsache verstehen, dass das Warenzeichen die Verbindung zwischen den beiden Vertragsformen ist.

Mexique
Mexico
Mexiko

Report Q129
In the name of the Mexican Group
by Luis C. SCHMIDT

# LEGAL ASPECTS OF MERCHANDISING.

## I. THE PRACTICAL IMPORTANCE OF MERCHANDISING.

1. In what form and in what way is merchandising used in the country in question and what are the signs and symbols which are most widely used for that purpose?

Mexico Represents an important producer of merchandising products. This is true if we consider the size and organization of its entertainment and communication industries. Many brands and characters have been merchandised as a result of the production of TV programs and movies; the organization of sport, cultural and musical events; and the production and commercialization of products and rendering of services, among others. The following categories represent the most common examples where this industry has focused in Mexico:

a) BRAND MERCHANDISING: Consisting in the use and promotion of marks - being of special interest those which have become famous among the consumer public and which have proven to be a successful sell-through at retail-, in a wide range or consumer, retail or promotional products or services (secondary products or services) that do not necessarily relate to the industrial, service or commercial sector in which the mark has been traditionally used and made known. The use of brands in consumer, retail or promotional products or services is done in order to increase the means in the appeal of said products and services and therefore obtaining major marketability results.

b) CHARACTER MERCHANDISING. Consisting in the use of forms, figures, drawings or designs of fictitious persons, the likeness, appearance of real persons and names, nicknames, voice and other recognizable characteristics of both, known as a result of literary, artistic or cinematographic works, cartoon stripes, TV programs and others, also in connection with consumer and promotional products and services for mass marketing. Therefore, the intention is to use their personality features or characteristics and, as in case of brand merchandising, to increase the possibilities for the marketing of any secondary product or service that can be imagined.

c) EVENT MERCHANDISING. This is similar to brand and character merchandising, however, as the duration of the event is normally short in time, the marketing structure and approach may be time-focused and the merchandised product or service may be specifically thought for the event itself. It is not the same to plan a merchandising program for sport events, music events or any other form of event, as the target market will be distinct in every case. In this regard, the products and services subject to merchandise are generally distinct. In addition, in case of events, special and theme related items are normally licensed to reflect the nature thereof, and licenses are granted to sponsors, promoters and even venue licensing program service purveyors, all of them using the symbols that identify the corresponding event.

From a purely business and financial standpoint, merchandising projects will better serve their purposes if the brand, character or event has become or will be attractive to the consumer public. According to the experience in Mexico, penetration and recognition of the brand in the market or character in the entertainment world is normally required prior to engaging in the actual development of a particular campaign and in this respect, communication media and publicity play essential roles.

In case of characters, there is a very large audience that watches TV shows, soap operas and movies or read magazines, books and comic stripes on a daily basis, and the corresponding characters generally become real stars among the people for the period of time that the show is on the air or the movie performed. The same happens with regard to artists, singers and musical groups. Many times the image, name and/or voice of the character or artist -in case of real persons- or the shape, name and/or voice of fictitious characters have been used in connection with the production and marketing of a range of secondary products directed to attract the same target audience to which the show, program, movie or musical piece was originally focused. The nature and quality of the merchandising products and the size, level and sophistication of the project depend on whom the show or program is directed to. In addition, the length will be commensurable and proportional with the popularity of the character and will be thus justified for all the time that it remains in fashion. Therefore, it is quite transcendental for those running the campaign to take advantage of this momentum for planing, developing, launching and maintaining the business program.

The case of brand merchandising is similar to that of characters and all the afore mentioned is basically applicable; however, there may be a difference in the time and effort that is required for developing "goodwill" in a mark, which normally takes many years. For this reason trademark owners have to be specially careful in protecting their proprietary rights on their marks against piracy, infringement and dilution. Licensing agreements are required to provide at least a quality control provision.

Origin of the mark or character subject to merchandising is not deemed to be a truly important advantage, considering in addition to that coming from abroad, Mexico has developed its own local merchandising industry and has created its own market niche. Thus, besides the presence of multinational corporations as Warner, Disney, Hannah Barbera and many others, there is a national industry running in a parallel direction and sharing a portion of this market. There are Mexican characters, both fictitious and real, in many different fields such as sport, music, TV or cinematography, that have been extensively used and accepted in this country and even abroad. Also, a number of Mexican characters have been ex profeso devoted to the advertisement of products or services.

The case of brand's merchandising varies somewhat from the case of characters' as it relates to a market primarily controlled by foreign companies; however, there are also many Mexican brands that have been merchandised with success.

Finally, as to event merchandising, Mexico has proved to be an active organizer of sport, musical and cultural events of international level. The most important examples represent the Olympic Games of 1968, and the Soccer World Cups of 1970 and 1986. In all three cases corresponding merchandising programs were conducted based upon the symbols that were developed for those events.

2. What is the economic and financial importance of merchandising and in particular in which economic sectors?

As already mentioned, in Mexico merchandising of brands, characters and events has a real financial importance and meaning. Indeed, it has spread over many different industrial and commercial sectors and has reached a wide range of different products and services. Probably, the industries that have benefited the most with merchandising programs are all those related to entertainment, TV, movie, music, editorial, sports and now even software and multimedia, among any others. The size of the industry and statistics on annual sales and revenues is something difficult to calculate as the value in every project varies from others in size, importance, duration and so forth.

The importance of this industry can be also appreciated due to the existence of a parallel piracy market, in which strong interests of economic nature are involved. In Mexico this problem started developing in the early seventies as a result of the protectionist policies adopted and implemented by the Government in order to foster a national industry. Thus, as no surveillance and control measures were adopted, the problem grew so much that during the eighties, when something was tried to be done, it had already become out of control. In the present, the Mexican Government has been much more concerned with enforcing intellectual property rights, including those arising from merchandising, and has achieved positive results, but future administrations will have to multiply efforts.

II. THE LAWS WHICH DIRECTLY OR INDIRECTLY APPLY TO MERCHANDISING.

1. Are the specific legal provisions applicable to merchandising?

None of Mexican Intellectual Property Laws provide anything in particular dealing with merchandising. Notwithstanding the foregoing, the general principles and legal provisions of Mexican Intellectual Property Law are applicable to merchandising as its corresponding subject matter may precisely be protected by this field of law. Merchandising represents the commercial exploitation of brands, designs, colors, names, shapes, figures, voices, and the likeness and other personality features of people, in connection with consumer and promotional products and services. As mentioned, the complexity of this industry requires the participation and concourse of most every form of intellectual property protection, including trademark law, copyright law, design law, unfair competition law, licensing law and even contract law in general.

2. What in the country in question are the usual rules of law which can be applied to resolve the different problems raised by the user of merchandising?

A). CONTRACT LAW. Contract law in general and licensing law in particular constitutes a basic form for protecting merchandising, in which normally the owner of the rights authorizes the making of products or rendering of services, in connection with the symbol, image or related right subject to merchandising. Generally speaking the titleholder of the mark or copyright is not able to engage in the manufacture and/or marketing of the merchandising products, and therefore this will only be achieved if an adequate licensing program is performed, directly by the title holder itself or through agents.

In addition, contracts may be employed to authorize the use of the image, appearance, likeness, voice, name and other personal characteristics of a person, which are not necessarily protected by Trademark, Copyright or Design Law. The Mexican Trademark Law provisions on licensing are directed to protect the use of marks by authorized third parties, in the benefit of the owner of trademark and the consumer public. Licensing provisions are also found in the Copyright Law, although they are not as strict in terms of standard protection and quality control as the rules in Trademark Law.

Mexican merchandise licenses typically include clauses on trademark and copyright law. This is specially seen in cases in which the subject matter of the licensing agreement is protected by both fields of intellectual property law, as it is the case of characters and titles. The most important provisions are generally ownership of the trademarks and copyrights and limitations of use. For example, the license may be limited for the use of a particular feature of the character (voice, likeness, etc.), for the excercise of one or more specific rights (reproduction, public performance, etc.), or for the use of a brand, title or character in

connection with a particular line of products or services. As mentioned above, in the case of trademarks the Mexican Law on Industrial Property (LIP) imposes an obligation of quality control by stating that "the products that are sold or the services that are rendered by the user must be of the same quality as those manufactured or rendered by the holder of the mark "(Article 139, LIP).

B). TRADEMARK LAW. The LIP protects visible and distinctive symbols and brands such as word marks, commercial and establishment names, trade and company names, slogans, two or three dimensional design marks, labels and shapes of products and their containers, digits, colors and letters when they are not used in an isolated manner, titles of works of authorship and publications and titles of TV and radio programs, with the consent of the owner of the corresponding rights and even the name, image and likeness of people, the picture and drawings, the image or shape of fictitious and real characters, and their names, pseudonyms, signatures and portraits, with authorization.

Most of the afore mentioned elements may represent the subject matter of merchandising programs. Accordingly, the following principles, rules and general provisions are equally applicable to trademarks subject to merchandising as they are for other type of brands.

a) Source of rights: In accordance to Mexican Trademark Law, exclusive rights arise only from registration of the mark in Mexico, however, a person who has used in the country an identical or similar mark without registration has rights if the use was made in good faith, continuous and commenced prior to the filing date of an existing registration for the same or similar mark covering the same or similar goods or prior to the date of first use declared by registrant in the application papers. An existing trademark registration can not be opposed to a good faith previous user. Previous user has the right to apply to register but to obtain registration he shall have to take cancellation action against the existing registration within three years following the date in which the Trademark Gazette publishing the existing registration is put into circulation.

b) Registrability. As in other countries, Mexican Law establishes that marks are registrable if they are inherently distictive, that is, if they are suggestive, fanciful and arbitrary. On the other hand, it prohibits registration of generic and descriptive marks, and in this latter case, it does not recognize protection even if the descriptive mark has acquired a secondary meaning.

c) Products and Services. In any merchandising protection program it has to be borne in mind that in accordance to the 1994 amendments to the industrial Property Law (LIP), trademarks need to be registered with respect to specific products or services. It still will be required to file as many applications as needed depending on the nature of products or services subject to merchandising and the international classes to which they pertain. Under the former Law and for many years it was possible to seek for registrations that covered the entire heading of a particular

class, however, as mentioned, now applicants shall have to be careful in citing all products or services of interest in a particular class.

d) Marking. Marking of goods and services by using either the legend MARCA REGISTRADA, MAR. REG., M.R. or the ® symbol can be only made on products or services covered by a registered mark. Additionally, marking has become an important requirement in conformance with the amended Law, considering that it will have to be shown in the products distinguished under the registered mark before taking civil and criminal actions as well as requesting preliminary injunctions.

e) Titles and Characters. With regard to titles and characters, the Mexican Industrial Property Law (LIP) establishes that titles of intellectual or artistic works, titles of periodical publications, characters, artists names and names of artistic groups are not deemed to be registrable without the express consent of the corresponding titleholder and if inadvertently registered by the Trademark Office, the LIP grants a cancellation action against such a registration.

f) Cancellation Actions. Finally, article 151 second paragraph of the amended LIP, sets that cancellation of a registration will be available on the basis of non-interrupted use of the mark in Mexico or abroad, commenced before the filing date of the spurious registration that is subject to cancellation. Also, new article 91(XV) of the LIP states that well known marks are not deemed to be registrable and if they become registered by any means, they will be subject to cancellation under Article 151(1). The amended provision defines what should be understood for "well known" in accordance to the Law. Thus, it states that a mark will be deemed as well known when a particular sector in the public or commercial circuits in Mexico is acquainted with a mark as a result of the commercial activities carried on in Mexico or abroad, by any person that employs the mark in connection with their products or services, as well as the knowledge that one has of the mark in the territory (Mexico), from the promotion and publicity give to the mark.

C) COPYRIGHT LAW. Mexican Copyright Law grants protection to intellectual creations, including artistic and literary works of authorship. The Law considers to be "works of authorship" all those original intellectual productions or expressions of human sensibility, talent and ingenuity that are fixed in a tangible medium of expression, regardless of the inherent quality or aesthetic value of the work itself. Authors are entitled to moral rights (paternity and integrity) and patrimonial rights (including reproduction, publication, control of derivative works and public performance). Drawings, sculptures, pictures, audiovisual and other visual art productions can be protected through copyright law and if including characters, protection may be extended thereto as part of the expression in the work, however, this will not necessarily mean that the underlying idea will be covered as well. The particular case of literary works is not so clear and protection may not be available to the character per se and independently conceived from the work as a whole.

Under Mexican Copyright Law it is possible to protect derivative works, such as adaptations, of other serving as the underlying production, and this represents an additional form of using and exploiting a particular character so to create an additional merchandising opportunity.

Mexican Copyright Law recognizes additional sui generis protection for titles of publications and radio and TV programs, as well as fictitious and real characters, among other figures, that are remarkably original and periodically used through a legal figure known as "Reserva of Exclusive Rights". In accordance to the Copyright Law, protection to "Reservas" differs from that afforded to works of authorship and owes a closer similarity to principles of Trademark Law. Accordingly, "Reservas" confer patrimonial rights of exclusive use for characters, titles, etc., but do not recognize additional personal or "moral" rights. From a procedural standpoint, deposit and periodical renewal are required for maintaining "Reservas" in force, on a use of title or character basis, and in connection with publications and broadcasts, among others. Additionally, examination of "Reserva" applications has a closer similarity to Trademark Law, however, as the corresponding prosecution proceeding is not as well regulated and developed as that of trademarks, the Copyright Office has sometimes fell into problems and imprecisions when trying to follow a standard practice.

As mentioned above, merchandising involving titles and characters can generally be protected by Trademark, "Reserva" and even Copyright Law. In the practice there is no restriction on the cumulation of copyright "Reseva" and trademarks. When facing these type of "double protection" situations, cumulative protection is normally recommended considering the legal problems and disputes that may arise should one or more entities seek for registration or protection for the same character or title. Trademark, "Reserva" and Copyright provisions, have been confronted in many occasions when an entity holds a trademark registration and someone else a "Reserva" or copyright registration, in regard to an identical title or character. There are practically no provisions or resolutions addressing the issue. Probably, the cancellation provision in the Trademark Law should prevail and Copyright Law should thus preempt, however, such a provision would have only a limited effect due to its incapability to solve all factual problems arising from its application. Just to provide an example, how would this rule be applied if a title or character is used in connection with a publication and a third party then comes out with the filing and obtaining of a trademark registration? Should this registration be canceled despite the lack of a senior "Reserva"? These unchartered areas triggered by the application of the "double protection" doctrine could bring serious problems to any merchandising protection effort, if not adequately canalized and treated.

One additional problem is that the Copyright Law does not convey any particular mechanism for enforcing rights arising from character "Reservas". Mexican Government should take this into account for future amendments as there is a considerable discrepancy with respect to title "Reservas", which are enforceable by criminal law.

Finally, the Mexican Copyright Law states that portraits of people may be used and published for purpose of gain, only with the express consent from the person or persons appearing in the picture or his or her representatives or assignees. By extending rights to the common people in connection with portraits and other form of image fixation, said provision aims at ensuring that not only authors and artists are protected from the non-authorized use of their image, name and other personal rights.

D) DESIGNS AND MODELS. Accordingly to LIP, design law is directed to protect three and two-dimensional forms and the combination of figures, lines and colors embodied in industrial products or representing the model, shape, pattern or guide for the production of industrial products. The foregoing definition is sufficiently broad to cover practically any form of figure as long as it is applied to industry. It thus should not be disregarded that an industrial design may constitute the subject matter of a merchandising program and accordingly this form of protection may be extended thereto.

E) RIGHTS OF THE INDIVIDUAL AND RESPECT FOR PRIVATE LIFE. The Federal Civil Code of Mexico protects people against any damages of "moral" or "personal" nature perpetrated by third parties, when their sentiments, affects, beliefs, decor, honor, reputation, private life, image or physical characteristics are affected. In case of violation of moral rights, the offended party is entitled to be restored by virtue of an indemnization from the offender, and the judge shall have to decide upon the degree and nature of the violation and the economic capacity of the offender, and the offended party. The indemnization action shall only be transmissible to heirs of the offended party when this latter filed the action in life. If the moral damage affects the offended party in his or her decor, honor, reputation or consideration, the judge shall order by the request of said party, and charging the corresponding expenses on the offender, the publication of an extract from the resolution for public information purposes.

Whoever exercises his or her rights of opinion, critic, expression and information, shall not be liable of "moral" damages as long as the opinion does not attempt against the limitations imposed by the Constitution on the civil right of free speech, opinion and publication.

Mexican Law recognizes the existence of damages of civil nature steaming from contractual relationships or caused by illicit acts, attempting against the Law or "good practices or customs", which injure, harm or damage third parties, but do not reach the level of criminal offenses. Under Mexican Civil Law, harm is understood as the loss of diminishment suffered by a person's equity from default of an obligation or as the result of an illicit act. It is very important to consider that under Mexican Law responsibility for responding and repairing harm and damage to third parties must be the immediate and direct result of the default of a contractual obligation or of the commission of the illicit act. In case of "moral damage" the Mexican Civil Code and the jurisprudence require that

harm and damage are fully proved as the direct result of an illicit conduct. The nature of "moral damage" is not material and differs accordingly from damages and harm that generate from those recognized by the Civil Code as "objetive responsibility", precisely dealing with damages of material nature arising from breach of contracts or commission of illicit conducts. The figure of "moral damage" is autonomous and the application of damages shall necessarily follow the rules explained heretofore and in which equity plays a more important role.

The above rules are applicable to merchandising, where the subject matter is the image, likeness, name or voice of a person, independently of the fame preceeding him or her, and are considered independently from the protection aforded by the Copyright Law to the use of portraits and fixations of images and visible characteristics of persons.

F) UNFAIR COMPETITION. In accordance to the Mexican Law on Industrial Property (LIP), the Mexican Industrial Property Institute (IMPI) is empowered to repress and impose sanctions on those acts attempting the good and honest practices in the industry and commerce and the Laws of Congress. Specifically, the LIP provides two different causes of infringement action that are independent from each other, but in combination aiming at ensuring that unfair competition is sufficiently ruled and sanctioned. They are supported on the text of article 10 bis of the Paris Convention and constitute the implementation of said international provision into domestic Law. Accordingly, article 213, paragraph 1 of the LIP, provides a general statement widely enough to challenge any conduct violating fair practices in commerce as related to the industrial property field. On the other hand, article 213 paragraph IX of the LIP provides a more restricted rule prohibiting all those industrial or commercial activities that actually cause or are likely to cause confusion, error or deceit among the consumer public, by making it believe or presume, without any grounds, the existence of a relationship or association in the production or sale of products, the rendering of services, or between commercial establishments.

Merchandising may be protected by the rules of unfair competition specially when the corresponding intellectual property right has not been registered or is not registrable as a trademark, but happens to be distinctive anyway and has been used by a third party without the corresponding authorization.

G). PARASISTIC COMPETITION. No particular rules on Parasitic Competition are provided by the LIP, besides the general provisions on unfair competition.

## III. THE EXISTING DIFFICULTIES.

Are the existing intellectual property laws adequate to satisfactory settle all the problems which are raised nowadays be merchandising?

A. In their country, are there legislative or case-law inadequacies?

Is there a need to improve the rules governing merchandising?

As it can be appreciated from the afore mentioned comments Mexican laws adequately protect brands, characters, works of authorship, designs and other forms that could constitute the subject matter of merchandising. However, there are many inadequacies that could be improved.

B. In the affirmative, what would be the best way of proceeding?

1. Should there be a specific law of regulating all aspects of merchandising? In that case however, is there not the risk that such a law may come into conflict on may points with intellectual property laws which already exist?

There is no need to set a special Law for regulating aspects of merchandising.

2. Would it no be sufficient to provide the amendments in the laws which exist nowadays in particular in some countries, on the following points:

a) In the law relating to marks:

- To accept for registration signs which are not accepted at the present time such as the names of people, images, slogans, titles of publications and elements of artistic creation such as characters and others?

All of the above is protected by Mexican Trademark Law.

- To accept that the use made by a third party with the authorization of the owner of the rights within the framework of merchandising is deemed to comply with the requirements of use for maintaining the trademark right, irrespective of the form of such use.

This is also possible under Mexican Trademark Law.

b) As regards to copyright would it not be appropriate:

- To accept that characters and their names could be deemed to be artistic creations which are suitable for protection; and

This is possible under Mexican Copyright Law.

- That use of the character or his name, by a third party, without the right to do so, irrespective of the form of such use, is deemed to be an infringement?

This is also possible under Mexican Copyright Law.

Notwithstanding that the different Laws on Intellectual Property deal with all the points that are discussed above, it is still necessary to improve protection in the following points:

a) The Laws need to provide a more accurate regulation avoiding interference problems arising in case of titles and characters that are equally protected by trademark, "Reserva" and Copyright Law. This in order to promote that "Reservas" and trademark and copyright registrations in regard to one single character or title remain in the legal sphere legitimate entity having created it or owning the corresponding rights, without the possibility of further disputes.

b) Improving protection, prosecution and marking systems regarding "Reservas". Also, establishing better cancellation rules and enforcement in general with regard to "Reservas".

c) Establishing a coordination system between the Trademark and Copyright Office.

# THE MEXICAN LAW OF 1991 AND THE AMENDMENTS AND REGULATIONS OF 1994: A STEP FORWARD TO ENHANCED TRADEMARK PROTECTION

Luis C. Schmidt
Olivares & Cia.
Mexico City, Mexico

# THE MEXICAN LAW OF 1991 AND THE AMENDMENTS AND REGULATIONS OF 1994: A STEP FORWARD TO ENHANCED TRADEMARK PROTECTION

By Luis C. Schmidt

## TABLE OF CONTENTS

I. INTRODUCTION

- 1.1 Mexico and NAFTA: The Factors of the Changes
- 1.2 The Objectives of North American Free Trade Agreement in Relation to Intellectual Property Law

II. OVERVIEW OF MEXICAN TRADEMARK LAW

- 2.1 Constitutional Framework/Federal Protection
- 2.2 Duality of Rights: Registration and Use of Marks
- 2.3 Registrations Based on Intent to Use of Marks
- 2.4 The meaning of "Trademark Use"
- 2.5 Time Frame for the Use of Trademarks

III. CHOOSING A DISTINCTIVE MARK

- 3.1 What is a Mark and what Functions is Required to Perform in Accordance to the LIP
- 3.2 Non-Protectable Marks (Genericness and Descriptiveness)
  - [A] Generic Marks
  - [B] Descriptive Marks
  - [C] Deceptive, Misdescriptive and Deceptively Misdescriptive Marks
    - [C.1] Deceptive Marks
    - [C.2] Misdescriptive and Deceptively Misdescriptive Marks
- 3.3 Trademarks that may be Protected when Meeting with Certain Particular Conditions
  - [A] Geographic Marks

*[B] Surnames*

**3.4 Non-Traditional Marks**

*[A] Titles and Characters*

*[B] Three-Dimensional Marks*

*[B.1] Public Domain*

*[B.2] Common Use*

*[B.3] Distinctiveness*

*[B.4] Ordinary Industrial Function*

*[B.5] Additional Comments/Regulations of 1994*

**IV. OTHER NEW DEVELOPMENTS**

**4.1 Rationale of the Amendments of 1994**

**4.2 Modifications in the Field of Trademarks**

*[A] Well Known Trademarks*

*[B] Parallel Imports*

*[C] Trademark Prosecution*

*[D] Cancellation Proceedings*

**4.3 Very Brief Comments on the Modifications in the Field of Procedures and Enforcement**

*[A] Introduction*

*[B] Administrative and Civil Procedures*

*[C] IMPI's Enforcement Powers*

*[D] Preliminary Measures*

*[E] Sanctions*

# I. INTRODUCTION.

## 1.1 Mexico and NAFTA: The Factors of the Changes.

Before the year of 1989 the idea of an international treaty among North American countries seemed to be far away from becoming crystallized. However, such an idea developed and later matured into actual negotiations. This matched with the structural economic reform that Mexico had been already conducting since 1983, when former protectionist views were replaced by a new open border policy based on international trade, technology transfer and investment. The objective behind was introducing an improved legal infrastructure that would allow the country to better compete in a modern global economy.

The Mexican Government knew that adoption of free trade principles required higher standards of intellectual property protection and enforcement, something that the Law on Inventions and Trademarks of 1976 (hereinafter LIT) was definitively not able to achieve. Accordingly, steps were initially taken in 1991 with the implementation of a new statute entitled "Law for the Protection and Development of Industrial Property" (hereinafter LPPIP), which offered significant changes in the fields of patent and trademark protection, prosecution and maintenance and enforcement of rights. From an international standpoint, Mexico joined the efforts of other countries in support of the Uruguay Round of GATT and later, when conceived, Mexico backed the TRIPS agreement.

Effective as of October 1st. of 1994, major amendments to the LPPIP were approved and enacted by Mexican Congress aiming at ensuring a full compatibility of Mexican Patent and Trademark Laws with the standards in NAFTA. The title of the statute was reduced from LPPIP to Law on Industrial Property (hereinafter LIP). Finally on November 23, 1994, the Government published Regulations to the LIP, which entered into force fifteen working days after they were published in the Federal Official Gazette. Specific comments on all the foregoing will be made all along the present document. Comments will also be made concerning some of the fundamentals of Mexican Trademark Law in light of the standards of NAFTA and the way that NAFTA provisions were implemented into domestic Law.

## 1.2 The Objectives of the North American Free Trade Agreement in Relation to Intellectual Property Law.

As it was planned originally, the North American Free Trade Agreement (NAFTA) included specific discussion on Intellectual Property, resulting in the implementation of a special chapter (NAFTA, Article 102(1)(d) and Chapter XVII). The main idea backing it was to standardize, as much as possible, the domestic patent, trademark and copyright laws of each of the three subscribing countries [NAFTA article 1701(1)], over principles of national treatment [NAFTA, Article 1703(1)] and minimum

standards of protection [NAFTA, Articles 1702 and 1703(2)]. The task was not an easy one, considering the differences in the legal regimens of these three countries and their level of economic development. But more than one year after executed, chapter XVII of NAFTA has proved how different laws may be adequately standardized and even upgraded. As one commentator states, NAFTA "[i]5 the most comprehensive multilateral intellectual property agreement ever concluded, and generally establishes a higher level of protection than any other bilateral as multilateral agreement". (See Richard E. Neff and Fran Smallson, *NAFTA, Protecting and Enforcing Intellectual Property Rights in North America*, Shepard's McGraw-Hill, USA 1994, p.1).

## II. OVERVIEW OF MEXICAN TRADEMARK LAW.

### *2.1 Constitutional Framework/Federal Protection.*

Along with patents, trademarks are protected in Mexico under a federal statute known as the Law on Industrial Property (LIP). Copyrights are regulated in another statute, also of federal nature, entitled "Federal Law on Authors' Rights" (hereinafter and for the purposes of this paper it will be called simply as "Copyright Law"). The division between patent and copyright is recognized in Article 28 of the Mexican Constitution of 1917, which reputes both of them as permitted monopolies, or in more proper words, as exclusive rights or "privileges", limited in time, conferred upon authors and artists with respect to reproduction of their works and upon inventors for exclusive use of their inventions or improvements (For a more indepth discussion see: Luis C. Schmidt, Computer Software and the North American Free Trade Agreement: Will Mexican Law Represent a Trade Barrier?, 34 IDEA - The Journal of Law and Technology - Number 1, 33-65 (1992).

Nothing was mentioned in said constitutional provision respecting trademarks. Notwithstanding the omission, the Mexican Constitution appointed Federal Congress with the powers to legislate on general aspects of commerce, category in which trademarks have been traditionally included (1917 Federal Constitution of Mexico, Article 73(X)). The foregoing has been reputed as the constitutional provision in support of trademark law as a federal legal subject.

### *2.2 Duality of Rights: Registration and Use of Marks.*

As a statute of federal jurisdiction the LIP extends its legal effects over the entire territory of Mexico. There are no state legislations dealing with the subject or common law rights -as they exist in other countries - granting protection to any of the institutions and figures that are comprehended in that legal body. However, the Trademark Laws in Mexico (including the LIP and precedent Laws on Industrial Property of December 31, 1942 and of Inventions and Trademarks of February 10, 1976) were framed on a dual rights system based on registration and prior use of marks.

Registration has been considered the only source granting exclusive trademark rights; use is nevertheless protected if commenced prior to the filing date of a trademark application. In other words, exclusive rights arise from the registration of the mark in Mexico, however, anyone using an identical or similar mark without having sought for registration, will be entitled to specific rights if the use has been made continuously and in good faith.

Accordingly, an existing registration can not be used for opposing a good faith previous user of an identical or confusingly similar mark that has been used on an interrupted basis, and in case that this may happen, such a senior user will be entitled to seek cancellation against the junior registration within five years following the date in which the Federal Gazette, publishing the existing registration, was put into circulation. Also, if the junior registrant of the mark files infringement action against the senior user of the mark, this latter may defend by "requesting registration of the trademark within three years following the day on which the registration was published, in which case it will first have to request and obtain a declaration of nullity of said registration" [LIP, Article 92(II)]. This is in full compliance with Article 1708(2) of NAFTA, which states that "[e]ach member country shall provide to the owner of a registered mark the right to prevent all persons not having the owner's consent from using in commerce identical or similar signs for goods or services that are identical or similar to those goods and services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion in the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any prior rights, nor shall they affect the possibility of a member country making rights available on the basis of use" [NAFTA, Article 1708(2)].

### 2.3 Registrations Based on Intent to Use of Marks.

Although with many variants from Canada, U.S. and other common law systems, Mexican Law accepts intent-to-use applications under the condition that use of the mark begins after a registration has been issued. This is in compliance with NAFTA provisions which state that suscribing Parties may condition registrability to the prior use of a mark, but adoption of that system will not be mandatory for any of the three member countries. "No party may refuse an application solely on the ground that intended use has not taken place before the expiration of a period of three years from the date of application for registration" (NAFTA, Article 1708(3)).

The Supreme Court of Mexico ruled in 1955 that the expression "whoever is using or wishes to use a mark", which was used in former Industrial Property Law of 1942, includes anybody who is actually manufacturing products covered by the mark, and anybody who is not yet producing but wishes to do so in the future. Consequently, under that rationale, registration was not conditioned to the fact that products were actually manufactured prior or simultaneously to the filing of an application. The Court

understood that an exclusive right can not be justified if the mark has not been exploited, and in case that use is suspended for more than five years (this was the term provided in the law of 1942), the registration would lapsed. (See Unanimous Resolution from the Supreme Court of Justice, "Amparo" No. "Toca" 171/955/1°, filed by Legh-Chemie Gelathofen May 4, 1955). This resolution of the Supreme Court still should be applicable considering the possibility to file on intent-to-use under the present Law.

### 2.4 The Meaning of "Trademark Use"

As in other systems, Mexican Trademark Law has been concerned with the meaning of trademark "use" and the amount of "use" acceptable in order that rights are triggered. As it was mentioned above, the Mexican Law provides a system primarily based on registration but additionally recognizing use as a source or rights. In keeping with this, use of marks in commerce shall accrue rights, but exclusivity arises from a valid registration only.

In principle, use may be restricted to the mark being affixed onto products or their containers. The Law of 1976 required that products and services were made, distributed, commercialized or rendered in "quantities and conditions corresponding to an effective commercial exploitation in the territory of Mexico". That rule was not included in the LPPIP of 1991 and there was apparently no justificable reason for the omission. It was until last year that a similar provision was implemented in the Regulations to the LIP, which establishes that "use" of a mark will exist whenever products and services under the mark have been launched in commerce, in accordance to the practices and customs that are followed in each particular industry or market. Additionally, "use" will be determined if products and services are commercialized using adequate means and in quantities satisfying the needs of the industrial or commercial sector in particular. Lastly, it has also been considered that a mark is "used" when it is applied to products that are devoted to exportation. From the interpretation of the above explained rules, it is possible to conclude that sham sales would not give rise to trademark rights and that token use would also not be permitted in accordance with Mexican Laws.

Professor David Rangel Medina wrote in his Treaty on Trademark Law that the Law of 1942 allowed a broad interpretation of the word "use", comprising any possible and imaginable forms by which a link between trademark and product could be established. He sustained that the purpose of Trademark Law is building a relationship, between the marks and the product to which it is applied, that is recognizable to the consumer public. The meaning and extension of the concept of trademark use should be only limited if all the foregoing is not fulfilled. (See: David Rangel Medina, Tratado de Derecho Marcario, Editorial Libros de México, S.A., México, 1960, p. 202-203).

In some Court resolutions it has been provided that marks shall not only be "used" when products are sold at retail level. "Use" requirements will suffice if products bearing the mark are available in commerce. To that end, products will be "in commerce" when manufactured or produced in this country or at least when they are on sale or resale. (See Unanimous Resolution for the First Circuit Court for Administrative Affairs in the First Circuit (Mexico City). "Amparo" (in appeal) No. RA-721/1970(4439/1965), filed by the R.T. French Co., July 13, 1971).

Notwithstanding the foregoing, it remains to be seen whether "use" of the mark would be accepted if not necessarily applied onto goods themselves, but instead if used in connection with material such as publicity, invoices, price lists, letters, calendars, merchandising products, and in general any oral and written reference made of the mark in vehicles, publications and newspapers, radio and television, among others.

### 2.5 Time Frame for the Use of Trademarks.

Article 1708(8) of NAFTA states that "each party shall require the use of a trademark to maintain a registration. The registration may be canceled for the reasons of non-use only after an interrupted period of at least two years of non-use unless valid reasons based on existence of obstacles to such use are shown by the trademark owner. Each Party shall recognize, as valid reasons for non-use, circumstances arising independently of the will of the trademark owner that constitute an obstacle to the use of the trademark, such as import restrictions on, or other government requirements for, goods or service identified by the trademark". That threshold is substantially and even extensively fulfilled by Mexican Trademark Law.

The 1976 imposed use requirements based on the filing of affidavits of use, accompanied by pertinent evidence showing that the mark had been effectively in commerce, as well as information about sales, including total amounts of revenues for the past three years -in case of prove of use after three years following the date of grant- and past five years -in the event of successive renewals-. That practice was abandoned with the implementation of the LPPIP in 1991 and was substituted for a more simple formula.

Under the 1991 Law the holder of the trademark registration -or licensee provided that the license agreement had been recorded with the Mexican Trademark Office-, had to use the mark without interruptions of three consecutive years or more. On the contrary, the registered mark not in use would be exposed to lapse actions, unless the existence of a legally justified reason, acceptable to the Trademark Office (Mexican LPPIP, Article 130).

By the same token the term of renewal was increased for indefinite periods of ten years -again anticipating what later would become Article 1708(7) of NAFTA-.

Article 130 of the LPPIP, as originally drafted, proved to have had some inconsistencies. A significant number of registrations that had not been in use for more than three years, were experiencing the risk of lapse actions; risk that would have subsisted even if the mark was used again. In accordance with the amended provision of the LIP, now is possible eliminating potential actions in case that use is restarted. This rule has brought the possibility to cure registrations in jeopardy. Therefore, actions pretending to claim non-use going beyond the three years period allowed by the LIP, will simply not be sustainable and enforceable.

## III. CHOOSING A DISTINCTIVE MARK.

### *3.1. What is a Mark and what Functions is Required to Perform in Accordance to the LIP.*

The LIP specifically protects trade marks, service marks, collective marks, commercial establishment or "trade" names (as they are called under the Mexican Trademark Law), slogans and appellation of origin. Trade, service and collective marks may be awarded with exclusive protection by means of a registration with the Trademark Office (which since 1994 has been known as "Mexican Industrial Property Institute" or "IMPI"). To qualify for registration a mark applicant must be a manufacturer, merchant, or render of services, who uses or wishes to use a mark to distinguish its goods or products from those of competitors.

The LIP defines as marks "every visible sign that distinguishes products or services from others of their same kind or class in the market". Registrable as such in accordance with the LIP may be denominations and visible signs, three dimensional forms, trade names and business names and the proper name of a person with his or her consent as well as pseudonyms, signatures and portraits, titles of intellectual or artistic works of authorship and titles of publications and TV and radio programs, the name and image or form of fictitious and real characters, also with the consent of the owner of the corresponding rights. Isolated letters, digits, and colors may not be registered unless they are in combination or accompanied by elements that give them a distinctive character.

The foregoing is in conformance with NAFTA, which in this connection states that "for the purpose of this Agreement, a trademark consists of every sign, or any combination of signs, capable of distinguishing the goods and services of one person from those of another, including personal names, designs, letters, numerals, colors, figurative elements, or the shape of goods or of their packaging. Trademarks shall include service marks and collective marks, and may include certification marks. A member country may require, as a condition for registration, that a sign be visually perceptible" (NAFTA, article 1708(1)). As it can be appreciated, under Mexican Law marks need to be visually perceptible in order to qualify for protection.

The key function of trademarks is distinguishing products and services from others in commerce. In fact, they are compelled to perform such an identificatory function in order to be recognized as valid trade symbols. Professor Rangel Medina considers the principle of "distinctiveness" an essential condition of validity of trademarks. By this virtue the mark shall specialize, individualize and singularize particular products or services and identify the source from which they originate. Following the ideas of Paul Roubier, Dr. Rangel Medina holds that for justifying an exclusive right and for justifying the existence of renewal and enforcement rights arising therefrom, the mark shall be distinctive and that will be recognizable only if it is not likely to confuse with other marks, in connection with identical or similar products or services, or if it does not constitute a generic symbol or one of usual use in the market or industry (David Rangel Medina, id. at p. 184).

Following the legal principles and doctrines referred to above, the Third Circuit Court in the First Circuit (Mexico City), ruled in 1981 that trademarks have the purpose to individualize and distinguish goods and they also need to be special and not confusingly similar with respect to other prior marks.

The LIP grants protection on trademarks possessing the ability to distinguish or identify products and services in commerce and this is understood only if the marks are inherently distinctive, that is, if they are suggestive, fanciful or arbitrary. On the other hand, the Trademark Law categorically prohibits registration of generic and descriptive marks and, in this latter case, it does not recognize protection even if the descriptive mark is capable of distinguishing as a result of a continuos and extensive use.

### 3.2 Non-Protectable Marks (Genericness and Descriptiveness).

#### *[A] Generic Marks.*

Generic marks are incapable of exclusive protection under the Law in Mexico. These include "technical or commonly used names and products or services intended to be protected by a mark, as well as such words which, in every day language or in commercial practice, have become the normal or generic designation thereof" [LIP, Article 90(II)] and "tridimensional forms which are a part of the public domain or which have become of common use, and those that lack sufficient originality to easily distinguish them, as well as the normal and ordinary form of products or that imposed by their nature or industrial function" [LIP, Article 90(III)]. Specific comments on three-dimensional marks will be found below.

Additionally, Article 153 of the LIP states that cancellation of the registration of a mark will be available for anyone having a so-called "legal interest" if the holder of the registration has caused or tolerated to cause the trademark to convert into a generic name of the products or services for which it was registered in such way that the mark

has lost is nature as a means of distinguishing the product or service to which it is applied.

*[B] Descriptive Marks.*

Under Mexican Trademark Law it is not possible to obtain registration for the "names, figures or tree-dimensional forms which considering the aggregate or their characteristics, are descriptive of the products or services they purport to protect as a trademark. Included in the above hypothesis are descriptive or indicative words which in trade are used to designate the species, quality, quantity, composition, end use, value, place of origin of the product or time when it was produced" [LIP, Article 90(IV)].

Dr. Rangel Medina understands for "descriptive" all those marks "describing certain subject" and the action "to describe", as the imperfect definition of something, giving a general idea of their parts or properties (David Rangel Medina, id. at. p. 184).

For many years the Supreme Court of Mexico, the Circuit Courts and even the Trademark Office, have developed jurisprudence on the topic of "descriptiveness", construed over the following basic rules:

a) Registration can not be refused simply if any part of a mark -including a design, work, tree-dimensional feature, etc.- is descriptive. Analysis has to be made of the mark in its entirety, without to disconsider or ignore any of the elements of which it is comprised.

b) Descriptiveness can be concluded when the mark under study relates to an undeniable and categoric characteristic of the product or service to which it is applied. In case of no necessary or individual connection between the mark and the product it will not be considered descriptive but rather suggestive. As in most other jurisdictions the demarking or division line between descriptive and suggestive is something difficult to draw, however, in a recent decision it was held that prohibition of descriptive marks is not absolute as long as they bring a remote idea of the product or suggest its nature or utilitarian aspects.

c) Radicals, suffixes and prefixes with a specific meaning are not subject to protection if widely used in the market by different competitors or if they give a direct understanding or idea of the product or service to which the mark will be applied. Combination of radicals and descriptive words or of two or more descriptive terms will not be considered distinctive if in its entirely the mark continues to be descriptive. In this regard it was declared that trademark NARANJINA for soft drinks described the idea of "Naranja" (in English Orange) considering that "Naranja" represented the predominant and most relevant portion of the mark and that suffix "ina" was not sufficiently distinctive.

d) It will be registrable a mark that is composed of a radical, prefix, suffix, generic word or design or in general a non-protective element, in connection with a distinctive element which predominates or has a major importance over the descriptive or generic portion of the mark.

e) Some trademarks, mostly of pharmaceutical products, share the characteristic that they combine distinctive elements with other elements of a generic or descriptive nature. Such generic or distinctive element usually consists of a prefix or a suffix that is used to give a slight or indirect idea of the main characteristics (e.g. active ingredient) in the product identified under the particular trademark. Mexican Law has granted protection for these marks without the need for the generic or descriptive element to be disclaimed and has allowed the co-existence of registrations for trademarks that include the same prefixes or suffixes, as long as the overall impression remains distinctive. In such cases the Courts have ruled that the distinctive portion of the mark must be sufficiently different from others as it is normally the general public who buys the product -without being generally careful when selecting between two to chose-, whereas in case of chemical products this rule may vary considering that the consumer is more sophisticated, specialized and better trained in the field.

f) Descriptiveness will not be reduced or eliminated if the mark is written in a capricious orthography. For example, word mark QUESO (in English Cheese) for cheese and milk derivative products was not considered to be sufficiently arbitrary if written as KESSO.

g) The following are examples of how Courts have dealt and resolved in regard to descriptiveness: INSTANT PROTEINE for food and derivative products, FAMOSA (in English Famous) for aluminum containers, BLINDADA (in English Armored) for tires, vehicle cameras and gaskets, EXTRA for detergents, and COMPLETARROZ (with no particular meaning in English but "Completa" equivalent to "Complete" and "Arroz" to Rice) for food products, were declared not to be descriptive of the qualities of the products but rather suggestive. METROBUS for transportation services and ELECTROPURA (in English something approximate to Electropure) for purified water, were reputed as valid combinations of two generic words together representing new terms that qualified for registration. On the other hand, TACO BAR for restaurant and bar services, MAIZARINA (a combination in one word of the terms "Maiz -in English Corn- and "Harina" -in English Flour-) for corn flour and EXTRA SUAVES (in English Extra Light) for tobacco products, SABROSITOS (in English Tasty) for candy products, and MUY INTERESANTE (in English Very Interesting) for publications, were found to be descriptive of the qualities of such kind of products or unprotectable adjectives. Finally, descriptive marks in foreign languages have been declared as not registrable by the Courts, for example, REAL SILK for silk textiles and REPLACE-A-POINT for pens.

### *[C] Deceptive, Misdescriptive and Deceptively Misdescriptive Marks.*

#### *[C.1] Deceptive Marks.*

Trademarks which misrepresent or convey a false impression of the nature of a product or service will not be protectable under Mexican Law. Specifically, the LIP states that "[d]enominations, figures or tridimensional forms that could deceive the public or lead to error" are not registrable being those "that constitute false indications about the nature, components or qualities of the products or services they purport to protect" [LIP, Article 90 (XIV)].

For Dr. Rangel Medina the prohibition not to protect deceptive marks is found on principles of commercial ethics and is oriented to protect the rights of the general public. Deceptive marks are not legally acceptable trade symbols considering that they generally deceive the consumer public, instead of performing as source indicators and as tools assisting consumers in the selection of the products or services available in the market. He additionally considers not to be admissible that marks misrepresent the quality, nature, constitution or origin of the goods and services, situation influencing consumers to take erroneous decisions when exercising an option to chose for a certain good or service. (David Rangel Medina, id. at p. 426).

#### *[C.2] Misdescriptive and Deceptively Misdescriptive Marks.*

In Mexico, as virtually any other jurisdiction, is possible to find marks that do not only describe features or attributes of the product or service that they are intended to distinguish but that they additionally may deceive the consumer public respecting to the nature, characteristics, quality or quantity of that product or service. In order to describe or deceive, these kind of marks misrepresent the attributes or features of the product. In other words, they produce a false or inaccurate impression of the product or service, which is detrimental to the consumer public, as it is induced or influenced to mistakenly deciding in the purchase of such good or service.

In other countries these marks are known as "Misdescriptive" -when they significantly produce an influence in the consumer in determining whether to buy a product or not- and "Deceptively Misdescriptive"- when they do not really induce the consumer public in taking erroneous decisions-. "Misdescriptive" marks do not qualify for protection in general terms, whereas "Deceptively Misdescriptive" marks may be protected as long as a minimum level of distinctiveness is shown.

The Trademark Law of Mexico does not recognize the above classification. However, the Trademark Office has traditionally objected registration of "Misdescriptive" and "Deceptively Misdescriptive" marks, on the grounds that they both, descriptive and deceptive. Thus, if the arguments of applicant are persuasive enough to convince the examiner not to refuse registration on the grounds of descriptiveness, the

objection based on deceptiveness would still need to be addressed and overcome, which is sometimes difficult.

In a decision that goes back to the sixties, the Supreme Court of Mexico confirmed the resolution of the Trademark Office refusing registration of the mark THE SCIENCE DIGEST for publications. The rationale was supported on the fact that the mark was descriptive for those products, but that, additionally, the publication product did not possess the attributes described by the mark. These were considered sufficient elements for refusing the mark as a false indication of the products (Semanario Judicial de la Federación T.XCV, page 290. Toca 1977/47. Ejecutoria de 14-1-948).

It is difficult to know whether the Mexican Trademark Office would adopt the application of that thin division between "Misdescriptive" marks, which are not subject to protection, and "Deceptively Misdescriptive" marks, which are potentially registrable. In any event, an excellent idea would be that the foregoing classifications were implemented into the LIP as an additional tool for assisting IMPI and the judicial system in providing more consistent and legally acceptable resolutions in regard to descriptive and deceptive marks.

### 3.3. *Trademarks that may be Protected when Meeting with Certain Particular Conditions.*

#### *[A] Geographic Marks.*

Names of geographic sites and places, including countries, regions, cities, towns and other population centers and administrative districts, famous business, industrial, commercial and amusement places and buildings are registrable in accordance with Mexican Law if they are not indicative of the source of origin of the products and services generating confusion or error in respect to such an origin. They are also registrable if the country, city, population center or place is not noted for the manufacture of products identified by the mark. This also applies for marks consisting of gentle names, maps and even the names of rivers, lakes, seas, mountains and other natural landscapes which are not normally regarded as places where the kind of products to which the mark is affixed are produced, made, extracted or grown. Names of privately owned places are also registrable when they are special and leave no room for confusion, provided that the owner consents thereto.

On the contrary, geographic names will not be registrable if they are likely to produce confusion as to the origin of the product or service or if they indicate such an origin -or "describe" it as it is said in other countries-.

Following the above-cited rules the Courts have found HAMILTON as a protectable mark for watches, COLUMBIA for glasses, FRANCO AMERICAN for food products, PANAMA for carbon paper; TAPATIA (female from the city of Guadalajara

in the State of Jalisco, Mexico) for threads and stamen, TULSA for tools, and MANHATTAN for clothing products.

*[B] Surnames.*

A person's name is composed in Mexico by the given and family names, including both, father and mother family names. This is reflected in the legal treatment of surnames and makes a difference from protection given in other countries. Names of persons, including surnames as such, have been traditionally protected in accordance to Mexican Trademark Law. Article 89(IV) of the LPPIP considered individual names to be registrable provided there were no homonyms already registered as a mark.

This restrictive legal view was up graded in the amendments of 1994. Now surnames will be protected as long as they are not likely to confuse with an existing registered mark. Additionally, the Law states that names, pseudonyms, signatures and portraits of persons, shall not be registrable as marks if no authorization is given by the interested person or, in his or her absence or incapacity, by the husband, wife and other members of the family (these are expressly mentioned in the same provision). Finally, a registered mark will not produce effects if it relates to the name of a person which is then applied as a mark on products or services, as long as this latter person applies the name in the form that is regularly used by that person and which is clearly distinguished from the homonym that is registered with the Trademark Office.

## 3.4 Non-Traditional Marks.

*[A] Titles and Characters.*

The LIP establishes that titles of intellectual or artistic works, titles of periodical publications, characters, artists names and names of artistic groups are not deemed to be registrable without the express consent of the corresponding title holder, and if inadvertently registered by the Trademark Office, the LIP grants a cancellation action against such a registration.

Additionally, Mexican Copyright Law recognizes sui generis protection for titles of publications and radio and TV programs, as well as fictitious and real characters that are remarkably original and periodically used, among other figures, through legal protection known as "Reserva of exclusive rights". In accordance to Copyright Law, protection to "Reservas" differs from that afforded to works of authorship and relates closer to principles of trademark law. Accordingly, "Reservas" confer patrimonial rights of exclusive use to characters, titles, etc., but do not recognize additional personal or "moral" rights. From a procedural standpoint, deposit and periodical renewal are required for maintaining "Reservas" in force, as well as prove showing that the title or character has been used in connection with publications or broadcasts, among others.

Additionally, examination of "Reserva" applications is closer to that of Trademark Law, however, as the corresponding prosecution proceeding is not as well regulated and complete as that of trademarks, the Copyright Office has sometimes followed a sui generis practice, which not always should be considered as very appropriate.

Trademark, "Reserva" and even Copyright Law may intervene in protecting a particular title or character. In the practice this situation has been known as "double protection" or "triple protection". In such cases Mexican practitioners normally recommend obtaining as much protection as possible, considering the legal problems and disputes that may arise when the same character or title is in dispute among different parties. Trademark, "Reserva" and Copyrights have been confronted when someone owns a trademark registration and somebody else a "Reserva" or even a copyright registration. There are no provisions and resolutions addressing the issue. In general terms, it could be concluded that the cancellation provision of the LIP should be the guideline to follow, however, it would have only a limited effect as it is incapable to solve all potential problems that in fact could develop. Just to provide an example, how would this rule be applied if a non-authorized third party seeks and obtains a "Reserva" for a title or character owned by somebody else? Should this "Reserva" be canceled despite the absence of a senior trademark registration? These unchartered areas in the application of the "double protection" doctrine definitively affect protection of titles and characters and should be improved.

### *[B] Three-dimensional Marks.*

Product and containers shapes, among other forms of three-dimensional designs are protectable under the LIP; however, the following four basic limitations have been imposed:

a) That the Three-dimensional marks are not part of the public domain.

b) That the Three-dimensional marks have not become of common use.

c) That the Three-dimensional marks lack sufficient originality to be easily distinguished.

d) That the three-dimensional marks represent the shape of the product or that imposed by their nature or industrial function.

Specific comments on the foregoing point follows:

### *[B.1] Public Domain.*

There is not a clear and uniform criterion of what the Trademark Law should understand for "public domain". However, it appears that the meaning implies a patent connotation. In accordance to Mexican Patent Law, protection is available for designs

that are novel and that are applied to industrial products, devices, containers or any other kind of forms. Novelty is restricted to the industrial forms not found in the state of the art anywhere in the world.

An industrial design may fall into the public domain if no proper and timely registration is sought therefor before it is used in commerce, in accordance to Patent Laws and Regulations. Also, it can fall into the public domain after the term of protection of the industrial design, which in Mexico is of fifteen years.

In line with the above, one should be very careful to know whether the three-dimensional device has been already exploited and whether patent protection has already been sought therefor. In the affirmative, it should be taken into account whether the corresponding industrial design registration has expired. The filing of a three-dimensional trademark application does not necessarily require that an industrial design application is simultaneously or previously filed. Protection afforded by trademark and industrial design law is alternative, therefore, it is important that the three-dimensional mark "has not fallen into the public domain".

*[B.2] Common Use.*

The Mexican Trademark Law considers novelty standards to be applicable in case of three-dimensional trademarks. It thus will be required that the mark meets a certain level of uniqueness, and not to be reputed or recognized by the public as of common use.

*[B.3] Distinctiveness.*

As explained above, this represents a basic principle of Mexican Trademark Law. Accordingly, the following will have to be considered:

- That the three-dimensional mark shall not be confusingly similar as regards to preexisting ones.

- It also shall not be generic, descriptive or even deceptive with regard to the products or services to which it will be applied.

*[B.4] Ordinary Industrial Function.*

The present requirement is related to the previous three. However, in this case the Law is intended to avoid that ordinary forms or functionality features of products, devices, containers, packages and other three-dimensional forms, are exclusively appropriated by single entities, which would be detrimental to third parties. Thus, the shape of the three-dimensional product, container, etc., will have to be distinct and unrelated to its ordinary form or function if trademark protection is intended to be made available thereto. Nonfunctional devices or features of products or packages, boxes or

containers will represent the most adequate forms of protection in accordance to trademark law.

*[B.5] Additional Comments/Regulations of 1994.*

In accordance to Regulations of 1994, wrappers, packages, containers and the form of presentation of products have been expressly considered three-dimensional forms for the purpose of LIP. This regulatory provision has come to give a more precise understanding of that term, making clear that product shapes may function as three-dimensional marks. In any event, needless is to say that they have to comply with the LIP requirements that have been explained above.

It is worth mentioning, again, that LIP does not confer protection to descriptive marks regardless how widely have been used and how much consumer recognition they possess. This has a particular importance in case of "three-dimensional marks", considering that products and container shapes may not be inherently distinctive. Frequently, it is not only the non-functional feature of the shape, wrapper, package, bottle or container, that applicants wish to protect, but additionally some features that may be not registrable or that may at least not be considered inherently distinctive. Some other times, the dividing line between functional and non-functional, useful and useless, art and industry, is just impossible to be drawn (See: Luis C. Schmidt, La Protección de Obras Plásticas y de Arte Aplicado en México y en los Países Latinoamericanos, Revista Mexicana del Derecho de Autor, Año V - Número 14, Diciembre - Marzo 1994, pp 11 - 12).

The lack of a secondary meaning doctrine makes more difficult for many three-dimensional marks to become registered under Mexican Law. Patent and Copyright Laws may not offer much additional assistance as well. However, the Trademark Office has generally taken a flexible approach in conducting registrability exams and a positive view in protecting these forms of marks.

## IV. OTHER NEW DEVELOPMENTS.

### *4.1 Rationale of the Amendments of 1994.*

As it was explained above, the Mexican Congress approved and passed substantial amendments to the LPPIP -now LIP-, with the following main purposes:

a) Updating the LPPIP and adapting it to the requirements of modern times. Application of LPPIP since 1991 had revealed the need for some change.

b) Harmonizing the LPPIP in compliance with the principles and provisions of NAFTA.

c) Generally speaking, to offer more and better protection to Industrial Property.

## 4.2 Modifications in the Field of Trademarks.

### *[A] Well Known Trademarks.*

The new provision on well known trademarks represents one of the most relevant amendments in the LIP. It is supported on Article 1708(6), which at the same time is grounded on Article 6 bis of the Paris Convention for the Protection of Industrial Property.

However, NAFTA additionally extends protection to service marks and defines "well known" as the knowledge of the mark resulting from the promotion that is given to such a mark in the Party's territory (ie: advertising or public display). Also, article 1708(6) states that none of the signatory Parties shall require a prove that the reputation of the mark is extended beyond the sector of the public that normally deals with the relevant goods or services as opposed to the "public generally" (unless that knowledge of the mark is not limited to a sector of the public or a segment in the market, but it covers the public in general). (See Richard Neff et al, id. at p. 52).

Lastly, Article 1708(6), continues to establish that discretion for determining whether a particular mark is "well-known" shall vest with the "competent authority" of each member country.

The above rules are reflected in new Article 91(XV) of the LIP, which protects well known marks against any third party distinct from the legitimate owner that obtains registration therefor. These registrations will be subject to cancellation under Article 151(1). Article 91(XV) of the LIP establishes that well-known marks will be protected when a particular sector in the public or commercial circuits in Mexico is acquainted with the mark as a consequence of the commercial activities carried on in Mexico or abroad, by any person that employs the mark in connection with their products or services, as well as the knowledge that one has of the mark in the territory (Mexico) as a result of the promotion or publicity given to the mark.

As it can be appreciated, that provision complies and even extends the maximum standard requirement in both, Article 6 bis of the Paris Convention and Article 1708(6) of NAFTA. Thus, well known marks pertaining to particular sectors are protected regardless whether the commercial activity is conducted in Mexico or abroad, as long as the particular sector in the Mexican Industry or trade becomes acquainted with said mark. In addition prove of notoriety will not only result from the use of the mark in commerce but also from the publicity reaching the territory of Mexico.

### *[B] Parallel Imports.*

Mexican Law appeared to allow parallel imports in a fairly blank form. In fact, a provision was introduced in the 1991 Law in terms so broad that was supposed to allow third parties' importations of products into the Mexican territory as long as they had been

legitimately introduced in commerce by the owner of registration or an authorized licensee. However, the term "legitimate" was not necessarily restricted to products qualifying for exclusive protection in accordance with Mexican Law but with the Laws of other countries as well. This necessarily would had allowed foreign fake products -but of legitimate origin in accordance with their respective local legislations- to freely enter the Mexican territory and compete with originals produced or sold in this market.

The Regulations of 1994 made clear that introduction of the product in the market of the country from which it is imported will be "legitimate" if made by the owner of the registered mark in the country of export or its authorized licensee, and that the owners of the registration in Mexico and the foreign country are the same person or corporation, or are members of the same "group of economic interest" or their licensees or sublicensees, by the time the products are imported into the Mexican territory. In addition, it would had to comply with product standards and regulations and consumer law provisions.

A complex formula for "group of economic interest" was also provided based on the level of interrelationship between two corporations or entities and the direct or indirect control that one has over the other or others.

Notwithstanding the foregoing, the Regulations did not provide control measures for the case that parallel products of lesser or different quality enter the Mexican market without complying with requirements, standards and other specifications required by the laws or the owner of the registration. Apparently, the original draft prepared by IMPI on this provision and further submitted to the President's Office for review approval and publication, was in favor of a system of control measures. However, it appears that it was not finally approved and now the question arises whether IMPI and the Courts would prohibit parallel imports of products not complying with quality standards or of different quality devoted to other foreign markets.

Also, nothing appears to be provided in the regulations in connection with repackaging and relabeling of gray marketed products. However, it can be expected that, if repackaging or relabeling of products is used as a means of misleading the consumer for example as to quality or origin of the products, such acts will constitute a bar to the right of the importer to bring the gray marketed product into Mexico.

### *[C] Trademark Prosecution.*

The registration procedure in Mexican Law meets the minimum standards provided by NAFTA in Article 11708(4). Examination of applications; notice to be given to an applicant of the reasons for the refusal to register a mark; a reasonable opportunity for applicant to respond to the notice; publication of each trademark "promptly" after it is registered, and a reasonable opportunity for interested persons to petition to cancel the registration of a mark are considered in the Law. Opposition proceedings, which are not

mandatory under NAFTA, are not contemplated by the Law although many experts in this country have considered them as an advisable idea.

Article 93 of the LIP has brought important modifications in regard to interpretation and application of the international classification of goods and services. In conformance with the former practice, applicants were entitled to quote entire class headings from the international classification, giving them the right to cover, extensively, every single products and services pertaining to the class of interest. This practice was used in a wide form and was applied regardless of the differences or similarities among products or services pertaining to any particular class.

In accordance to the new provision of LIP, applicants will be required to particularly cite the "species" of products or services that they wish to protect. The amendment is focused to reducing the scope of applications, as much as possible, so to avoid that they cover products or services that are not in use or are not going to be used in the future.

The Regulations have confirmed the foregoing by stating that the names of products and services indicated in the application shall have to be specifically referenced as they appear in an "alphabetic list" and related rules of application as they will be published in the Patent and Trademark Gazette. IMPI is expected to publish the list of products and services soon, which will bring major definition of what will be understood for the "species" of products and services that applicants will be authorized to cite in their applications. Also, IMPI will be allowed to follow its own practice and interpretation on how the classification should be applied if particular products or services can not be found in the "alphabetic list".

Notwithstanding all that interesting modifications and additions, there is still much to say in regard to the issue under present discussion. Presently, the question has arisen as to the extent and scope of the afore-mentioned provision, in as much as applicants will be allowed to cite, in their applications, as many "species" of products or services that may be desired, provided that they pertain to the same international class.

IMPI will need to review, very deeply, some of the practices that it has traditionally followed. Accordingly, examiners will have to start conducting real searches, as thorough and comprehensive as the circumstances surrounding the particular case may impose it, before any mark is passed for registration. For that end, searches will have not to be limited to the particular class for which the mark has been applied as examiners normally do. The foregoing may represent just an example of the effects that the amendments to the LIP will bring. The purpose of that measure is positive, however, it depends on practitioners and much more on IMPI whether it will be finally beneficial or not.

*[D] Cancellation Proceedings.*

A cancellation action is available "when the trademark is identical or confusingly similar to another that has been used in the country or abroad prior to the date of filing of the application for the registered mark and is applied to the same or similar products or services, provided that the person who asserts the greater right for prior use proves having used a mark uninterruptedly in the country or abroad prior to the filing date or, in such case, to the date of first declared use by which he registered it".

Formerly, second and third paragraphs of article 151 of the LPPIP referred to nullity action in case that a mark was filed for registration after the date of first use in Mexico -second paragraph- or abroad -third paragraph- of an identical or confusingly similar mark. In case of use of trademarks abroad, the Law required the additional existence of a foreign registration as well as a reciprocal provision benefiting Mexican trademark owners in the country of origin. The "reciprocity" requirement had represented a burden impossible to meet as there was no other foreign legislation (probably excepting the French) conferring a similar right to Mexicans. (See Antonio Belaunzarán and Luis C. Schmidt, Nullity and Lapse Actions under Mexican Law, Trademark Yearbook, Managing Intellectual Property, London, U.K. pp. 96 - 97).

Accordingly, that burden was abolished with the amendments of 1994, and since then foreign trademarks, whether well known or not, which have been in use uninterruptedly, and such use having commenced prior to the filing date of a Mexican registration or date of use declared in the corresponding application, will be awarded with cancellation actions. This is definitively a very broad provision probably not found in any other statute or law in the rest of the world.

## 4.3 Very Brief Comments on the Modifications in the Field of Procedures and Enforcement.

*[A] Introduction.*

It has been said that there is no real intellectual property system if the corresponding enforcement mechanisms are weak or if they are unexistent at all. Mexican Industrial Property and Copyright Laws have been long criticized for lacking adequate enforcement measures. Thus, as the main concern of the legislator was to simplify and give strength to industrial property rights' procedures, harmonizing them with the international compromises undertaken by the Government of Mexico, it is then understandable why the amendments emphatically focused in the review and analysis of former enforcement structures and why replacement for a more effective system was intended.

*[B] Administrative and Civil Procedures.*

New proceedings such as "discovery", unexistent under Mexican Laws, have been introduced in the LIP in all those cases when evidence is kept in control of the opposing party and is relevant in support of a particular claim. The LIP has set new rules in this respect and sanctions for the case that the opposing party refuses to provide the requested evidence or blocks access thereto. The foregoing provisions deal specifically with Articles 1715(2)(a) and (b) of NAFTA. However, it has to be noted that the LIP conferred upon IMPI and not the Courts -as it traditionally should have been made- the powers to undertake the foregoing action and for issuing orders to opposing parties to produce the evidence. This is different from the practice in Canada and the U.S. and has been questioned by many commentators and experts in Mexican Procedural Law. It remains to be seen whether the Courts will be giving support to that portion of the amendments.

*[C] IMPI's Enforcement Powers.*

In line with Article 1715(2)(c) of the NAFTA Agreement, IMPI (and again not the Courts) will be empowered to issue orders for deterring infringement, enjoining and restraining infringing parties not to continue with the activity and removing from circulation of commerce any infringing products as well as the means for producing and advertising them. The IMPI will also have the authority to have infringing products and instruments disposed out of commerce or destroyed in compliance with article 1705(5) of NAFTA. Prior to the amendments an injunction relieve provision was something not recognized in Mexican Law.

*[D] Preliminary Measures.*

Following NAFTA's main goal of achieving more expedite justice by offering "prompt and effective" provisional measures [NAFTA, Article 1716(1)], the LIP has conferred on IMPI an authority to issue preliminary measure orders for preventing infringement as long as the same threshold stated in Article 1716(2) of NAFTA is complied with. Thus, the moving party shall be required to prove to be the owner of the industrial property right and that such right is being infringed or that infringement is imminent, or that delay in such measures will likely causes irreparable harm to the owner of the right, or that the possibility that the evidence will be destroyed may arise against infringer or third parties, because of the application of these measures.

*[E] Sanctions.*

The great majority of acts that are considered as crimes by the LPPIP will be reduced to administrative remedies, but this type of sanctions will be strengthen. The

only criminal provisions that will remain will deal with trademark counterfeiting and violation of trade secrets, including its unauthorized disclosure, use and appropriation.

As to administrative sanctions, fines have been doubled from 10,000 up to 20,000 times the general minimum wage in the Federal District, but criminal sanctions have remained from two to six years in prison and fines for the amount of one hundred up to ten thousand days of the daily general minimum wage in the Federal District.

Pursuant civil actions, the LIP has introduced a provision stating the possibility to pursue recovery of damages of civil nature before the corresponding judicial authority, and the amount shall not be less than 40% of the retailing price of each product or service that infringes the LIP.

# Mexico Battles Wave of Parallel Imports

APPENDIX 8

## *New IP regulations give some relief to Mexican trademark owners.*

BY LUIS C. SCHMIDT
SPECIAL TO IP WORLDWIDE

The good news is that Mexico has undergone a major legal and economic reform. Since 1985, the country has moved from economic protectionism to a new open border policy that looks favorably on international trade, technology transfer and investment. As a result, the amount of imports entering Mexico has significantly increased.

The bad news is that, as a result of the new open border policy, Mexicans must now confront the problem of parallel imports. Goods bearing Mexican trademarks are being shipped into Mexico without the consent or control of the owner of the Mexican mark. The Mexican government is, however, attempting to provide some protection to Mexican trademark owners.

The problem of parallel imports is not unique to Mexico. In much of the world, trademark owners generally lose control over non-authorized importations of original products once the products are sold by either the trademark owner or authorized third parties such as distributors, licensees or franchisees. If the goods are resold and exported into another territory, this can create serious difficulties. If these grey-market imports are lower in price than those already in the territory, this can significantly hurt sales of the product by the territory's trademark owner. The problem can become even worse if the grey-market imports are of inferior quality or do not comply with territory's legal standards.

The Mexican government has entered into two main treaties on the subject of international trade and intellectual property rights: the North American Free Trade Agreement (NAFTA) and the Uruguay round's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). One commentator has stated that NAFTA "[i]s the most comprehensive multilateral intellectual property ever concluded, and generally establishes a higher level of protection than any other bilateral or multilateral agreement.' However, neither NAFTA nor TRIPs contains provisions specifically concerning parallel imports.

NAFTA expressly provides for the protection of IP rights as long as such protection does not constitute a bar on the free circulation of goods and services.[1] Similarly, Article 1 of TRIPs can be interpreted as providing for a balanced system of rights between traders and intellectual property owners. Thus, although neither treaty specifically provides for protections against parallel imports, neither treaty specifically prohibits national laws from dealing with the problem.

### Protects parallel imports

In 1991, Mexico did enact a statute dealing with parallel imports. On its face, however, Article 92(II) of the Law for the Promotion and Protection of Industrial Property (LPPIP) seems to allow practically every type of parallel import.

The statute states: "The registration of a trademark will have no effects against...any person trading with, distributing, acquiring or using the product to which the registered trademark is applied after said product has been legally introduced into the market by the holder of the registered trademark or by the person to whom a license has been granted." The statute goes on to expressly state that this provision covers the "import of legitimate products to which the trademark is applied."

For the first several years of its existence, this statute was interpreted literally. The statute was read as authorizing third parties to import grey-market goods into Mexico provided the goods were legitimately introduced in commerce by the trademark owner or an authorized licensee.

Moreover, the term "legitimate products" was not necessarily restricted to products that complied with Mexican trademark law. The term could also have been applied to products that merely satisfied the trademark laws of the exporting country. This allowed foreign products bearing a Mexican trademark to be exported to Mexico even if the products were not made or licensed by the Mexican trademark owner. So long as the products were of legitimate origin in accordance with the local laws of the country of export, they could be freely exported to Mexico and compete with genuine Mexican products.

### Regulations to the rescue

The Regulations of 1994 changed this interpretation of the statute. The regulations made clear that a product made in a foreign country is "legitimate" only if (1) the product is made by the foreign country's trademark owner or authorized licensee, and (2) the mark's owners in both Mexico and the foreign country are either the same person or corporation, or members of the same "group of economic interest" or are their licensees or sublicensees, at the time the foreign products are imported into Mexico.

The regulations set out a complex corporate formula defining "group of economic interest." This formula examines the level of interrelationship between two (or more) corporations or entities and the direct or indirect control that one has over the other (or others).

One of the greatest concerns in allowing parallel imports of foreign legitimate products has been whether the products must satisfy the quality standards of the Mexican trademark owner as well as the quality standards imposed by Mexican law. The quality of products can vary widely, of course, especially when one is comparing products manufactured in different territories and by different parties. The issue is thus whether foreign legitimate products, but of lesser or different quality, should enter Mexico without restrictions.

The original draft of the 1994 Regulations prepared by the Mexican Institute of Industrial Property (IMPI) created a system of control measures. This proposal was weakened by the time the Regulations were ultimately adopted.

The final draft of these Regulations state that a foreign product is "legitimate" if it complies with Mexico's consumer laws and Mexico's legal requirements concerning product standards and regulations. However, the final Regulations make no mention of measures to ensure that the imported goods satisfy the quality standards of the Mexican trademark owner. It remains to be seen how this issue will be treated in the future by the IMPI and the Mexican courts.

> *On its face, Mexico's IP law seems to allow practically every type of parallel import.*

The final Regulations also say nothing concerning the repackaging and relabeling of grey-market products. However, it can be expected that, if repackaging or relabeling of products is used as means of misleading consumers (for example, as to quality or origin of the products), the importation of such products can be prohibited.

The statute and regulations do not forbid grey-market resales of legitimate Mexican products—i.e., products legitimately made in Mexico for sale in one part of the country and which are subsequently resold in another part of the country. Article 92(II), paragraph I, of LPPIP recognizes exhaustion of trademark rights in a national level, i.e., a trademark owner is not allowed to impose restrictions or prohibitions on the further sale of a trademarked product once the product has been "legitimately" introduced in the Mexican market. Paragraph two of this Article extends the territorial scope of the exhaustion of rights doctrine to cover to any country in the world. Accordingly, Mexican trademark rights are exhausted whenever a trademarked product has been exported, regardless of the country to which it has been sent. The worldwide scope of this doctrine far exceeds the scope of most other countries' exhaustion of rights doctrines.

### Patent and copyright protections

In addition to Article 92 of the LPPIP, Mexico has other intellectual property laws that can be used to control parallel imports. For instance, Article 22(II) of the Law on Inventions and Trademarks of 1976 allows a Mexican patent owner to prevent the import of foreign goods covered by the Mexican patent.

This statute contains an exhaustion of rights provision, declaring that patent rights are exhausted after a patented product is introduced into the Mexican market by the patent holder or its licensee. The product can thereafter be resold without the permission of the patent holder. However, this provision applies only to products originally sold in Mexico. Accordingly, if a parallel import is covered by a Mexican patent, the product is not allowed to be imported into Mexico, unless permission is given by the holder of the Mexican patent.

A Mexican copyright holder may be in an even stronger position than a Mexican patent holder to stop parallel imports of products. The Mexican copyright law as presently drafted does not expressly contain any exhaustion of rights provision. The law does not recognize a first sale doctrine or anything similar.

Nevertheless, it is probable that copyright owners are not exempt from the exhaustion of rights doctrine that has been applied to patent and trademark owners. It would be prudent to expect that once a copyrighted product (such as a book or audiotape) is sold in Mexico, the copyright holder cannot restrict any further resale of the product. In other words, copyright rights should be considered to be exhausted as soon as a book or audiotape is sold in the market.

This exhaustion of copyright rights, if it exists at all, probably applies only to sales originally made in Mexico by the Mexican copyright holder. To extend the exhaustion of rights doctrine internationally, a provision would probably have to be introduced into the Mexican copyright law expressly modifying the rights that the Mexican Constitution, statutes and judicial decisions have granted to Mexican copyright holders.

*Luis C. Schmidt is an attorney with the firm of Olivares & Cia in Mexico City, Mexico.*

(1) Richard E. Neff and Fran Smallman, NAFTA: Protecting and Enforcing Intellectual Property Rights in North America, at 1 (McGraw Hill 1994).

(2) Article 1701(1) of NAFTA states: "Each Party shall provide in its territory to the nationals of another Party adequate and effective protection and enforcement of intellectual property rights, while ensuring that measures to enforce intellectual property rights do not themselves become barriers to legitimate trade."

University of New Mexico, October 1992.)

APPENDIX 9

AVAILABLE REMEDIES AND ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS IN MEXICO: A MEXICAN ATTORNEY'S PERSPECTIVE.

I. INTRODUCTION TO THE TOPIC OF ANALYSIS BY BRIEFLY DESCRIBING THE MEXICAN COURT SYSTEM.

A. Mexican General Constitution of 1917 and State Constitutions.

The Mexican Constitution of 1917, which is still in force, represents the supreme law of the country and the legal instrument organizing the governmental framework and structure. In keeping with this, it adopted a federal republican system and divided the Mexican territory into 31 autonomous States and a Federal District, each of the States governed by independent constitutions. However, the scope of action of the state constitutions was restricted to subject matters of local concern and superseded by the federal constitution, of general application in the entire country and with jurisdiction over matters of national interest.

In order to comply with its own purposes and objectives, that is, for organizing and structuring the federal and state governments, general and local constitutions in Mexico introduced a system of power limitations by dividing its scope of action into executive, legislative and judicial branches. Thus, by establishing the foregoing power balancing

principles, the framers of the 1917 Constitution aimed to resolve the long standing problem of concentration of power in the hands of one sole entity, which had affected Mexico at least for three decades.

2. Local Government Powers.

As mentioned above, every State Constitution in Mexico recognizes the division of local governments' functions into executive, legislative and judicial powers. In all cases, the Governor of the State represents the head of the executive branch, the State Congress constitutes the entity representing the legislative branch and the State's Superior Tribunal of Justice the local judicial authority of the highest rank.

3. Federal Government Powers.

In the federal sphere, the functions of the Executive Power have been placed in the President of the Republic, who is assisted by a group of secretaries in charge of performing a variety of public administration functions, distributed according to subject matter criteria. Secondly, the Legislative Power, which resolutions are deemed to be the federal laws -or "statutes"- of the Mexican Republic is composed by two chambers, namely the Chamber of Deputies -

comprising a total of 500 members, each of them representing a certain number of the population- and the Chamber of Senators, comprised by two representatives of each State belonging to the Mexican Federal Republic.

Lastly, the third branch or power of the Federal Government, known as the Judicial Power, is composed by the Supreme Court of Justice, the Circuit Courts -acting as collegiate bodies in case of "Amparo" suit-, the Unitary Circuit Courts - acting as a single judge revision tribunal in case of appeals arising from controversies and trials in the application of federal laws- and the District Courts. The Federal Constitution of the Mexican Republic has built the country's system of courts and laws' enforcement upon the four federal judicial institutions mentioned above and without opposing to the existence of a state court system. However, it left to the so-called "Organic Laws of the Judicial Power", the task of regulating in detail the organization of each of the courts and remaining entities under its jurisdiction. Thus, among others, such organic laws have specifically determined integration, jurisdiction and venue, attributes and form of operation of every local and federal court and have set a division of territories into districts and circuits.

4. Attributes of the Judicial and Executive Branches in Dispute Resolutions.

As in every jurisdiction in the civil world, the Mexican legal system provides various forms for enforcing rights and solving disputes. In accordance with Mexican constitutional law system, the Federal Judicial Power has the double function of controlling consitutionality of all government bodies' acts, which has given room to the implementation of the "Amparo" suit, as a legal institution unique in Mexico, aiming to protecting individual and collective warranties from government abuses. A second function can be found in the application of federal laws for resolving conflicts and disputes that could have arisen between different parties or entities. Here the Court is directed to find the facts of the case and to apply the proper legal provision thereto. This latter has been extended to the State Courts as to matters within their jurisdiction.

Notwithstanding the above, there are occasions when a branch of the government interfers with the tasks originally confered by the constitution to any of the other two branches. Although many examples of overlapping problems could be cited, attention will be paid only to the case when the executive branch performs tasks corresponding to the judicial branch. This has raised a question regarding the proper role and relationship of the Courts vis-a-vis the

legislative and executive powers. Mexican legal system has proved to be flexible in this respect and has allowed the existence of administrative Courts and other forms of administration of justice in behalf of the executive branch, capable of resolving disputes in a variety of fields within the scope of activities of this latter branch. However, revision of resolutions coming from the administrative courts and institutions has been reserved to the judicial courts, which are of a higher hierarchy.

5. A Brief Reference to General Aspects of Judicial Procedures.

Same as other jurisdictions owing its origin to Roman Law and with influence from French and Spanish Laws, the Mexican legal system is of a formalistic nature, the legal provision having thus to be strictly applied over the controverted fact. Law suits normally follow a written procedure, in which the law or statute is considered to be the principal source on which any Court must rely, although the custom and jurisprudence have also been considered factors weighing in decisions of judges and judicial authorities.

In line with the foregoing, the judicial procedure normally starts up from the filing of a written complaint in which plaintiff, who is required to bring the corresponding action as a consequence of a third party's infringement to the law,

asks or pleads to the court for the application of the law to the facts that he narrates in the complaint.

There are different types of proceedings depending on the subject matter involved in each of the controverted cases. In fact, at least the Federal District Courts, the local Courts of first instance, the Administrative Courts and in some occasions even the Supreme Court, are limited to decide in connection with the particular field that they have been assigned to perform. Accordingly, Mexican Courts are sometimes divided into broad categories depending on whether the procedure is of a criminal, administrative, civil or social nature, this latter including agrarian and labor law procedures.

## II. BRIEF DESCRIPTION OF THE MEXICAN INTELLECTUAL PROPERTY SYSTEM.

Mexican Intellectual Property laws evolved from the civil law system adopted by the country as a consequence of the 16th Century Spanish Conquest. After the Mexican war of independence ended in 1821, series of constitutions followed recognizing among other basic rights the need to properly protect authors and inventors with respect to their creations. The Constitution of 1917 viewed patents and copyrights as permitted monopolies or in other words, as exclusive rights or "privileges" -as they are referred to in

the Constitution-, limited in time, conferred upon authors and artists with respect to the reproduction of their works and to persons inventing or improving upon inventions for the exclusive use of their inventions. In accordance with the free market principles of the 1917 Constitution, monopolies, trusts and cartels have been considered practices against the Constitution itself( except among others, for those "privileges" constituting the exclusive rights of authors and inventors.

The rights that the Constitution has recognized upon authors and inventors have been further regulated in two different federal laws. Thus, on the one hand, patents and trademarks have formed part of a same body of law, which at present is known as the "Law for the Promotion and Protection of Industrial Property", and on the other hand, copyrights have been regulated by the "Mexican Copyright Law". The foregoing federal statutes have followed the guidelines set by the Constitution and have ruled in detail the forms of protecting and enforcing patents, trademarks, copyrights and related rights. As to enforcement itself, both statutes have implemented a system of venue in addition to remedies and sanctions of different hierarchical levels. The most important forms of enforcing intellectual property rights in Mexico are found in the areas of criminal, administrative and civil law, as they will be explained hereunder:

## III. ENFORCEMENT AND LEGAL REMEDIES IN INTELLECTUAL PROPERTY LAW:

It has been frecuently sustained that there is not real protection of intellectual property without effective enforcement measures. In fact, Mexican intellectual property system has been criticized for lacking sufficient standards of protection. This statement has found true examples during the regime of former laws; however, things should be improving in present and future times as a result of the North American Free Trade Agreement (NAFTA), due to the fact that the government has now placed industrial property and copyright protection as strategic items within its open boarders policy. Specific changes to the Industrial Property and Copyright Laws have been enacted recently, but the question arises as to whether they have really raised the level of protection and enforcement prevailing in Mexico? In addition, is the Mexican system of intellectual property enforcement sufficiently consistent with standards offered by industrialized countries' legislations? Is the Mexican intellectual property system prepared for solving complex situations arising from infringement of these forms of protection in the light of a free trade agreement that will demand a strong and undefeatable system?

Before addressing the above questions, reference will be made to the existing forms of Intellectual Property Protection and enforcement in Mexico.

A. Criminal Remedies in Intellectual Property Law.

The Mexican Industrial Property Law as well as the Copyright Law have established corresponding chapters listing behaviors considered as crimes in the patent, trademark and copyright fields. In fact, in all those cases criminal actions represent the most important and strongest legal remedy and sometimes the only one available.

In Mexico criminal law is of strict application, and this means that the human conduct under investigation or prosecution shall have to fit squarely into the legal criminal provision; however, conflicts are never resolved under the rules of analogy or interpretation. As it can be appreciated, there will be no application of criminal remedies and sanctions in case of human conducts that for any reason were overlooked or not considered by the drafters of the Industrial Property and Copyright Laws.

In the case of Industrial Property Law, enforcement rules are aimed to protecting patents, trademarks and other similar legal institutions regulated by said statute. Accordingly, as to patents, the Law protects the exclusive rights of

inventors and the owners of patents, from the unauthorized making of products covered by a patent or carried out under a patented process as well as its commercialization, if it is known by the infringer that no consent has been granted therefor. Similar protection is extended to utility models, industrial designs and trade secrets. On the other hand, merchants, manufacturers and those who render services may enjoy exclusive protection on their registered trade and service marks as well as other industrial and trade symbols, such as trade names, slogans and authorizations for using appelations of origin. The criminal aspect of trade mark law is directed to prohibiting the use of any of the foregoing commercial assets, without the consent of the owner, and to sell products knowing that they bear trade marks that were not previously authorized by the corresponding owner.

Pursuant Copyright Law, criminal provisions are basically aimed to prohibiting unauthorized use and exploitation of works of authorship through the reproduction, distribution, public performance and public display of works of authorship and production of derivative works.

Criminal proceedings, which are regulated by the Federal Code of Criminal Procedures, start with the filing of a complaint with the General Attorney's Office, government entity in charge of investigating and prosecuting crimes. After the complaint is filed the Attorney General will commence a so-

called "preliminary inquiry", with the purpose of investigating whether a crime has been committed and if there are one more persons that could have committed such a crime. For that end, the General Attorney is empowered to hear plaintiff's arguments, to receive and evaluate evidence of every kind and nature; including expert and witness testimonies, public and private documents, samples of infringing products and depositions, among others. Furthermore, the General Attorney is entitled to conducting raids and seizing infringing products and the instruments, machinery and molds for producing such products. Finally, in the event that the General Attorney positively concludes that the crime or crimes that has investigated have been committed and that one or more persons have presumably carried them out, it will be entitled to exercising indictment through the filing of a criminal action with the Criminal District Courts and will be in charge of pursuing them before the Courts until a final resolution is achieved.

From the experience in applying criminal remedies as a fundamental form of enforcing intellectual property rights we have found the following positive and negative factors, which deserve a particular mention:

1. Positive Factors:

a) Availability of inspections and raids, in addition to the ample authority of the General Attorney to seize objects, to arrest offenders and to investigate people, establishments, offices and facilities, documents and any kind of information relating to the crime and the offenders under inquiry, constituting a valuable advantage of this form of actions over any other available in accordance to Mexican Law.

b) The preliminary inquiry stage of the proceeding has the character of a secret investigation and the offender will not have access to corresponding files and information until the trail. Also, the General Attorney may proceed with raids or inspections without having to previously notify or disclose information to offender.

c) The testimony of two witnesses represent prima facie evidence for supporting a petition of raid and will constitute sufficient ground for obtaining the approval of a District Judge, which is a constitutional requirement imposed on behalf of the Attorney General for being able to conduct such preliminary measure practices.

d) Normally, the Attorney General accepts participation of plaintiff's counsel during the investigation and in

particular at the time the raids or inspections are carried out.

2. Negative Factors:

a) Traditionally, the Attorney General as well as the majority of Courts had considered that intellectual property crimes were not as important as others such as those attempting against the life and health of humans and that consecuently could not cause the same level of harm produced by other forms of criminal behavior. However, this strict vision has been changing and more intellectual property matters have been canalized and resolved by these authorities.

b) Criminal sanctions stipulated by both, the Industrial Property Law and the Copyright Law are low, which represents a negative factor in any anti-piracy effort.

c) In case of industrial property crimes, the LPPIP has imposed an obligation on behalf of the General Attorney for requesting from the Patent and Trademark Office a so-called technical opinion on the legal provisions corresponding to its jurisdiction and on the technical aspects of the subject matter of the infringement. Although the technical opinion of the Patent and Trademark Office does not necessarily entail,

link or affect the decision of the General Attorney as to whether to indicting or not a particular infringement case, none the less it has been reputed as a formal and material obstacle in the procurement of criminal justice in an expedite manner.

B. Administrative Remedies in Intelletual Property Law.

In Mexico, Industrial Property enforcement measures are strongly influenced by administrative procedures. The law has conferred upon the Patent and Trademark Office the authority of resolving most forms of infringement and disputes in this field and for that end it has established a set of substantive and procedural rules. Accordingly, a complete process before the Patent Office has to be followed for obtaining a resolution declaring among others, cancellation of patent and utility models, cancellation and lapsing of trademark registrations, slogan registrations and tradename registrations.

Legal actions related to patent and trademark infringements are prosecuted through so called visits of inspection by personnel of the Patent Office to the premises where the infringement is being committed. The inspectors of the Patent Office have authority to investigate, review defendants' facilities and seize infringing goods. Defendant may allege whatever pertinent during the visit of inspection or within a

term of five days thereafter, the Patent Office then resolves and imposes sanctions in the case of infringements consisting in acts not considered in the law as being crimes but violations to the law, such as the use of a trademark that is considered to be confusingly similar to one already registered to cover the same or similar products or services and acts of unfair competition.

If the inspector finds the existence of an infringement considered as a crime in the law -such as unauthorized use, disclosure or misappropiation of a trade secret- the Patent Office and Trademark Office will notify, the Attorney General and will turn over any seized goods to him, who will then effect the preliminary inquiry of the matter. However, if plaintiff is able to know in advance that the type of infringement relates to a crime, he will be entitled to file the criminal complaint with the General Attorney's Office in a direct form.

If the infringement does not warrant a visit of inspection, the Patent Office will simply serve notification to defendant who shall have a five-day term to make allegations and thereafter the Patent and Trademark Office will resolve on the merits of the complaint.

The panalties for the commission of infringements considered as violations to the law range from fines up to the

equivalent of $10,000 days of the daily minimum wage established for the City of Mexico, temporary or difinitive shutdown of the business and administrative arrest for up to 36 hours.

C. Civil Remedies in Intellectual Property Law.

Mexican Law recognizes the existence of damages of a civil nature steaming from a contractual relationship or caused by illicit acts, attempting against the law or the "good customs", which injure third parties, and do not reach the level of being reputed as criminal offenses. Under Mexican Civil Law, harm is understood as the loss or diminishment suffered by a person's equity from default on an obligation or as the result of an illicit act had not been committed. It is very important to consider that under Mexican doctrine harm and damage must be the immediate and direct result of the default of an obligation or of the commission of an illicit act.

The Industrial Property Law establishes that regardless of the application of the corresponding administrative sanctions that arise from the violations to the law, plaintiff may claim damages in the terms of the Civil Code. However, industrial property owners do not often use civil actions and remedies for enforcing their rights as Civil Courts and procedures have proved to be slow and inconvenient if

compared with criminal and administrative remedies. Indeed, in most industrial property administrative infringement actions, damages actions are available only after a judgment beyond the shadow of appeal has been pronounced by the corresponding competent Court.

Notwithstanding the above, in case that a civil action is filed, it is possible to obtain ex-parte search procedures from civil actions, which although not as effective as in criminal law, permits to have people, documents, books and establishments inspected and reviewed. Also, although not a real existence of a preliminary injuction measure under Mexican Law, it is possible that judges take measures for maintaining legal situations as they have ordered, and the judge is empowered to establish prohibitions for removing things when seizing orders have been dictated.

In the particular case of Copyright Law, the statute does not convey any authority in behalf of the Copyright Office for resolving disputes and, besides a very specific capacity for intervening as a conciliator or arbitrator, the Copyright Office has not been appointed by the Law for exercising administrative decisory powers. On the other hand, the Copyright Law expressly establishes that the Federal Courts are in charge of handling any dispute arising from copyright law, such as paternity rights and other forms of moral right

disputes, contradiction of registrations granted by the Office, royalty and patrimonial rights disputes, etc.

By the way, in addition to the ex-search order powers conferred upon judges that were mentioned above, the Copyright Law sets forth preliminary measures allowing judges to seize incomes generated from a work that will be publically performed without the authorization of the rights' holder as well as any instrument or establishment that is related to such performance.

## IV. ARE MEXICAN INTELLECTUAL PROPERTY REMEDIES ADEQUATE ENOUGH FOR EFFECTIVELY COMBATING PIRACY AND OTHER FORMS OF INFRINGEMENT?

### A. The Present.

In the foregoing sections, we have explained the principal forms prevailing in Mexico for enforcing intellectual property rights. As it can be appreciated, at present, criminal and administrative remedies constitute the basic institutions on which patent, trademark and copyright owners rely for combating piracy and infringement in these fields. This is not necessarily the same in other jurisdictions, as the U.S., where civil remedies seem to control over criminal

and administrative procedures -this latter anyway frecuently used in connection with patent and trademark matters-.

As mentioned, civil remedies have worked out fine in foreign jurisdictions, however in Mexico they have not functioned in case of intellectual property law, due to the fact that Civil Courts are slow and do not have substantial powers for applying the type of preliminary measures required for this type of piracy and infringement matters.

Despite the disadvantages that characterize criminal remedies, they have proved to be the best form of enforcing copyright matters. Accordingly, it will be always the Attorney General who will be entitled to exercise the most effective measures for seizing goods and having offendors endicted. On the other hand, patents and trademarks have been better enforced through administrative proceedings, which were established in the Law for the Promotion and Protection of Industrial Property and which have been implemented by the Patent and Trademark Office. The foregoing administrative procedures and remedies appear to be effective in the letter of the law, however, as the Patent and Trademark Office has been facing a tremendous backlong in resolving the matters under its care, such procedures and remedies have become less expeditious.

B. The Future

Mexican Intellectual Property enforcement system will be tested in future times. Mexican Government has started taking the proper steps for improving such system. In fact, the North American Free Trade Agreement (NAFTA), has set specific rules in the field of enforcement (articles 1714 to 1718), which constitute minimum standard provisions, that will represent a commitment on behalf of Mexico for enacting better forms of protection and legal procedures arising therefrom. Among the provisions of interest, the followings can be mentioned:

1. Article 1714.1 and 1714.2 of the NAFTA provide that the contracting parties shall warrant the existence of adequate procedures and remedies in enforcing intellectual property rights, which will have to be expeditious.

2. The remaining provisions relating to enforcement in the NAFTA are aimed to providing adequate legal proceedings for combating piracy and infringement, preliminary and precautory measures and a set of minimum standards with regard to the attributes and resolution powers of the Courts.

3. In accordance to article 1717 of the NAFTA, criminal sanctions shall be imposed at least in case of counterfeiting

of trademarked, copyrighted and patented products that circulate in commerce.

4. The parties to the NAFTA have acquired the compromise of establishing procedures for controlling and prohibiting imports of counterfeiting products into the territory of any of said NAFTA countries. In this respect, counterfeiting goods bearing protected trademarks or made without the authorization of the corresponding copyright and patent owner, shall be subject of seizure by the customs authorities of each of the three countries. In addition, NAFTA has set provisions for regulating the procedures to be followed by the compatent authorities in this regard.

As Mexico does not actually contemplate this kind of customs procedures, it will have to implement them as soon as NAFTA becomes effective, if that is the case.

5. Although NAFTA does not require the contracting nations to canalize their legal procedures in the field of intellectual property through the institution of special Courts, the Mexican government has manifested its intention to create an ad hoc Court, dedicated to handle and resolve intellectual property conflicts arising from the application of the Copyright and Industrial Property laws. Not much has been said in this regard, however, we expect that the special

Court or Tribunal would be of a trial level and probably of an administrative nature.

The foregoing new institutions are planned to improve the intellectual property system actually governing in this country. The existing laws have fulfilled their objectives and have contributed to the building up of a system offering adequate forms for protecting intellectual property rights. However, such existing laws have also triggered a situation of some relaxation, due to the low penalty rates that have prevailed and the slow procedures in which any intellectual property litigation matter is involved, we hope this will really change in the future.

International Intellectual Property Practice Series
Third Annual Seminar
Protecting Industrial Property in Mexico/Central America
September 20-21, 1996

Franklin Pierce Law Center
2 White Street
Concord, New Hampshire 03301

## Additional Biographies:

Fred E. McKelvey
Jesús Mejía
Marco Antonio Palacios

## Additional Handout Materials:

| | | |
|---|---|---|
| The Perspective of the Mexican Institute of Industrial Property | Jesús Mejía | PCT 15 |
| Legal Protection of Intellectual Property Rights in Mexico | Jesús Mejía | |

**Fred E. McKelvey**

Senior Administrative Patent Judge
Board of Patent Appeals and Interferences
U.S. Patent and Trademark Office

| | |
|---|---|
| Home address: | 13288 Osage Drive<br>Woodbridge, Virginia 22193-3978<br>United States |
| Home telephone: | 703-670-5069 |
| Home fax: | 703-670-8089 |
| Work mail address: | P. O. Box 15647<br>Arlington, Virginia 22215<br>United States |
| Work address:[1] | 1225 Jefferson Davis Highway<br>10th Floor<br>Arlington, Virginia 22202 |
| Work telephone: | 703-308-9797 |
| Work fax: | 703-308-7953 |
| Education: | Bachelor of Science--Chemical Engineering<br>Carnegie Institute of Technology<br>(now Carnegie-Mellon University)<br>Pittsburgh, Pennsylvania<br><br>Juris Doctor (law)<br>Washington College of Law<br>American University<br>Washington, D.C. |
| Bar memberships: | Virginia<br>Maryland<br>District of Columbia |
| Professional: | |
| Non-government: | 1961-1963 Chemical Engineer, Mobay Chemical Company, Pittsburgh, Pennsylvania<br><br>1963-1964 Chemical Engineer, Union Oil Co. of California, Wilmington, California |

[1] Delivery of commercial courier material (e.g., Federal Express) should be to this address.

1968-1969 Patent Attorney, E.I. duPont de Nemours & Co., Inc., Wilmington, Delaware

Government
U.S. Patent and
Trademark Office:

1964-1968 Patent Examiner (examining in field of polymer chemistry)

1969-1970 Patent Examiner (examining in field of polymer chemistry)

1970-1974 Attorney, Office of the Solicitor

1975 Member, Board of Patent Interferences

1975-1983 Attorney, Office of the Solicitor

1984-1988 Deputy Solicitor (i.e., Deputy General Counsel), Office of the Solicitor

1988-1994 Solicitor (i.e., General Counsel), Office of the Solicitor

1994-1995 Chief Administrative Patent Judge, Board of Patent Appeals and Interferences

1995-now Senior Administrative Patent Judge, Board of Patent Appeals and Interferences

Experience before
United States
courts:

400 appeals argued in the Court of Customs and Patent Appeals and the Court of Appeals for the Federal Circuit

100 civil actions in the district courts of the U.S.

Languages: English (fluent)
Spanish (fluent)
Portuguese (read--good; speak--minimal)

**Jesús Mejía Salazar**

[redacted]

National Autonomous University of Mexico.
Law Degree.
1976.
Grade average: 9.48 out for 10:00.

Honorable Mention of Professional Examination.

Awarded Best Student in Law Studies by "El Diario de México".

Franklin Pierce Law Center.
Masters Degree in Intellectual Property.
1992.

[redacted]

| | |
|---|---|
| 1974 - 1976 | Legal Assistant in Law Offices of Juan Antonio Pinzón Romero and José Ovalle Favela. |
| 1976 - 1980 | Legal Advisor to Petróleos Mexicanos. |
| 1980 - 1983 | Legal Advisor to the Office of the General Counsel of the Department of Education with respect to labor matters and litigation against the Department (amparos). |
| 1983 - 1985 | Deputy Chief of Inter Partes matters with respect to Planning and Development for two Sociedades Nacionales de Crédito (Promoción y Fomento Sociedad Nacional Bancaria y Multibanco Comermex). |
| 1985 - 1986 | Chief of Inter Partes matters for the Banco de México. |
| 1987 - 1988 | Chief of the Directorate of Planning, Coordination and Conservation of the Federal Zone for the General Directorate for National Assets. |
| 1988 | Special Assistant to the Secretary of Commerce and Industrial Development. |

1989 - 1991 Sub-Director of the National Registry for Technology Transfer of the Department of Commerce and Industrial Development

Principal point of contact within the Department of Commerce and Industrial Development with respect to legislation relating to the control and registration of technology transfer and to the use and exploitation of patents and trademarks, ultimately published in the Diario Oficial on January 9, 1990.

1992 - 1994 Chief Legal Advisor, General Directorate of Technological Development (old name for the Mexican Patent and Trademark Office), Secretariat of Commerce and Industrial Development (for six months in 1994, also Director of Industrial Property).

1994 - now Director of Legal Affair, Mexican Institute of Industrial Property (new name for the Mexican Patent and Trademark Office).

Principal point of contact within the Department of Commerce and Industrial Development with respect to legislation relating to the 1994 reforms to the Industrial Property Law of 1991, ultimately published in the Diario Oficial of August 2, 1994, and the 1994 Regulations under the Industrial Property Law, ultimately published in the Diario Oficial of November 23, 1994.

[redacted]

Guest lecturer:

National Autonomous University of Mexico and the Intercontinental University in the area of Civil Procedure and Administrative Law.

Iberoamerican University, Plantel León and Technologic de la Piedad in the area of intellectual property.

Speeches:

Numerous Speeches in Mexico and abroad on the subjects of industrial property law, Mexican court procedure, Mexican Constitutional law, family law, and financial law.

SERCOMI
SERVICIOS EN COMERCIO INTERNACIONAL, INTEGRACION Y ASESORIA LEGAL

# RESUME
# MARCO ANTONIO PALACIOS

ATTORNEY AT LAW AND NOTARY PUBLIC FROM GUATEMALA.

HAS STUDIES IN MULTILATERAL TRADE IN GENEVA, SWITZERLAND AND OTHER STUDIES RELATED TO MULTILATERAL TRADE IN CHILE AND NEW YORK; STUDIES IN TECHNOLOGY TRANSFER IN SEOUL, SOUTH KOREA.

SERVED AS DEPUTY DIRECTOR OF THE MULTILATERAL ECONOMIC AFFAIRS DEPARTMENT OF THE FOREIGN AFFAIRS MINISTRY OF GUATEMALA.

SERVED AS FIRST SECRETARY OF THE PERMANENT MISSION OF GUATEMALA TO THE UNITED NATIONS IN NEW YORK.

SERVED AS CHIEF OF THE JURISPRUDENCE UNIT OF THE CONSTITUTIONAL COURT OF GUATEMALA.

HAS WORKED AS CONSULTANT TO THE UNITED NATIONS DEVELOPING PROGRAM -UNDP- IN THE AREA OF INTELLECTUAL PROPERTY AND MULTILATERAL TRADE RELATIONS IN CENTRAL AMERICA.

SINCE SEPTEMBER 1994 UP-TO-DATE HAS WORKED AS CONSULTANT FOR INTELLECTUAL PROPERTY ISSUES TO THE PERMANENT SECRETARIAT TO THE CENTRAL AMERICAN ECONOMIC INTEGRATION PROCESS GENERAL TREATY -SIECA- AND THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT -USAID-.

HE IS COFOUNDER AND CURRENTLY THE PRESIDENT OF "SERCOMI", A GUATEMALAN LAW AND CONSULTANCY FIRM, SPECIALIZED IN MULTILATERAL TRADE, INTEGRATION LAW AND TRADEMARKS.

20 Calle 8-00, Zona 10 Torre III Of. 1-8 Guatemala, Guatemala
Teléfono: (502)-(2) 3 371540 - 3 371543 Fax: (502)-(2) 3 635042

# THE PERSPECTIVE OF THE MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY

Ladies and Mister:

I thank the invitation of the Franklin Pierce Law Center in order to participate in this denominated seminar "Protecting Industrial Property in Mexico/Central America," in which it please me participate with the exhibition about the list of the Mexican Institute of the Industrial Property in the development of the system of intellectual property in Mexico.

First I want to highlight the importance that for the Mexican Institute of the Industrial Property represents the go to this school of right for two reasons:

In first place because it is one of the schools of right of adult prestige in the field of the intellectual property in the United States and by being dedicated mainly to this field, and in second place because several of the officials that at the moment collaborate in the Mexican Institute of the Industrial Property, several ex officials of the same that at the moment carry out other positions in the Public Administration in Mexico, as well as other points lawyers that goes to the Institute to process registrations of marks and [otorgamiento] of patents has studied the master in intellectual property in this educational Center.

Antecedents:

I will begin my exhibition with a little of history in order to give them some antecedents that will help us to understand the evolution of the rights of industrial property in Mexico.

The rights of industrial property are protected in Mexico from last century, the first antecedent found it in the Ordinance of 2 of October of 1820. Assuring the right of property to which they invent, they perfect or they introduce any field of the industry, conferring a certificate with validity of 10 years for the inventions and of 7 for the improvements, which they could continue, but not more than 15 years for the inventions and 10 for the improvements.

They to this legal writing continued diverse laws assuring the property to the inventors regarding their inventions and establishing the right of patent in 1832, 1836, 1890, 1903 1928.

The first Law of trademarks was from 1889, to which they continued those of 1903 1928.

We also found antecedents of international acquired commitments through Mexico for the protection of the trademarks towards the end of the century past, how they are the celebrated with Germany in 1899 and France in 1900, previous to the adhesion from Mexico to the Agreement of Paris in 1903.

How we could have observed, previously there was a specific law for patents and another for trademarks, it was up to 1942 in which both matters become unified in an only legal body, upon sending the Law of the Industrial Property, to which he/she/it/you continued the Law of inventions and marks in 1976, in order to conclude with the Law of Development and Protection of the Industrial Property of 1991, reformed in 1994 in order to denominate Law of the Industrial Property, which is the Law that is effective at this time again.

In the administrative environment the office entrusted of receiving the applications of patents and trademarks had been located inside any of the Government Secretaries of Being beginning by that of Relationships in 1832, until the Secretary of Trade and Industrial Development in 1993, in December 10 of this year in which the Ordinance is published in the Official Newspaper of the Federation that creates the Mexican Institute of the Industrial Property, like an organism decentralized of the Public Federal Administration, and it is with the reformations to the law of the matter of 1994 that attributes the powers of administrative authority in the matter.

We won't be plentiful in the analysis of all these legal writing, it is enough say that up to 1942 the legislation went developing it in order to grant adults levels of protection to the holders of the rights and improving the administrative procedures for their procedure, however the Law of Inventions and trademarks of 1976 mark a high in the tendency that it was observed, and this derived of the tendencies that they as regards economic politics came to ends of the decade of the sixties and principles of the sixties in them called developing countries.

In that then the economic politics was focused to the internal market, giving rise to a protectionism on the part of the State for the national managers of each country, this resulted in that they are sent laws that seek to control the technological transfer and a decrease in the levels of protection to the holders of the rights of industrial property.

In Mexico this politics gave the publication of two laws as regards Transfer of Technology like result, an in 1972 and another, that substituted it, ten years later in 1982, (which it was repealed in 1991) and the publication of the Law of inventions and trademarks of 1976, which excluded the products pharmaceutical chemist and their mixtures, the medications, the drinks and foods for human use or animal, the fertilizers, herbicide, fungicides and the apparatuses or teams antipollution of the patentability, as well as the procedures for the obtaining or modification of the same, and it decreased ten years the validity of the you patent granted, besides other dispositions like the linking of foreign trademarks to Mexican trademarks.

Under this system the stimuli of competition to the interior of the country were relatively weak and insufficient in order to induce to the national producers to think of their technology and the investigation or development like elements for estavlish the competitive position of their companies.

To ends of the eighties as a result of the changes in the economy to world level, it come the necessity in Mexico of changing their economic politics in order to adapt to the new conditions of the world market, for what it began a process of economic opening.

This new orientation required of a modernization of the system of industrial property in Mexico, that propitiate the foreign investment, the transfer of technology and it increase the competitive level of the national companies in a global economy, we to these modifications will refer later on, but I want to highlight superficially the reasons that led to us these.

The importance of the Technology in the economic development of the countries:

The world lives a time of deep changes and big transformations that they are reflected in all the environments of the society at the moment.

The world economy has registered notable transformations during the last decades, as a consequence of a deep technological revolution maybe as important as it was in their moment the invention of the agriculture or the machine of vapor, that they propitiated the development and generation of new knowledge and ideas and the production in series of novel goods produced by the industry.

The changes derived of the current technology, they have modified in turn in quick form the productive structures and the economy of the societies, increasing the commercial flows to world level, to a rhythm and in an unprecedented magnitude, under forms novel and unpublished of organism in which a company distributes spacely, in different countries, diverse stages of a productive process, giving rise to what it have occurred in calling as a whole of the economy.

This last sample that the technological progress is not simply the main factor of economic development of a country but rather it represent their necessary condition.

The modifications in the productive structures, they are being induced for a rhythm accelerated of innovation in the environments of the production, the trade and the services. These changes necessarily have borne new challenges and the search of necessary balances that they permit to the companies achieve a high level of competitiveness.

Being evident this reality, the competitiveness of the companies is referred directly to their capacity in order to innovate and improve, it is say, apply the knowledge to new and different tasks that they allow you to face markets highly concerned.

In consequence, and this is not necessarily [privativo] of industrial giants, the base of the competition is the creation and assimilation of adults applied knowledge, because it is in her that is sustained the managerial success. There is no quality without continuous improvements; improvements without innovation don't exist; there is no innovation without new knowledge.

Now more than never the companies require double their efforts and identify and make his the most modern technology and more appropriate to their necessities.

The industrial property how instrument of support to the competitive of the companies.

It is evident that the transformation that has experienced the world economy, has modified the conditions that determine the force and the wealth of the nations of decisive way. Those transformations have also modified the nature of the resources that they condition the economic power of the states.

These new factors and circumstances are falling necessarily on the evolution of the economy, because the comparative advantages that could have the companies or the nations to each other, they depend now not only of the productivity of the factors of the production and of their relative prices that it could offer them their size, their position in the market or their geographical situation; but also of the capacity in order to innovate and develop new and better products and adapt them with opportunity to more and more dynamic markets and iridescence colors.

In this context, the system of industrial property is an instrument of support to the competitiveness of the company. In order to demonstrate it, permit me that explain them the why of this statement.

It is important consider that the competitiveness of a company depends on their capacity in order to advance to their competitors in the market through the time. It likes each one of the company act of the same way in a permanent desire of maintaining a presence economically interest-yielding in the market, the advantages that in a moment are able to obtain a company they are surpassed later on for the corresponding advantages that in turn carry out another.

For this reason, the competitiveness is dynamic: the advantages that generate the companies are storms and are happened a to another through the time. The companies that don't come to dominate this way of working has how I destine the decrease of their participation and, eventually, they are forced to leave from the market. For this, the competitiveness is a phenomenon in movement, that is of the effort of countless amount of companies by standing out some in front of the other in the market. It as the competitiveness of the companies are internationalized, they settle down pressures and challenges, that in most of the cases are translated in elements that stimulate the innovative process.

The company puts into practice a way with success of competing new or better, it impel it are determination, often overcoming hard critical and big obstacles. In fact, in order to be successful the innovation is accustomed to require decision, necessity and included adversity.

Of course, surprising differences in the patterns of competitiveness in each country exist, because no nation is able to neither it will be competitive in all or in most of the economic sectors; in definitive, the nations triumph in certain sectors because the national environment is the most progressive, dynamic and stimulant.

It is a fact that the companies achieve competitiveness by means of acts of innovation; they focus the innovation in their wider sense, that includes the new technologies like the new methods so much in order to make the things; they perceive a new base in order to compete or they find better means in order to compete to the old way.

The innovation could show in several aspects: in the design of a new product, in a new process of production, in a new focus of market, in the strategy in order to credit and to give prestige one trademark of a product or service, in a better way of administering and operate a business; in short, a endless number of aspects exists that the businesses should explore in order to create true competitive advantages.

Some innovations create competitive advantages perceiving an opportunity to market totally new or serving to a sector of market of which another there is fact case neglectful.

When the competitors respond slowly, such innovation provides an important competitive advantage. So, this way in the automotive sector and the domestic electronic, the japanes companies won initial advantage making insist on smaller models, more compacts and with less capacity than the foreign competitors which disdained it like unless importants and unless atractives.

On the other hand it is important consider that the competitiveness is based, on one hand, in costs low and intense processes of productivity, but not only in that, since the cheap products but they of bad quality are not able to settle down long term in the market; quality is needed, opportunity in the delivery is needed, posterior service is needed for sale and these demands are the same, so much for the Mexican companies like for the foreign companies, they operate in Mexico or in other countries.

When a company develops an improvement or innovation in any of their processes of production, it acquire a relative advantage in front of their competitors, but sooner or later this tends to be surpassed for the better than they in turn carry out other companies.

This expounds the companies a demand in the sense that their improvements are continuous and not occasional. For this, the most competitive companies tend to destine systematicly economic resources and humans in order to develop this type of relative advantages.

In fact for the temporary character of the competitive advantages of the companies, joined to the economic cost that it bear the generation of such advantages, it is that in Mexico and in many other countries offer legal protection to the companies against the copy or imitation not authorized of their inventions and distinctive signs.

When the companies act disloyalty, upon copying or imitate the developments of another that legitimately has carried out an effort of improvement of their products, erode the competitiveness of these last, minimizing these efforts and reducing the advantages that these companies could have carried out, after having invested additional resources in investigation and development.

The legal defense against the copy or disloyal imitation or not authorized of the inventions and the distinctive signs, it is say, the artificial protection of the industrial property, it constitute a double necessity: first, in order to stimulate to the companies to undertake improvements that reinforce their competitiveness through the technological bringing up to date and second, in order to support those companies that have carried out improvements already, so that they are able to during a certain time, benefit from them without being affected negatively. It is for this, that the artificial protection of the industrial property is part of a politics of direct support to the competitiveness.

It is useful, in this sense, contribute a pair of examples: the exclusive right that confers a patent of invention to their holder in order to use or exploit in the industry and in the trade their invention during a period of twenty years, it means a support of legal type so that the holder of the patents conserves a technological advantage in front of their competitors during the mentioned lapse. This right of patent offers you the means for their legal defense against the use for any third to whom had'nt authorized, so that could avoid the disloyal competition of whom, without having invested effort and resources in the generation of that invention, they seek to exploit it in their own benefit.

From similar way, the exclusive right to the use of a commercial mark in order to apply it to certain products, the individual permits or to the company that uses happiness mark, distinguish the products that offer in the market, regarding which they come from their competitors.

This way, the improvements in quality that are made to the products, to the being recognized by the consumers, they tend to elevate the preference of these for the mark in question, rewarding through the increase of their demand to the people or companies that contribute the products of better quality.

In absence of this legal protection to the exclusive right on the use of a mark in the market, the individuals or companies would be defenseless in the face of the imitation or copy of their mark that is used without the consent of them on the part of other individuals or companies, which without place to doubt would discourage the permanent effort in order to carry out improvements in the quality of the products.

The two previous examples illustrate the character that has the artificial protection of the rights of industrial property, of simple way like incentive in order to elevate the competitiveness of the companies.

Also, the legal protection of the rights of industrial favorable property and it facilitate the association or collaboration between the companies, as well as the linking between these and the universities and centers of investigation and technological development, because the delimitation of the rights, that is essential characteristic of the industrial property, allows to carry out in mere form and white the contracts of transfer of technology and of shared investigation, which is of the old importance in a context in which the collaboration, association or linking between different entities, it was accustomed to be more fruitful than the isolated efforts that they carry out the companies in order to improve their competitiveness in the market.

How we could have observed, the industrial property represents an instrument of very important support in order to modernize technically to the companies and elevate their competitiveness. It is for this, that it's during the last years have occurred a strong impulse to the modernization of the system of industrial property in Mexico.

In the new context of international competition, the variables that become key for the success of the variable companies that they become for the success of the companies are: 1) the level of development of the technology with which they are participating in their segment of market, in connection with which they use their competitors; 2) the quality of the human resources with which they count, to all the levels and 3) their capacity of adaptation to changing conditions in the market.

It is so upon giving us to count of the paper of the technology like an instrument of competitiveness, the importance of the industrial property modified in the same address.

In order to carry out the modernization of the system of industrial property they thought about four objectives:

1.- Modification of the legal frame, which necessary made the promulgation of a new law and other regulations dispositions, in order to grant an artificial protection to the rights of industrial similar property to which it offer in countries industrialized with which Mexico maintains a wide commercial relationship.

2.- Create an institutional infrastructure that guarantees the appropriate granted of these rights and establish political of promotion on the importance of these rights for the development of the companies.

3.- Establish a more efficient system for the solution of controversies in the matter, that guarantees their headline an old protection of their rights.

4.- Adhesion from Mexico to the most important International Treaties in the matter.

We will refer to each one of them.

1.- The modernization of the system of industrial property in Mexico, it began with her gone into effect from the Law of Development and Protection of the Industrial Property in June of 1991, the one that was modified in August of 1994, (which it went into effect in October of the same year) changing their denomination to Law of the Industrial Property.

In this Law the international predominant tendencies in the matter are picked up, for what it makes, for example to the time of validity of these rights, 20 years for patents, 10 years for trademarks, are eliminated the restrictive dispositions to the patentability and to the use of foreign contained marks in the law of 1976 and in general levels of protection settle down comparable to those of the industrialized countries, it is possible to mention that with the reformations of 1994 the importance is emphasized that it has the establish measured and effective procedures in order to combat the violation of the rights of industrial property as well as for the solution of controversies in this matter.

In the same sense in November of 1994 was published the regulation of the Industrial Property Law and an agreement for the presentation of applications in the face of the Mexican Institute of the Industrial Property, with what dispositions settle down administrative chords with the new legislation.

2.- The law of 1991 already had the creation of the Mexican Institute of the Industrial Property but like an organism of support to the administrative authority, which continued being an office of the Secretary of Trade and Industrial Development, this Institute is created for Ordinance of the Federal Executive published in the Official Newspaper of the Federation of 10 of December of 1993 and according to the reformations to the Law in 1994 grants you the powers of administrative authority in the matter.

The IMPI is an organism decentralized with juridicial personality and own patrimony whose main powers are the following:

- Coordinate with the diverse public or private institutions, national, foreigners or international, that they consider object the development and protection of the rights of industrial property.

- Process and, in their case, grant the protection that the Law establishes to the rights of industrial property in their diverse forms.

To the being an organism decentralized with juridicial personality and own patrimony, it will have the necessary elements for the better acting of the functions of authority that attributes you, without for it get lost their character of organ of the State.

In this sense, the have personnel qualified and better remunerating it will permit the realization, with old quality of the exams of the applications of exclusive rights that they come in the face of the Institute. Also it will be continued with the acquisition of pile document them and data bases that they permit a better evaluation of happiness applications upon carrying out the exams of bottom.

- Lead the procedures of nullity, expiration and cancellation of the rights of industrial property, formulate the resolutions and emit the administrative corresponding declarations.

- Carry out the investigations of presumed administrative infractions.

To difference of the Office of Patents and trademarks from the United States from America, the Institute, like administrative authority as regards industrial property, it was authorized in order to know of the acts that affect the rights of industrial property and that in our legislation administrati· infractions are considered as, which they are punished with sanctions that go from fines until it for the import from 20 thousand days of general effective minimum wage in the Federal District, until the definitive closing of the establishments.

Inside this faculty, it fit also highlight the relative to the order and execution of the precaution measured, by means of which one could impede or make cease the violation to the rights of industrial property, as well as sanction the realization of acts of disloyal competition with which seeks the repair of the damages and damages occasioned upon titling affected more than the application of sanctions privatives of freedom.

- Like an additional element for the solution of conflicts derived of the violation of a right of industrial property and chord with the international tendencies that they look for alternative methods, that of quick and expedite for. solve the controversies, the Institute are authorized in order to look for the reconciliation of interests in all moment between involving and establish like referee in the resolution of controversies related with the payment of the damages derived of the violation to the rights of industrial property that guide the law, when they involved the they designate expressly.

- Orientation and consultantship to the companies, universities and centers of investigation for the registration, granted and protection of the rights of industrial property like an instrument of competitiveness, tasks that without place to doubts will contribute of important way to the technological modernization of the productive sectors of our country.

In order to fulfill this objective, the Institute will promote and will diffuse the inventions, supporting their development and exploitation in the industry and the trade, it will propitiate the transfer of technology through the popularization of piles document them of technological information, of the elaboration, bringing up to date and diffusion of directories of physical people and morals dedicated to the generation of inventions.

- The substantial part of their activities, it also is it the realization of competitions and exhibitions and the granted of prizes that they stimulate the inventive capacity.

In the new economic context in which the Mexican companies are unwrapped are an imperious necessity the one that they know the operation of the system of industrial property of precise way, so much to national level like international, this task should be one of the action priorities of the IMPI as regards promotion.

The objective of this politics will be that of impelling the development of a new managerial culture in this matter, which should be based in two fundamental principles: to) make respect and know how to use the industrial property of the company like an instrument of support to their competitiveness, and b) respect the industrial property of third.

In this sense, the Institute also provides services of consultantship and of orientation to the industry on the situation that keeps the protection of the rights of industrial property abroad, especially in the countries with which old commercial and technological nexuses are had.

The IMPI, it also offer information on the advances that they register the technologies used to international level in different sectors of the industry.

In this way favorable the participation of the industrial sector in the development and application of technologies that they increase the quality, competitiveness and productivity of the same.

It likes one could observe, the modernization institutional of the system of industrial property from Mexico, it aim to contribute of significant way to the objectives of the technological modernization of the companies, however, the benefits that these receive of the system, will depend on the actions that carry out in order to know and know how to use this instrument of support to the international competitiveness, since, if a new managerial culture in technological matter, the establishment of a solid system of protection of the rights of industrial property in the government environment, is not adopted won't be enough for itself in order to solve the problems that the companies are experiencing for the adaptation to a new economic atmosphere characterized by an intense international competition.

3.- Aditionaly to the established measures to the Industrial Property Law in order to grant old protection to the holders of the rights of industrial property in Mexico. With date 4 of October of 1993 was published the Agreement of the Executive in the Official Newspaper of the Federation, for which it was created the Intersecretarial Commission for the Protection and Surveillance of the Intellectual Property.

This Commission considers object coordinate the actions that carry out the different dependences of the Public Federal Administration in order to assure the exact execution of the laws in this matter, with absolute respect of the principles of free concurrence and economic competition.

In this Commission the representatives will participate of:

The Secretary of Government who act as a Technical Secretary of the Commission, the Secretary of Finance and Public Credit, the Secretary of Trade and Industrial Development, the Secretary of Public Education, the General Attorney's Office of the Republic, and of the General Attorney's Office of Justice of the Federal District.

The Commission has the following functions:

- Act as an instance of coordination of the dependences that they have competition with relationship to the several aspects of execution, surveillance, application or combat to the violation of the dispositions of Federal Copyright Law and the Development and Protection of the Industrial Property Law, particularly cooperate according to the legal dispositions with the General Attorney's Office of the Republic for the integration of the previous verifications.

So much in the Federal Copyright Law, like in the Development and Protection of the Industrial Property Law, diverse criminal types settle down, in whose application should intervene so much the Dependence entrusted of the bottom of the matter, in our case the Secretary of Trade and Industrial Development, like the Dependence entrusted of the previous verification and the exercise of the penal action, this is, the General Attorney's Office of the Republic.

It also is possible that they in a case of violation of the rights of intellectual property are involved more than a dependence, due to the violation so much of royalties, like of marks or patents. In this way will avoid that a person violates some of these rights, shielding in the right of another, and in order to avoiding contradictions, determine the validity and order of each one of these rights, with what it will finish the old practice of registering a logo in the face of copyrights, when a trademark already exists previous registered.

- Request information relative to the different aspects of the violation to the rights of intellectual property and propose specific means for the combat to the violation of the Federal Copyright Law and the Development and Protection of the Industrial Property Law, with regarding the principles of competition economic and free concurrence.

It is an object of this Commission the combat to the violation of rights of intellectual property, but without incurring in violation to the principles of free concurrence and economic competition.

- Be used as connection with the different groups of the society interested in combatting the violation to the rights of intellectual property, such like: authors, artists, producing phonographs and cameras of industrial and merchants, managers and distributors authorized of legitimate products that is protected by any right of intellectual property and propose the celebration of agreements with the federal entities so that they participate in the fight against the violators of rights of intellectual property.

It is of supreme importance that for the protection of the rights of intellectual property all the sectors participate that they could be involved, so that through their experience and taking their particular perspective in consideration, one could take the most appropriate measures.

- Make advertisings campaigns against the violators of the rights of intellectual property and in please the respect and execution to the Disposition of the Federal Copyright Law and the Development and Protection of the Industrial Property Law.

4.- Finally was considered the importance of the treaties and international agreements in the matter, in order to reach the objective of granting a similar protection to which it is in the industrialized countries, of such a form that a foreign holder obtains in Mexico a level of similar protection to which they could find in their country of origin and in turn the national holders could obtain a level of similar protection to which they have their competitors abroad.

We could mention that Mexico already was part of the following international treaties:

The Agreement of Paris for the Protection of the Industrial Property; the Lisbon Agreement for the Protection of the Apellation of Origin and their International Registration; the Agreement that establishes the World Organization of the Intellectual Property and the Nairobi Treaty for the protection of the Olympic Symbol.

However, for the process of modernization they were of supreme importance two treaties more:

1.- The Patents Cooperation Treaty, and

2.- The International Agreement for the Protection of the Vegetables Obtaining.

1.- The been Cooperation as regards PCT Patents, that went into effect starting from January 1 of 1995 is particularly important because today in day is difficult imagine a country with an economy strongly integrated to the world trade and with a solid system of industrial property that doesn't include their participation in this important Treaty.

The PCT for Mexico means an easier instrument and economic for national and foreigners in the procedure of international applications of patents. In our country, the 98% of the applications of headline foreigners that come in the face of the IMPI come from countries members of this Treaty, mainly of United States and countries members of the European Office of Patents.

This multilateral instrument, where currently more than 85 countries are members that in their great majority are industrialized, are chord with the politics of opening of the Mexican economy.

With the adhesion of our country to this Treaty, a person will request the granted of a patent in several countries, through the IMPI and in Spanish language.

The PCT turns out to be particularly important since how I mentioned the 98% of the applications of patent of headline presented foreigners in Mexico, they come from countries members of the PCT with which our country carries out their international trade, the promotion of foreign investments and of transfer of technology. The adhesion to the PCT will also contribute to the process of internationalization of the Mexican companies, facilitating the protection of their rights of industrial property in the markets in which they participate. At the same time, it will strengthen the international reached prestige through Mexico as regards industrial property starting from the Law of 1991.

2.- The International Agreement for the Protection of the Vegetables Obtaining, which was approved for the Camera of Senators by means of Ordinance published in the Official Newspaper of 27 of December of 1995, regarding which in the next months their application will be orchestrated upon sending the law that picks up the substantivos dispositions of saying agreement.

The modernization process to which we have referred, neither has been untied of the insert of our country to multilateral or regional outlines of commercial integration with the purpose of looking for an appropriate protection of the rights of industrial property for all to the established company in Mexico, in this Mexico way have subscribed the following:

Commercial international agreements. That contains Chapters of Intellectual Property.

North American Free Trade Agreement. Sixth Leaves XVII Chapter.

Free Trade Agreement between Mexico, Colombia and Venezuela (G3). XVIII chapter.

Free Trade Agreement between Mexico and Bolivia. XVI chapter.

Free Trade Agreement between Mexico and Costa Rica. XIV chapter.

Trade Related Intellectual Property Rights Agreement (Annex 1C of the Agreement of Marrakech for which the World Trade Organization settles down).

The current Industrial Property Law incorporates the main dispositions that in the matter settled down in these commercial agreements.

Additionaly and in order to conclude this objective they in Mexico will be carried out the conducive actions to the adhesion of our country to the following international treaties:

Agreement of Budapest (1977) on the international recognition of the deposit of microorganisms to the ends of the procedure as regards patents,

Arrangement of Estrasburgo (1971) relative to the International Classification of Patents,

Arrangement of Niza (1957) relative to the International Classification of Products and Services for the Registration of the Marks,

Arrangement of Locarno (1968) that establishes an International Classification for the Drawings and Industrial Models,

Agreement of Vienna (1973) for which an International Classification of the figurative elements of the marks settles down.

How the Mexican Institute of the Industrial Property will have been appreciated in this process of modernization of the system of industrial property it has played a preponderant paper, since of little it would serve the have a legal appropriate frame, if the institutional infrastructure is not had required in order to make that the system works, we for this are heading for the task of equipping to the Institute with the teams that they permit an efficient administration, qualify to the personnel and design new and better systems for the presentation and step of applications.

Finally and for their promptly reference accompanies a summary of the legal dispositions that they conform the juridical frame of the industrial property in Mexico.

For their attention thank you.

# LEGAL MARK

Organic dispositions of the Mexican Institute of the Industrial Property.

**Law of the Industrial Property.** (DOF 27 of June of 1991; DOF reformation 2 of August of 1994).

**Ordinance for which the Mexican Institute of the Industrial Property is created.** (10 of December of 1993).

**Regulation of the Mexican Institute of the Industrial Property.** (DOF 23 of November of 1994).

**Organic statute of the Mexican Institute of the Industrial Property.** (DOF 5 de diciembre de 1994).

**Agreement for which powers in the directors, [subdirectores], are delegated bosses of department and another subordinate of the Mexican Institute of the Industrial Property.** (DOF 5 of December of 1994).

Applicable dispositions as regards industrial property.

## NATIONAL.

**Law of the Industrial Property.** (DOF 27 of June of 1991; DOF reformation 2 of August of 1994).
**Regulation of the Law of the Industrial Property.** (DOF 23 of November of 1994).

**Agreement for which the Intersecretarial Commission for the Protection is created, Surveillance and Safeguard of the Right of Intellectual Property.** (DOF 4 de diciembre de 1993).

**Agreement that establishes the rules for the presentation of applications in the face of the Mexican Institute of the Industrial Property.** (DOF 14 of December of 1994).

**Agreement for which the rate for the services is made known that lend the Mexican Institute of the Industrial Property.** (DOF 23 of August of 1995; reformation 28 of December of 1995).

## INTERNATIONAL.

### International protection of the Industrial Property (OMPI).

**Agreement of Paris for the Protection of the Industrial Property.** (DOF 27 de julio de 1976).
Signed 20 of March of 1883.
Ratified 7 of September of 1903.
Revised 14 of July of 1967 (Record of Estocolmo).
Approved by the Camera of Senators 11 of September of 1975 (Ordinance published in the DOF March 5 of 1976).

**Agreement that establishes the World Organization of the Intellectual Property.** (DOF 8 of July of 1975).
Signed 14 of July of 1967 (Record of Estocolmo).
Approved by the Camera of Senators 1 of October of 1974 (ordinance published in the DOF January 21 1975).
Ratified 22 of January of 1975.
Deposit of the instrument of ratification 14 of March of 1975.

**Been Cooperation as regards Patents.** (DOF 31 of December of 1994).
Signed June 19 of 1970 (modified the last occasion February 3 of 1984 and their Regulate September 29 of 1992).
Approved by the Camera of Senators 14 of July of 1994 (published Ordinance July 25 of 1994).
Deposit of the instrument of adhesion 1 of October of 1994.

**Been Nairobi on the Protection of the Olympic Symbol.** (DOF 2 of August of 1985).
Signed 26 of September of 1981.
Approved by the Camera of Senators 20 of December of 1984 (Ordinance published in the DOF January 28 of 1985).
Ratified 11 of February of 1985.
Deposit of the instrument of ratification 16 of April of 1985.

**Arrangement from Lisbon relative to the Protection of the Denominations of Origin and their International Registration.** (DOF 11 of July of 1964).
Signed 31 of October of 1958.
Approved by the Camera of Senators 26 of December of 1962 (Ordinance published in the DOF December 31 of 1962).
Ratified 19 of December of 1963.
Deposit of the instrument of adhesion 21 of February of 1964.

***Commercial international agreements. Chapters of Intellectual Property.***

**Been Free Trade from America of the North.** Sixth Leaves XVII Chapter. (DOF 20 de diciembre de 1993).
Signed 17 of December of 1992.
Approved by the Camera of Senators 22 of November of 1993 (Ordinance published in the DOF December 8 of 1993).

**Been Free Trade between Mexico, Colombia and Venezuela (G3).** XVIII chapter. (DOF 9 of January of 1995).
Signed 13 of June of 1994.
Approved by the Camera of Senators 13 of June of 1994 (Ordinance published in the DOF December 16 of 1994).

**Been Free Trade between Mexico and Bolivia.** XVI chapter. (DOF 11 of January of 1995).
Signed 10 of September of 1994.
Approved by the Camera of Senators 16 of December of 1994 (Ordinance published in the DOF December 28 of 1994).

**Been Free Trade between Mexico and Costa Rica.** Capítulo XIV. (DOF 10 of January of 1995).
Signed 5 of April 1994.
Approved by the Camera of Senators 8 of June of 1994 (Ordinance published in the DOF June 21 of 1994).

**Agreement of the aspects of the Rights of Intellectual related Property with the Trade (Annex 1C of the Agreement of Marrakech for which the World Organization of the Trade settles down).** (DOF 30 of December of 1994).
Signed 15 of April 1994 (Final Record of the Beat from Uruguay of Commercial Multilateral Negotiations).
Approved by the Camera of Senators 13 of July of 1994 (Ordinance published in the DOF August 4 of 1994).
Deposit of instrument of ratification 31 of August of 1994.

Related applicable dispositions as regards industrial property.

**Law customs officer.**

**Penal code.**

**Civil code.**

**Federal law of Protection to the Consumer.**

**Federal law on Metrología and Normalization.**

**Mercantile code.**

**Federal law of Public Correduría.**

**Fiscal code of the Federation.**

**Organic law of the Public Federal Administration.**

**Federal law of the Paraestatales Entity.**

**Federal law of Responsibility of the Public Servants.**

# *LEGAL PROTECTION*

# *OF INTELLECTUAL PROPERTY*

# *RIGHTS IN MEXICO*

# LEGAL SISTEM IN MEXICO

***IS A FEDERAL REPUBLIC***

***WITH FEDERAL POWERS AND STATE POWERS***

***MEXICO HAS 3 DIFFERENT POWERS IN EACH ONE***

| ***FEDERAL*** | ***STATES*** |
|---|---|
| ***EXECUTIVE - PRESIDENT*** | ***GOVERNOR*** |
| ***LEGISLATIVE - CONGRESS*** | ***CONGRESS*** |
| ***JUDICIAL - COURTS*** | ***COURTS*** |

***CONSTITUTION***

***INTERNATIONAL TREATIES***

***FEDERAL LAWS***

***STATE LAWS***

***FEDERAL RULES***

***ADMINISTRATIVE PROVISIONS***

# CONSTITUTION

- ***ART. 28 EXCLUSIVE RIGHT OF PATENT AND COPYRIGHT OWNERS***

- ***ART. 73 CONGRESS CAN MAKE LAWS ABOUT PATENTS, TRADMARKS AND COPYRIGHTS***

# INTERNATIONAL TREATIES

***PARIS CONVENTION***

***LISBON ARRANGEMENT (APPELLATION OF ORIGIN)***

***BERNE CONVENTION***

***ROME CONVENTION***

***UNIVERSAL CONVENTION OF COPYRIGHT***

***WIPO CONVENTION***

***PATENT COOPERATION TREATY***

***UPOV CONVENTION***

## POLICIES

***CREATING A MORE COMPETITIVE MARKET ENVIRONMENT***

***PROTECTION OF INDUSTRIAL PROPERTY RIGHTS COMPARABLE TO THOSE EXISTING IN INDUSTRIALIZED COUNTRIES***

***GIVE MORE LEGAL CERTAINTY AND SECURITY TO INVESTMENT IN MEXICO***

***FACILITATE THE TRANSFER OF TECHNOLOGY ABROGATION OF THE TECHNOLOGY TRANFER LAW***

***FOLLOWS THE MAINSTREAM OF INTERNATIONAL LAW ON INTELLECTUAL PROPERTY PROTECTION***

| ADMINISTRATIVE AUTHORITY | |
|---|---|
| **COPYRIGHT**<br><br>**THE MINISTER OF PUBLIC EDUCATION**<br><br>**THE GENERAL DIRECTION OF COPYRIGHT.** | **INDUSTRIAL PROPERTY**<br><br>**THE MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY.** |

## THE INTELLECTUAL PROPERTY RIGHTS ARE DIVIDED IN TWO BIG ITEM:

| COPYRIGHT | INDUSTRIAL PROPERTY RIGHTS |
|---|---|
| • MASTERPIECE: | |
| - LITERARIES | - PATENTS |
| - SCIENTIFICS | - INDUSTRIAL DESIGN |
| - MUSICALS | - TRADEMARKS |
| - DANCES, CHOREOGRAPIES | - TRADENAMES |
| - PICTORIALS, DRAWINGS, ENGRAVINGS | - TRADE SECRETS |
| - SCULPTURES | - APELLATION OF ORIGIN |
| - ARCHITECTURALS | - UTILITY MODELS |
| - PHOTOGRAFICS | |
| - CINEMATOGRAPHICS | |
| - AUDIO-VISUAL | |
| - RADIO AND TELEVISION | |
| - COMPUTER PROGRAMS | |

# *PROTECTIONS OF THE INDUSTRIAL PROPERTY*

***THE MEXICAN INSTITUTE OF THE INDUSTRIAL PROPERTY IS AN SPECIALIZED ADMINISTRATIVE AUTHORITY THAT GRANTED PATENTS OF INVENTION AND REGISTRY UTILITY MODELS, INDUSTRIAL DESIGN, TRADEMARKS, AND TRADENAMES AND PROTECT APPELLATION OF ORIGIN.***

***THE MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY PUBLISHES THE TRADENAMES, AS SOON AS ITS RENOVATION, TRANSMITION OR LICENSE OF USE AND EXPLOTATION.***

***THE MEXICAN INSTITUTE OF THE INDUSTRIAL PROPERTY HAS FACULTY TO MAKE INVESTIGATIONS OF PRESUMED ADMINISTRATIVE INFRINGEMENTS, PRACTICE INSPECTOR'S VISITS, TO REQUIRE INFORMATION, ORDER AND EXECUTE THE PROVISIONALS MEASURES TO STOP THE VIOLATION OF THE INDUSTRIAL PROPERTY RIGHTS.***

***THE MEXICAN INSTITUTE OF THE INDUSTRIAL PROPERTY ESTABLISH THE ADMINISTRATIVE PUNISHMENT TO (PRESUMED TRANSGRESSOR) OF INDUSTRIAL PROPERTY RIGHTS.***

| COPYRIGHT | INDUSTRIAL PROPERTY |
| --- | --- |
| NATIONAL LEGISLATION | |
| COPYRIGHT LAW | INDUSTRIAL PROPERTY LAW |

# COPYRIGHT

| | |
|---|---|
| THE CIVIL COURT | - CIVIL ACTION<br>- RESOLUTION THAT MODIFY, EXTINGUISH AND CONFIRM THE COPYRIGHT |
| ATTORNEY GENERAL'S OFFICE AND CRIMINAL COURT | CRIMINAL ACTION |

# COPYRIGHT

| | |
|---|---|
| ***PENALTIES IN COPYRIGHT*** | ***from SINCE 6 MONTHS UNTIL 6 YEARS OF PRISION*** ↗ ***from OR SINCE 50 UNTIL 500 DAYS OF SALARY OF FINE*** ↘ |

# INDUSTRIAL PROPERTY

| | |
|---|---|
| ***I.M.P.I.***<br>***ADMINISTRATIVE AUTHORITY*** | ***- PROCEDURES FOR THE GRANTED OF PATENTS AND REGISTRY OF INDUSTRIAL PROPERTY RIGHTS***<br><br>***- PROCEDURES OF CONTROVERSIES OF THE SUBJECT*** |

# I. M. P. I.

***PROCEDURES OF ADMINISTRATIVE DECLARATION***

- ***NULLITY***
- ***CANCELATION***
- ***CADUCITY***
- ***ADMINISTRATIVE INFRINGEMENT***

# INDUSTRIAL PROPERTY PENALTIES

| | |
|---|---|
| ***INDUSTRIAL PROPERTY PENALTIES FOR THE CRIMINAL OFFENSE*** | ***↗ SINCE 2 YEARS UNTIL 6 YEARS OF PRISION***<br><br>***OR***<br><br>***↘ SINCE 100 UNTIL 10 000 DAYS OF GENERAL MINIMUN SALARY ACTUALLITY IN D.F. OF FINES*** |

# INSTITUTIONAL FRAME

## INDUSTRIAL PROPERTY

- **SOLUTION OF CONTROVERSIES**

  **I. M. P. I.**

  **FACULTY TO BE ARBITROR**

  **SOLUTION CONTROVERSIES RELATIVE TO THE VIOLATION OF THE INDUSTRIAL PROPERTY RIGHTS THROUGH IMPOSED OF ADMINISTRATIVE PENALTIES.**

- **FEDERAL CIVIL COURT AND COMMON ORDER CIVIL COURT.**

  **SOLUTION CONTROVERSIES RELATIVE TO THE PAGE OF DAMAGE.**

- **FEDERAL CRIMINAL COURT.**

  **SOLUTION CONTROVERSIES RELATIVE TO THE OFFENSE'S CASE.**

- **ATTORNEY GENERAL'S OFFICE.**

  **INTEGRATE THE ELEMENTS OF THE OFFENSE.**

# INSTITUTIONAL FRAME

## COPYRIGHT

- ***SOLUTION OF CONTROVERSIES***
  ***S. E. P.***
  ***CONCILIATORY ACTIVITY***
- ***FEDERAL CIVIL COURT AND COMMON ORDER CIVIL COURT.***

  ***SOLUTION CIVIL CONTROVERSIES RELATIVE TO THE VIOLATION OF THE RIGHT AND THE PAY OF THE DAMAGES.***
- ***FEDERAL CRIMINAL COURT.***

  ***SOLUTION CONTROVERSIES RELATIVE TO THE OFFENSE'S CASE.***
- ***ATTORNEY GENERAL'S OFFICE.***

  ***INTEGRATE THE ELEMENTS OF THE OFFENSE.***

| INDUSTRIAL PROPERTY MEASURES | |
|---|---|
| *I. M. P. I.* | *- ORDER THE RETREAT OF CIRCULATION OR PREVENT IT, OF THE PRODUCTS THAT VIOLATE THE OWNER'S RIGHTS.*<br>*- PROHIBIT THE COMMERCIALIZATION AND USE OF THE PRODUCTS THAT VIOLATE THE OWNER'S RIGHTS.*<br>*- ORDER THE SECURE (SEIZE) OF PRODUCTS.*<br>*- ORDER THE SUSPENTION OF THE ACT TO THE PRESUMED TRANSGRESSOR.*<br>*- ORDER THE SUSPENTION OF THE SERVICE LENDING.* |

# INDUSTRIAL PROPERTY

| | |
|---|---|
| **PROCEDURE INITATION OF ADMINISTRATIVE DECLARATION** | **- INTERESTING PARTIES PETITION**<br><br>**- AUTHORITY (I.M.P.I.)** |

# ADMINISTRATIVE AUTHORITY
# I.M.P.I.

| | |
|---|---|
| ***PROCEDURE OF INSPECTION AND VIGILANCE*** | ***- REQUERIMENTS OF INFORMS AND FILES***<br><br>***- INSPECTION VISITATION*** |

| L.M.P.A. | |
|---|---|
| ***ADMINISTRATIVE INFRIGEMENT*** | ***- UNTIL 20 000 DAYS OF GENERAL MINIUM SALARY IN D.F. OF FINE.***<br><br>***- TEMPORARY CLOSING UNTIL 90 DAYS.***<br><br>***- DEFINITY CLOSING.***<br><br>***- ADMINISTRATIVE ARREST UNTIL 36 HOURS.***<br><br>***- ORDER THE SUSPENTION OF THE SERVICE LENDING.*** |

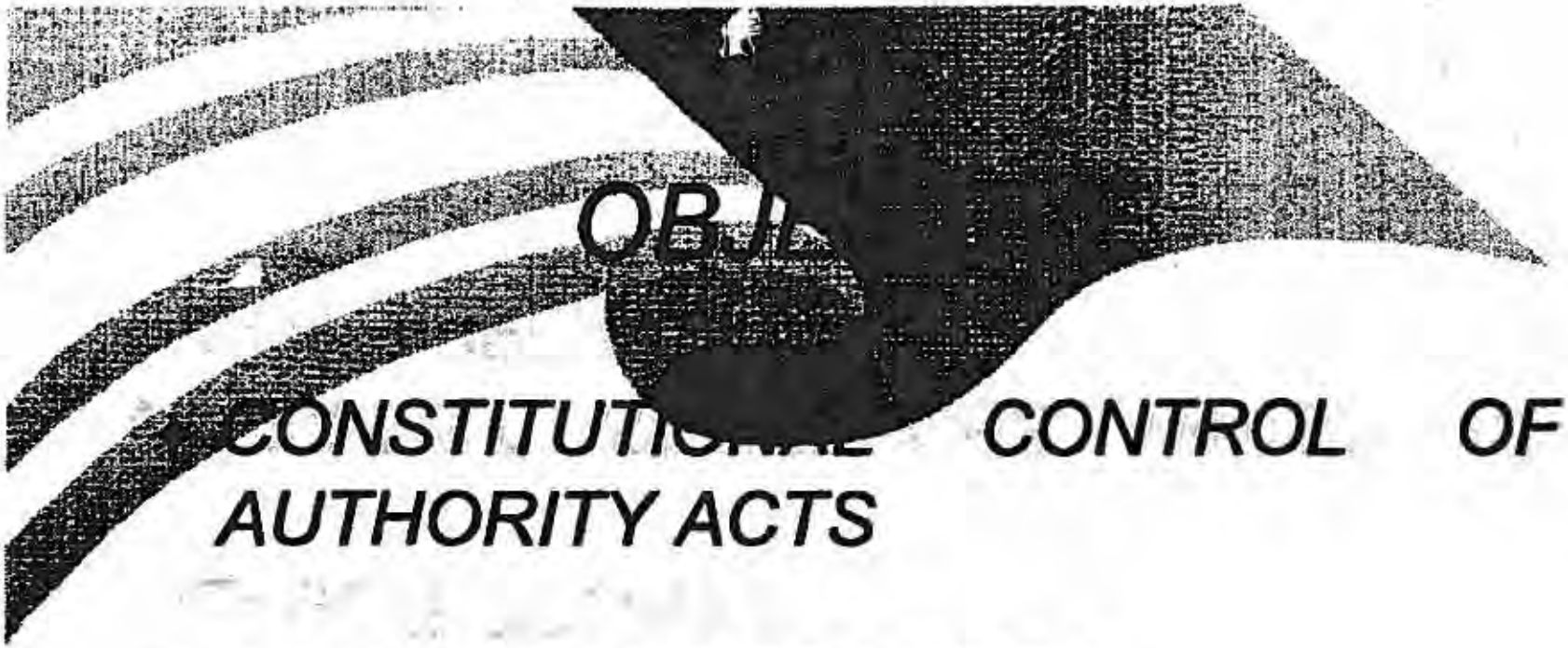
## *INDUSTRIAL PROPERTY CRIMINAL OFFENSE*

- *REPEATING IN SOME TRANSGRESSION.*
- *FALSIFY TRADEMARKS WITH FRAUD AND IN COMMERCIAL SCALE.*
- *ILLEGAL IS CLOSURE OF A TRADE SECRETS.*
- *ILLEGAL APPROPIATION OF TRADE SECRETS.*
- *ILLEGAL USE OF A TRADE SECRETS.*




JESUS MEJIA SALAZAR

MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY (I.M.P.I.)



## OBJECTIVE

- CONSTITUTIONAL CONTROL OF AUTHORITY ACTS
- AS A LEGAL RESOURCE
- THERE ARE TWO KINDS
- DIRECT AND INDIRECT

# DIREC[illegible]RO

- AGAINST FINAL SENTENCES IN A SUIT WHICH CAME FROM A JUDICIAL, ADMINISTRATIVE OR LABOR COURTS

- AGAINST SENTENCES WHICH IS NOT APPEALABLE

# PROCCEDI[illegible]STEPS

- FIRST INSTANCE CIVIL
- CRIMINAL, FAMILY COURTS
- FEDERAL OR STATE COURTS

- COMPLAINT
- ANSWER TO THE COMPLAINT
- PROOF
- BRIEF OR ALLEGATION
- SENTENCE

# PROCEDURAL STEP

- SECOND INSTANCE
- APPEAL REVIEW

- APPELLATE COURT
- FEDERAL OR STATE

# PROCEDURAL STEPS

## AMPARO PROCCES BEFORE FEDERAL CIRCUIT TRIBUNAL

- DIRECT AMPARO

# DIRECT[illegible] TAKE ACTI[illegible]

- INFRINGEMEN[illegible] CONSTITUTIONAL GUARANTEES IN THE OWN SENTENCE

- WHEN THE SENTENCE WILL BE AGAINST THE LAW, THEIR INTERPRETATION OR THE GENERAL PRINCIPLE OF LAW

- WHEN THE SENTENCE COMPRISE MORE ACTIONS THAN THE ORIGINAL SUIT OR DOES NOT COMPRISES ALL OF THEM

# INDIRECT [illegible] TAKE ACTION

- AGAINST FEDERAL OR STATE LAWS, INTERNATIONAL TREATIES, RULES DECREES, WHEN BY ITSELF WILL BE PREJUDICIAL TO ONE PERSON

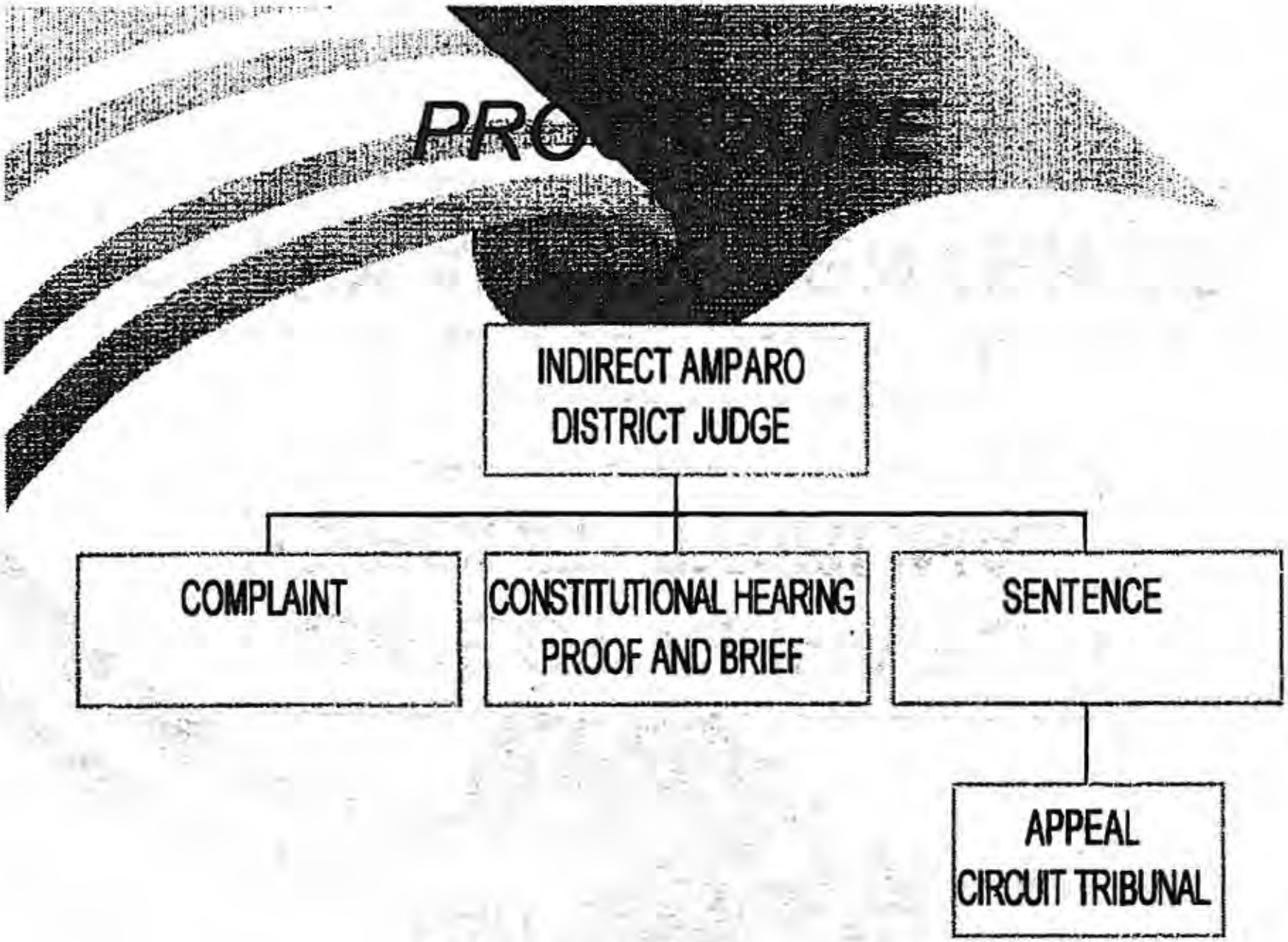
- AGAINST AUTHPRITY ACTS DIFERENT OF A FEDERAL OR STATE COURT, JUDICIAL, ADMINISTRATIVE OR LABOR COURTS

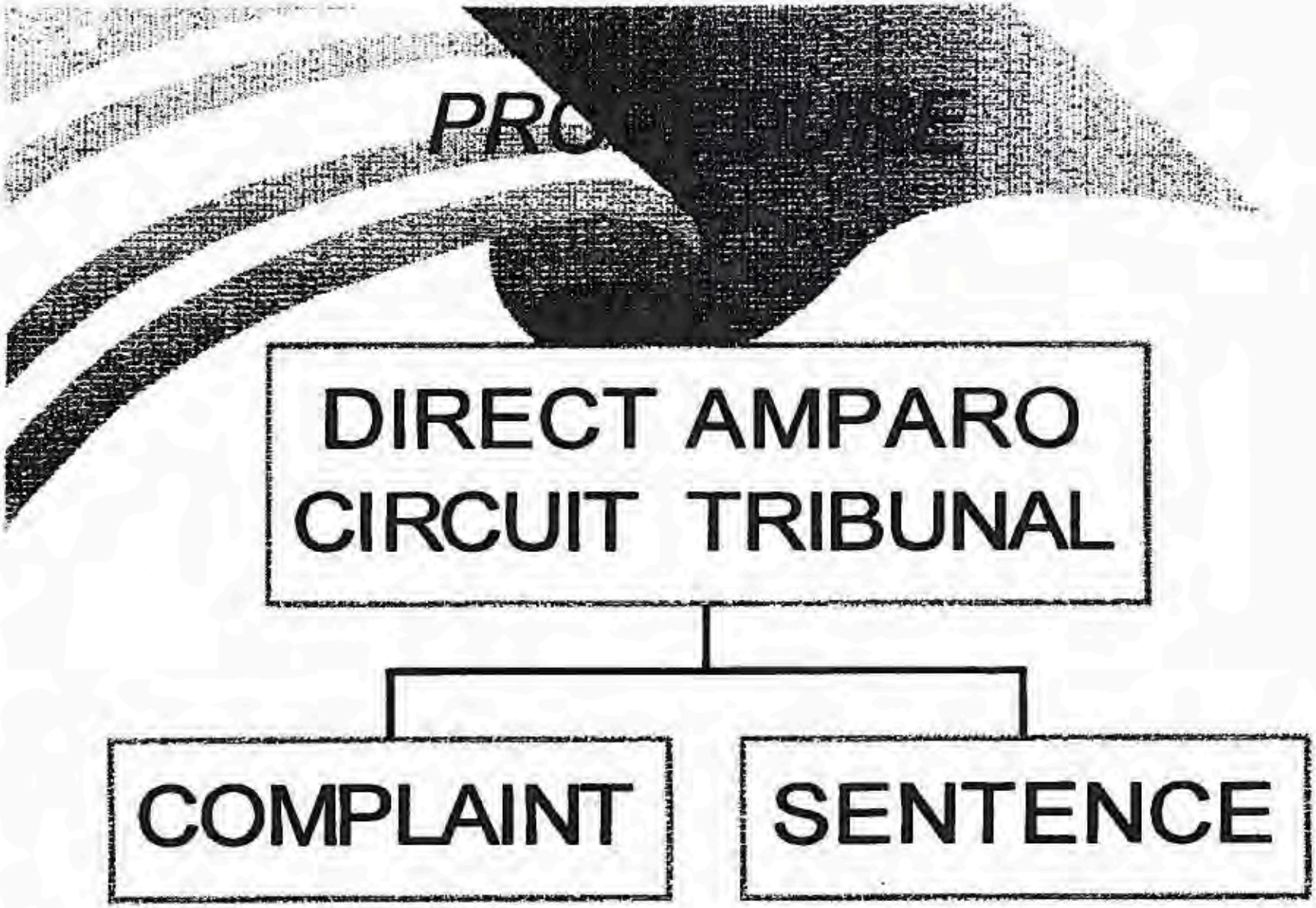
# INDIREC[illegible] TAKE AC[illegible]

- AGAINST ACT[illegible]ICH CAME FROM JUDICIAL, ADMINISTRATIVE OR LABOR COURTS AFTER THE SUIT IS ENDING

- AGAINST DECITIONS IN A SUIT WHICH CAN CAUSE A IRREPARABLE HARM

- AGAINST ACTS WHICH CAN AFFECT A THIRD PERSON IF THERE IS NOT AN ORDINARY REVIEW OF THAT ACTS


INDIRECT AMPARO
DISTRICT JUDGE
COMPLAINT
CONSTITUTIONAL HEARING
PROOF AND BRIEF
SENTENCE
APPEAL
CIRCUIT TRIBUNAL


DIRECT AMPARO
CIRCUIT TRIBUNAL
COMPLAINT
SENTENCE

## FUNDAMENTAL ... PRINCIPLES OF THE A... PROCESS

- CONDUCT ONLY TO IN... THE REQUEST OF ANY PERSON, T... NDUCT EX OFFICIO.

IT MUST EXIST A PERSONAL INJURY AND DIRECT IT IS, THAT IF DOESN´T EXIST A PERSON INJURIED, OR DOESN´T EXIST A DIRECT INJURY IN THE ANNOYED IS IRRELEVANT THE AMPARO.

- THE SENTENCE´S RELATIVITY, WHEN THE AMPARO WAS GRANTED IN THE SPECIFIC CASE, WITHOUT MAKE A GENERAL DECLARATION RESPECT TO THE LAW OR TO THE MOTIVATED ACT.

# FUNDAMENTAL [illegible] PRINCIPLES OF THE A[illegible] PROCESS

- OF DEFINITIVE, RES[illegible] THE AMPARO PROCESS IS TH[illegible]AL RECOURSE AND ONLY CONDUC[illegible]N THERE IS NOT ORDINARIES RECOURSES OR MEASURES OF LEGAL´S DEFENSE AGAINST REFUTED ACT.

- STRICT PRINCIPLE OF RIGHT THAT IMPLICATE THE JUDGE IMPOSSIBILITY TO REPLACE THE DEFICIENCIES OF THE AMPARO COMPLAINT UNLESS THE CASES OF OXCEPTION IN PENALTY SUBJECT, LABOR, IN FAVOR OF THE WORKER AND AGRARIAN OR WHEN WILL REFUTE FOUNDED ACTS IN INCONSTUTIONAL LAWS PREVIOUSLY STATEMENT BY THE JURISPRUDENCE.

# SENTENCE [illegible] AMPARO

- GRANTING [illegible] ...RO TO THE COMPLAINANT
- DENIED THE AMPARO TO THE COMPLAINANT
- GRANTING THE AMPARO IN ORDER TO RESTORE A CASE
- TO DISMISS FOR A PROCCEDURE CAUSES

# PARTIES [illegible] AMPARO

- COMPLAINANT
- RESPONSIBLE AUTHORITY
- THIRD PARTIES WHICH COULD BE PREJUDICED BY THE SENTENCE
- THE ATTORNEY GENERAL´S OFFICE

# COMPETEN[illegible]HORITY

- THE AUTHORITY SHALL BE AUTHORIZED IN A LAW PREVIOUSLY ENACTED TO THOSE FACTS IN ORDER TO ISSUE A RESOLUTION

- THE AUTHORITY JUST COULD BE ABLE TO THAT WHICH EXPRESSALY IS PERMITED IN THE LAW

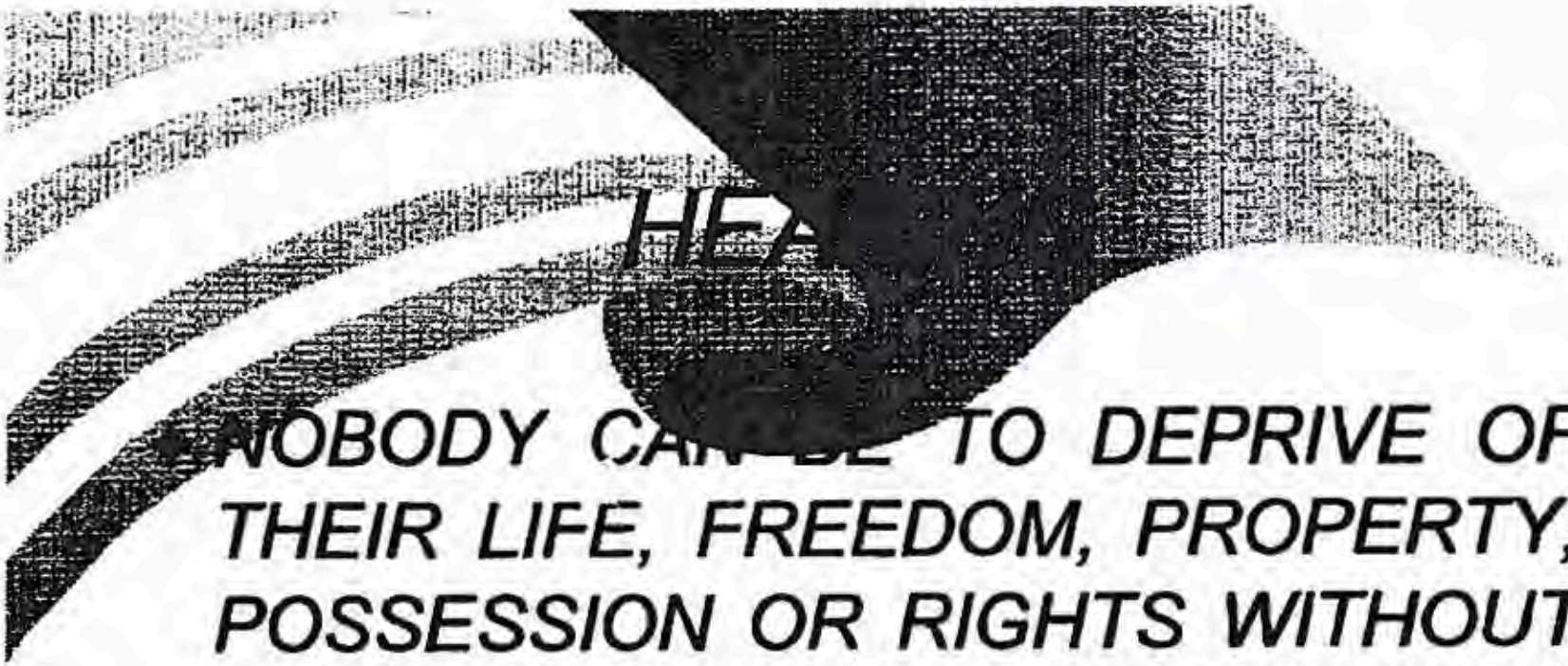
# INTELLEC[illegible]OPERTY

- COPYRIGHT [illegible]MPARO PROCEEDING

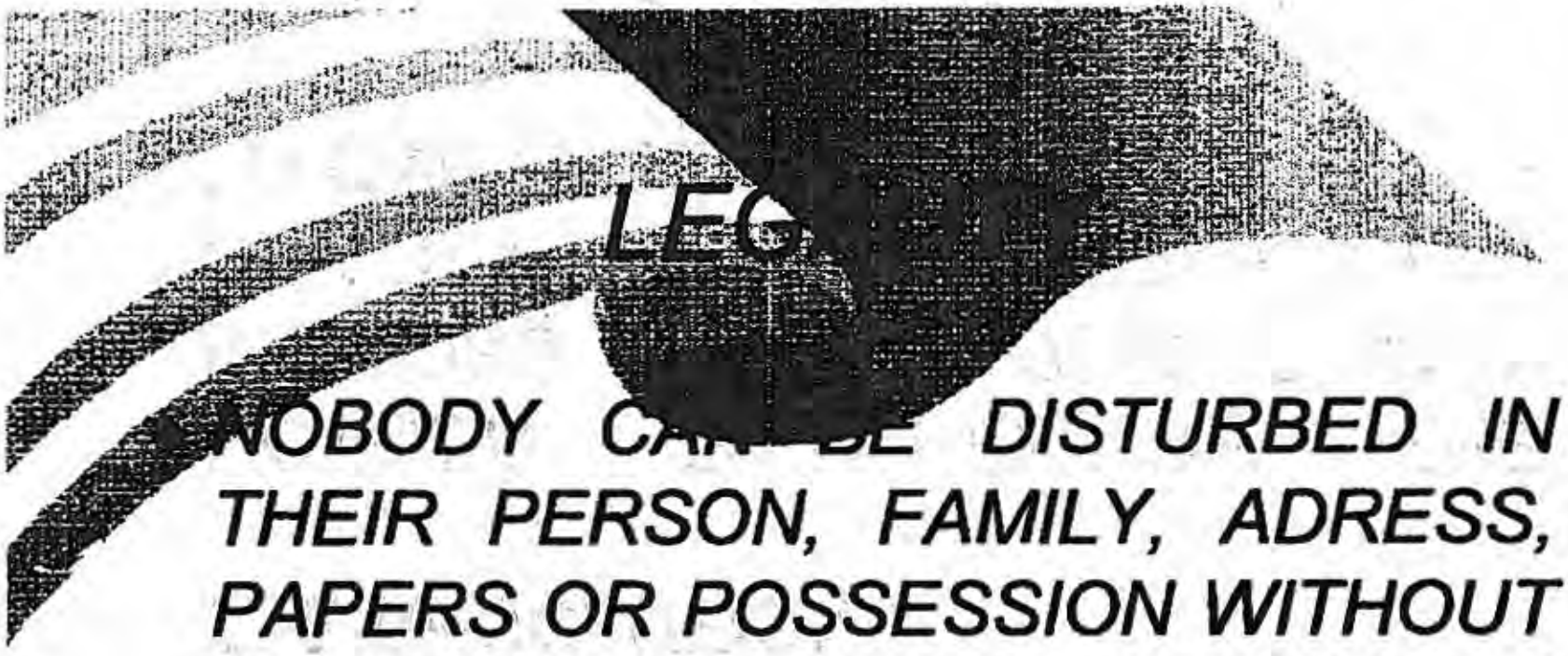
| | |
|---|---|
| ✦ COPYRIGHT OFFICCE ACTS | ✦ INDIRECT |
| ✦ CIVIL COURT SENTECE AFTER APPEAL | ✦ DIRECT |
| ✦ CRIMINAL COURT AFTER APPEAL | ✦ DIRECT |

# CONSTITUTIONAL GUARANTEES

| | |
|---|---|
| ✦ HEARING | ✦ ART. 14 |
| ✦ LEGALITY | ✦ ART. 16 |
| ✦ WELL-FOUNDED AND MOTIVE | ✦ ART. 16 |
| ✦ NON RETROACTIVITY | ✦ ART. 14 |
| ✦ PETITION | ✦ ART. 8 |



NOBODY CAN BE TO DEPRIVE OF THEIR LIFE, FREEDOM, PROPERTY, POSSESSION OR RIGHTS WITHOUT SUIT BEFORE A PREVIOUSLY STABLISHED TRIBUNALS, AND WITH THE FULFIL DUE PROCESS FORMALITIES IN ACCORDANCE WITH A PREVIOUSLY ENACTED LAW


LEG
NOBODY CAN BE DISTURBED IN
THEIR PERSON, FAMILY, ADRESS,
PAPERS OR POSSESSION WITHOUT
A WRITEN ORDER FROM A
COMPETENT AUTHORITY WHICH
WELL FOUDED AND MOTIVE THE
LEGAL CAUSE OF ACTION.

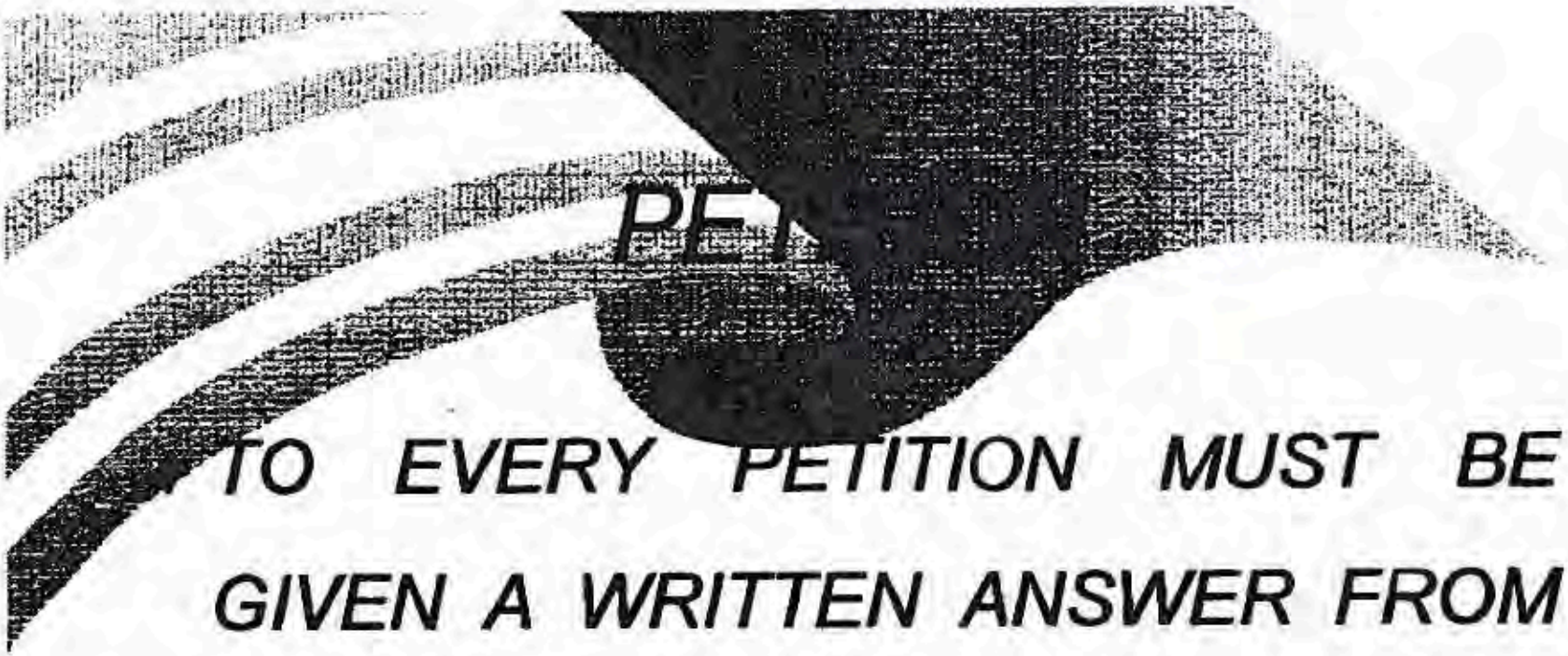
# WELL-FOUNDED AND MOTIVED

- WELL-FOUNDED: TO INDICATE WITH PRECITION THE ARTICLES IN THE LAWWHICH SIRVE AS A BASIS OF THE RESOLUTION

- MOTIVED TO INDICATE THE REASONS OF THE AUTHORITIES IN ORDER TO APPLY THOSE ARTICLES TO ONE CASE

# NON RETROACTIVITY

- NONE LAW WILL BE RETROACTIVITY APPLIED IN PREJUDICE OF NONE PERSON




TO EVERY PETITION MUST BE GIVEN A WRITTEN ANSWER FROM THE AUTHORITIES WHICH RECIBE IT, IN A SHORT TIME

# INVESTMENT-ORIENTED INTELLECTUAL PROPERTY PROTECTION: A Numerical Rating System Applied to Fifteen Developing Countries*

Robert M. Sherwood

This paper presents a numerical rating system by which national intellectual property regimes may be both assessed and compared. The rating system examines regime effectiveness from the perspective of private investment stimulation, particularly national private investment. This provides a basis for looking at the contribution which intellectual property protection makes to the process of economic development.

For many private investors, both national and foreign, there is a salient difference between the newly effective "TRIPS" level of protection required by the World Trade Organization, and higher levels of protection which serve to stimulate investment.

The TRIPS Agreement took effect 1 January 1995 as part of the World Trade Organization's birth. Its primary aspiration was to reduce trade conflicts. The stimulation of private investment for economic development was virtually ignored by the negotiating countries in that context.

An evaluation of the difference between trade-conflict reduction (TRIPS) and investment stimulation is timely in the context of world developments.

The paper applies the rating system to 15 developing countries, most of them in the Western Hemisphere. (The results are found in tables at the end of the paper.) For comparative purposes, it also applies the system to the World Trade Organization (GATT) TRIPS Agreement and to the North American Free Trade Agreement (NAFTA) intellectual property rules.

.....

*This is an abbreviated version of a much longer monograph to be published soon by the National Law Center for Inter-American Free Trade and, in translation, by the Brazilian Association of Industrial Property (ABPI). More countries will be added, with up-dated versions published in due course. For more information, contact the author at 7617 Leith Place, Alexandria, VA 22307.

Robert M. Sherwood writes about the economic implications of intellectual property systems in developing countries.

Copyright 1996, Robert M. Sherwood. All rights reserved.

This rating system was derived, in large part, from experience gained as a consultant for the InterAmerican Development Bank (IDB) in the context of its Investment Sector Loan program. This provided the opportunity to assess the intellectual property regimes of Argentina, Bahamas, Barbados, Costa Rica, El Salvador, Guatemala, Panama, Paraguay and Uruguay. The assessments of Brazil, Ecuador, Mexico and Pakistan were derived from the author's experience in other context. For each country, local attorneys reviewed the author's assessments, providing valuable additions and corrections. The assessments of Chile and India were provided by individuals with deep knowledge of those intellectual property regimes. The assistance of many people is acknowledge with great appreciation.

## THE RATING SYSTEM DESIGN

The rating system adopts a scale of 100. Points are subtracted from a perfect theoretical score of 100 to reflect regime defects and weaknesses. No country attains a perfect score, in major part because technology is always advancing ahead of the law. As many as three points were also added to reflect the country's level of general public commitment to intellectual property protection.

After the subtractions and additions, the numerical result was subtracted from 100 to indicate the ranking of a country's intellectual property system from an investment orientation.

Effectiveness was judged, not from the perspective of any single industry, but from the general perspective of both national and foreign inventors and authors, and national and foreign investors who seek to advance competitive technical knowledge. Effectiveness was also judged from the perspective of enhancing national technological development.

The intellectual property regimes were assessed under eight major headings as shown in the chart below:

MAXIMUM POSSIBLE POINTS FOR SUBTRACTION

| | | |
|---|---|---|
| Enforceability | = | 25 points |
| Administration | = | 10 points |
| substantive law- | | |
| Copyright | = | 12 points |
| Patents | = | 17 points |
| Trademarks | = | 9 points |
| Trade Secrets | = | 15 points |
| Life Forms | = | 6 points |
| Treaties | = | 6 points |
| Total | = | 100 |

MAXIMUM POSSIBLE POINTS TO ADD

Public Commitment = 3 points

The relative weighting assigned in this context is necessarily complex because many economically useful activities involve more than one form of intellectual property.

Within each of the eight regime components, key elements of particular concern to potential inventors, creators and investors were identified and points for subtraction were assigned. The longer monograph, noted above, presents the specifics of the evaluation system. Since the calibrations were applied consistently to each country, the results should hold comparative validity.

Effectiveness was not measured against any given existing legal system. Instead, a "results test" was applied. That is to say, effectiveness was measured in the context of whether parties, particularly investors, can expect within reasonable degrees of predictability to achieve protection for innovation and creative expression.

In calibrating the rating system, the author has drawn on experience over nearly two decades as an international corporate counsel for two major international companies engaged in mining and in pharmaceuticals, chemicals, seeds and consumer products, and on related experience gained through business associations and professional societies. Earlier versions of the paper were reviewed by corporate intellectual property counsel for other major international companies and their comments have been incorporated.

## CALIBRATION OF THE RATING SYSTEM

### ENFORCEABILITY (-25 points)

The ability to judicially safeguard private intellectual assets makes them valuable instruments for national economic growth. When individuals are secure in the belief that their intellectual property assets can be protected through judicial action, these assets become magnets for investment funds. Then utilization of new technology becomes a larger factor in national development.

Judicial independence is the centerpiece of enforceability. Lack of independence, as used in the rating system, refers to patterns of undue influence from political or other sources, as distinguished from isolated incidents of corruption. This may be a fine line at times and so the range of points to subtract is fairly wide.

Those who hold intellectual property assets depend on their ability to request court action to stop others from unauthorized use of those assets. When it becomes generally known that such action can and will be effectively taken, the business culture tends to shift from copying and piracy or from dependency on others to provide newer technology, to serious attention to

creating and improving technology. Thus, the right of private legal action in civil courts which leads to preliminary injunctions or seizures, is often critical to intellectual property system performance.

Judicial enforceability affects all forms of intellectual property and therefore is assigned the largest single point total. A cap of 25 points is placed on the number of points which might be subtracted, although more points could reasonably be allowed for subtraction since, without enforceability, rights are of little value.

ADMINISTRATION (-10 points)

Transparent, efficient, low-cost public administration of the system which creates protection for intellectual assets is a vital contribution to the system's impact on decision-making by investors.

Transparency means that decisions made by officials in the exercise of their administrative discretion are rational and are explained to the public. This permits predictability in planning for future private activity. The test of efficiency would suggest that actions required of public officials are completed within reasonable times. Reasonableness can be measured by comparison with administrative practice in other countries. Low-cost administration is a relative measure which depends in part on the wealth of the country and, again, on comparison with costs in other comparable countries.

To help assure efficient administration on a sustained basis, many countries are making their patent, trademark and copyright offices semi-autonomous. Thus, instead of needing to rely on (typically decreasing) annual allocations from the national budget, fees earned by those offices are retained to cover their capital and operating expenses. These offices are usually a source of foreign exchange for a country which, if for no other reason, suggests minimizing exclusions from coverage in order to maximize revenue.

As the volume of the world's technical literature grows and as the number of patents granted expands, it is difficult for any but the world's largest wealthy countries to maintain the capability of conducting serious technical examinations of patent applications. At the same time, the means to access large databases from virtually anywhere in the world is now available.

Thus, for many countries, the costly burden of technical examination of patent applications could be avoided by reference to the international examination centers in Europe, Japan, the United States and a few others. These centers have been designated as such by the Patent Cooperation Treaty (PCT). However, this rating scale does not propose to subtract points in regard to the means for examination which a country selects. The scale does take account of deficient examination which in many cases could be overcome by use of the international examination centers.

A potential investor's first impression of a country will often be its experience at the patent and trademark registry. A positive experience will encourage investment decisions. Reform of the registry can be important for investment promotion in a country.

COPYRIGHT (-12 points)

In simplest terms, copyright is the temporary right of an author or artist to keep others from commercializing copies of a creative expression. Neighboring rights protect performances and a other forms of expression.

The list of creative expressions in which copyright subsists has expanded over the centuries, with particular speed in this century.

International recognition of copyright has matured through international conventions, particularly the Berne Convention. Countries which participate in this international recognition, obtain for their citizens the opportunity to protect their copyright assets in other countries. This can aid in marketing national artistic endeavor abroad.

The protection of private copyright assets gives encouragement to national artists and authors. It also stimulates those secondary activities which support creative expression, such as local advertising, newspaper revenue, broadcasting, and it increases tax revenue for the national treasury.

In addition, the level of national technical skill is increased. For example, when effective copyright protection for software is offered, local programmers are stimulated to establish companies which write application programs for local industry. When adequate protection for cinema films is provided, local movie houses conduct significant business which in turn generates work for advertising firms. This kind of positive ripple effect often cannot be fully anticipated. Only after the law is reformed are such benefits likely to be revealed.

PATENTS (-17 points)

The patent is a temporary right to exclude others from appropriating a novel, useful and non-obvious invention.

As with copyright, the range of subject matter considered to be patentable has expanded as science has provided new fields of technology. Today, biotechnology, computer programs, superconductivity, plants, fine chemicals and composite materials are among the fields of invention being added to the subject matter which is commonly patentable.

International accommodation of national patent asset creation has matured through international conventions,

particularly the Paris Convention of 1883 and its subsequent amendments.

Patent protection gives encouragement to those who advance and commercialize modern technology in all fields. It stimulates research and technical improvements at all levels of economic activity, facilitates the movement of technology from research centers to the marketplace and serves as a magnet to private financing for the development of new technology. Even small developing countries benefit from patent protection, particularly by encouraging an inventive habit of mind in local industry and agriculture.

Patent reform is often discussed in developing countries almost exclusively in relation to pharmaceutical protection. Little attention is given to the benefits which could accrue to local interests from effective patent protection in general. These include the stimulus to local inventors and the shift in the signal sent to private investors, both foreign and domestic.

In many countries, compulsory licenses can be awarded three years after grant of a patent in the absence of exploitation of the invention in the country. This three year limit made good sense when it was established in 1883 under the relevant international (Paris) convention, but given the typically longer development times of complex modern technology, the limit now serves largely as an obstacle to investment planning. Today, it would make better sense to allow compulsory licenses only after three years from an economic event, such as first commercial production anywhere in the world, rather than from the date a patent is solicited or granted, which is a "paper event".

Compulsory licensing provisions are particularly troubling to potential investors because they cannot be certain in advance whether they will be granted by public officials who may or may not appreciate the difficulties of the technology involved. The rating system on this point, as on others, implies a judgement which exceeds the TRIPS Agreement provisions.

TRADEMARKS (-9 points)

The trademark is commonly a word or mark which serves to identify exclusively the source of a product or service.

A new trademark must not be confusingly similar to previous trademarks. This is desirable to spare consumers from deception and to protect the reputation of those who provide products and services.

If two parties seek protection for the same trademark, classic trademark concepts offer two solutions. One grants the trademark to the first to apply for registration, the other to the first to use the trademark, regardless of registration. If priority registration is the solution, then treaties have provided accommodation when conflict arises between countries.

Each country awards protection for trademarks. As commerce has become increasingly internationalized, the use of trademarks has, of course, crossed national boundaries. Some marks develop regional and even world-wide recognition. This has raised questions of reciprocity and fairness between countries. Those questions have been addressed through international conventions and through informal accommodation by administrative practice.

Speculative registration of trademarks is widespread. This is the practice whereby a speculator seeks a trademark registration in advance of an application by the party who originates a new trademark, often in another country. The speculator seeks registration of the other party's trademark, not to use it, but to force the originator to pay for an assignment of the registration, typically at an extortionate price, once a decision to market in that country is made. Countries with an interest in promoting economically productive investment rather than non-productive speculation have found the legal means to discourage speculative registrations.

TRADE SECRETS (-15 points)

The trade secret is valuable commercial or industrial information which an enterprise strives to keep from being known by competitors, an effort which the courts support.

Because the trade secret does not require a public registry, it is a form of intellectual property protection which is not widely known. Trade secrets are important, for example, in protecting inventions before patent applications can be filed and in protecting incremental technology derived in the course of installing or improving a manufacturing process, particularly where it is impractical to file a series of patent applications to cover an evolving situation.

Several surveys of those involved in the creation and transfer of technology indicate that the trade secret is a major factor in protection of intellectual assets. Perhaps two-thirds of the technology that moves from one place to another relies on trade secrets according to a survey conducted by the author. Trade secrets are highly useful in commercial activities as well. Confidence in the ability to protect trade secrets encourages employers to train employees to higher levels of competence and thereby assists in human resource formation and development.

The classic example, which illustrates the need for trade secrets, is found when a company trains an employee to a high level in its best technology, only to watch helplessly as the employee is hired by a competitor company in order to learn the first company's secret technology from the transferred employee. Effective trade secret protection serves to curtail this "predatory hiring".

The rating system gives heavy emphasis to trade secret protection, with up to 15 points subtracted for deficiencies in this component of a national intellectual property regime.

PLANT AND ANIMAL LIFE FORMS (-6 points)

The application of higher levels of science to the agricultural base of a country is assisted by two forms of protection for intellectual assets. One form, commonly know as "plant breeders' rights" (PBRs), grants limited rights to improvements in plant varieties derived from traditional methods of breeding, hybridization and selection. The patent system, which provides the other form of protection, is better suited to protecting the results of the application of biogenetic engineering to plant and animal life forms.

Patent concepts are being broadened in many countries to include protection for plant and animal life at the level of micro-organisms. In a few, notably the United States and Japan, patent protection for higher life forms is now clearly established. In Europe, protection has become available by court decision more recently. It is likely there will be rapid development in the laws of many countries in relation to higher plant and animal life forms in the near future.

The traditional PBRs are supported by an international arrangement administered in Geneva under the International Convention for the Protection of New Varieties of Plants (UPOV 1961, amended in 1991). National PBRs laws are less protective than patents, yet have served a useful purpose in many countries.

The patentability of higher life forms, which extends to both plants and animals, is included in the analysis here and not under patents above. The TRIPS Agreement and NAFTA requirements do not mandate the levels of protection established under this component of the rating scale.

TREATIES (-6 points)

More than a dozen conventions and treaties have been established since the 1880s to deal with various international aspects of intellectual asset creation, reciprocity and accommodation. The World Trade Organization, formerly the GATT, has also become relevant.

The treaties of which account was taken under this rating system are: Paris Convention (1883), Berne Convention for the Protection of Literary and Artistic Works (1886), The Geneva Convention (Phonograms) of 1971 and the Patent Cooperation Treaty (PCT). Also relevant are the Budapest Treaty (1977) on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure and the UPOV Convention, mentioned above under Life Forms.

GENERAL PUBLIC COMMITMENT (+3 points)

While largely impressionistic, it is possible to gain some sense of the general public's commitment to intellectual property protection in each country.

In some countries, public commitment to intellectual property of any kind is almost entirely lacking. This may often be the result of education of various kinds which has instructed citizens that intellectual property is harmful. In some countries there is an appreciation of protection for authors, but little else, while in others, the "man in the street" has at least some sense of patents. In a few there is a grass roots commitment to the concept of protection in general.

While this aspect of an intellectual property system is probably quite important to effective outcomes, the subjective nature of its measurement has suggested limiting the number of possible points to be assigned to three. The measurement of general public commitment is best incorporated by adding "bonus points" rather than subtracting points.

Thus far, this abbreviated paper has suggested the general nature of the eight components address by the rating system. It has not explained the weighting given to each component relative to the others, nor has it indicated the specific calibration of the subcomponents from which the scores are derived. For these, reference to the longer monograph is suggested.

## APPLICATION OF THE RATING SYSTEM

Fifteen countries were rated. Their ratings are reflected in the tables which appear at the end of the paper. By way of example, descriptions of only the Barbados and Costa Rica assessments are presented here. The longer monograph mentioned at the outset contains the assessments of each of the other countries.

## BARBADOS

The rating for Barbados is a 69. In overview, the intellectual property regime is basically sound. A set of four acts passed in 1981 led post-independence intellectual property system reform in the Caribbean. However, further modernization to reflect the increased importance of new forms of technology and to remove of troublesome discretionary authority from both the patent and trademark acts would enhance investor interest. Trademark and patent administration has been seriously deficient.

This assessment is based on working visits to Barbados of four days in September, 1993, seven days in May, 1995, and five days in May 1996.

BARBADOS: Subtract NO points (of 25) for ENFORCEMENT

In general, the judges are impartial, well prepared, respected and effective in supporting private property rights. Effective interlocutory measures are readily available. Delays in court proceeding have been noted in some instances, in part a reflection of lack of modern transcription equipment.

Although there have been few intellectual property cases, the courts could be expected to render balanced and reasonable decisions. Penalties are sufficient. Customs authorities have adequate authority and recent reforms have been made to address difficulties in the port. Police handling of several recent investigations, however, have raised questions.

BARBADOS: Subtract NINE (of 10) points for ADMINISTRATION

Deliberate inaction by the registry has led to significant administrative delay. No patents have been granted and few trademark applications have been registered since the new laws took effect in 1985. The registry administers 22 separate acts including the patent and trademark acts which tend to take low priority in competition with insurance, banking and offshore company incorporations. Many WIPO recommendations for procedural reform made in 1992 had not yet been initiated as of May, 1996, some for lack of resources. To potential new investors, Barbados will appear to have abandoned its patent and trademark system for most practical purposes.

BARBADOS: Subtract SEVEN (12) points for COPYRIGHT

The 1982 copyright act is adequate in many respects. Recent experience has shown that the means to enforce rights are available under the act, but that greater specificity in this regard would assist enforcement. Software, data bases and rental rights are not mentioned in the act. The personal use exception is quite broad. Moral rights cannot be waived. Performers' and producers' rights are extended for only 20 years, much less than the usual 50 years. Some of these defects may be critical to the country's efforts to attract sophisticated computer-based service industry investment. A new copyright law is being prepared by the government as of May 1996.

BARBADOS: Subtract TEN (of 17) points for PATENTS

The patent act authorizes compulsory licenses to cure non-use or insufficient use, although justified non-use or insufficient use may bar such a license, but importation is not a justification. A ministerial finding of "national interest" may also trigger award of compulsory license and facilitate use of dependent patents. Inventions considered essential for development or other public interests may be excluded from patentability, even retroactively, with compensation but without right of appeal except as to the compensation. The government may intervene in license arrangements which involve royalty payments abroad. The patent term is limited to 15 years from

filing, although possibly extendable to another five years. The act calls for technical examination of patent applications, which in practice cannot be done in Barbados. No important subject matter is excluded from patentability except higher life forms discussed below.

BARBADOS: Subtract ONE (of 9) points for TRADEMARK LAW

The trademark act works quite well. As under the patent act, however, the government is authorized to intervene in license arrangements which involve royalty payments abroad.

BARBADOS: Subtract NO points (of 15) for TRADE SECRETS

Barbados relies on British case law for protection of trade secrets. This provides adequate protection even though there is no trade secret statute as such.

BARBADOS: Subtract SIX (of 6) points for LIFE FORMS

The lack of a plant breeders' rights law is a constraint on investment in crop improvement by traditional breeding methods. Higher life forms are excluded from patentability which could be important to those already seeking to genetically engineer crops or marine life to take better advantage of the country's unique environmental conditions.

BARBADOS: Subtract NO points (of 6) for TREATIES

Barbados is a member of all of the important international treaties including the Patent Cooperation Treaty. Membership in UPOV (1991) and the Budapest Convention would be useful, however.

BARBADOS: Add 2 (of 3) points for GENERAL PUBLIC COMMITMENT

Honesty in public dealings seems to prevail among a large portion of the population. Although rental of obviously pirated videocassettes seems widely accepted, bootleg software was withdrawn from inclusion by hardware vendors after negative public comment.

## COSTA RICA

The rating assigned to Costa Rica is 50. The patent law is extremely weak, trade secret protection is lacking, the Central American Convention for trademark protection presents difficulties and, to a lesser extent, the lack of immediate judicial relief causes problems.

A one week visit to Costa Rica in April, 1992, and a three day visit in May, 1996, form the basis of this assessment.

COSTA RICA: Subtract NINE (of 25) points for ENFORCEMENT

The courts of Costa Rica function effectively for the most part and are characterized by judicial independence and

integrity. Judges are capable and well-regarded. There is, however, a lack of precautionary remedies to obtain immediate civil relief when rights are violated. Judges are largely unfamiliar with modern technology and the value of intangible assets. Since the reform of the civil procedure code in 1989, delays in litigation have lengthened.

Striking court interpretations of the law have aided development of strong intellectual property protection in regard to "famous trademarks". Civil and penal sanctions tend to lack enough severity to serve effectively.

COSTA RICA: Subtract NO points (of 10) for ADMINISTRATION

The industrial property registry is well-organized, adequately funded on a sustained basis and functions reasonably well. It is computerized and processing times for trademarks are generally commendable. Complex procedures were noted by some local practitioners. A good part of the reason for its overall effectiveness is its status as an autonomous entity with a non-political board and the authority to retain and apply the fees it receives for both operating and capital expenditures and with authority to hire, train and fire employees.

COSTA RICA: Subtract NO points (of 12) for COPYRIGHT

The copyright law of 1982, although modern by Latin American standards, did not extend protection to reflect more recent advances in technology and commerce. However, amendments enacted in 1994 and regulations issued in late 1995 have enhanced protection to the point where few difficulties in the substantive law remain. (A close assessment of the recent changes is yet to be completed, so this rating is tentative.)

COSTA RICA: Subtract 16 (of 17) points for PATENTS

The 1983 patent law of Costa Rica suffers from many defects. These defects include a very short patent term of 12 years from grant for most inventions and a term of but one year from grant for some categories of invention, provisions which facilitate easy use of dependent patents, pre-grant oppositions, importation does not constitute working, broad compulsory licensing provisions without justification for non-use, exclusions from subject matter, and declarations of presumed public interest. There is protection for utility models and industrial designs.

COSTA RICA: Subtract THREE (of 9) points for TRADEMARK LAW

The Central American Convention for the Protection of Industrial Property constitutes the trademark law of Costa Rica and several other countries. The convention fails to offer deterrence to speculative registration of trademarks. Some potential investors are likely to be discouraged even though the courts of Costa Rica have suppressed speculative registrations in selected cases and the registry has followed their lead.

COSTA RICA: Subtract 12 points for TRADE SECRETS

Costa Rica has virtually no protection for trade secrets. A labor code provision permits dismissal without compensation of a worker who betrays secrets of his employer to a competitor, but this does not constitute adequate protection. The Central American Convention for the Protection of Industrial Property, noted above under trademarks, contains provisions regarding unfair competition which could theoretically provide a basis for protection, but no cases have been brought under them and it is not a practical approach to protection in any event. Information regarding product registration materials was not obtained.

COSTA RICA: Subtract FOUR points for LIFE FORMS

The patent law excludes higher life forms from patentability. A seed protection law of 1979 was not examined. It is said to be consistent with the 1978 UPOV convention, which suggests certain weaknesses. No seeds have been registered yet.

COSTA RICA: Subtract TWO (of 6) points for TREATIES

Costa Rica is a member of the Berne, Paris and Geneva Conventions, but not a member of the Patent Cooperation Treaty.

COSTA RICA: Add NO points for GENERAL PUBLIC COMMITMENT

Although several educational seminars have been conducted in Costa Rica recently, it is difficult to suggest that there is any noticeable public commitment to intellectual property protection, except perhaps in esteem for traditional authorship. Generally negative views prevail particularly in relation to patents.

As to the other countries reflected in the tables at the end of this abbreviated paper, note that the recent patent reforms in Argentina are reflected, but the more recent reforms in Brazil are not. It is probable that the overall rating for Brazil will improve by about six or seven points, with the rating for trade secrets decreasing rather than improving.

## REFLECTIONS ON THE RATING SYSTEM AND ITS APPLICATION

As stated at the outset, a rating scale of this type is rather crude and necessarily somewhat arbitrary. Its two objectives are, first, to reflect the primary concerns of those who would invest in inventions and creative expressions and, second, to point to those aspects of an intellectual property regime which appear to be most relevant to the economic development process in relation to enhancement of a nation's technological base.

In seeking to approximate a generalized perspective, the scale surely undervalues aspects of protection deemed more highly important by certain industries or fields of invention or expression or even by a particular investor.

As to the application of the rating system, a low rating should not be misinterpreted. It does not signify that the country does not have an intellectual property regime, but rather that potential investors will be discouraged by what they find. For example, a rating which well below 50 could be applied to a country which complies with many of the TRIPS Agreement requirements.

While there is clearly room for divergent views regarding the calibration of the points to be subtracted, adjustments that might be made would probably fall within a range of only a few points.

There is necessarily leeway for judgment in applying some of the criteria. For example, in many of the countries, preliminary injunctive relief was found to be theoretically available but not utilized in practice. Up to ten points could be subtracted. The tendency was to allow for the possibility that resourceful local attorneys could turn theory into practice if pressed. That judgment was tempered, however, where the judicial system was rated poorly in regard to judicial capability. The reader has been spared an exhaustive explanation of the judgments employed in applying the ratings.

Countries receiving identical or closely similar ratings, may have regimes which nonetheless differ considerably. Costa Rica and El Salvador are examples. El Salvador's judicial system is quite weak, yet the new patent law is exceptionally favorable to investment stimulation, while Costa Rica's enforcement capability is much stronger but is coupled with a very weak patent law.

Several patterns emerge from the ratings. In regard to administration of industrial property laws, there is a close correlation between adequate performance and adequate funding of registry operations. Those registries which are allowed to function as autonomous entities and retain the fees they receive tend to function well.

The ratings for enforcement tend to be either very good or very bad, with only three countries somewhere in between. Four of the five substantive areas showed country ratings spread across the spectrum, whereas trade secret protection was either quite strong or very weak, with the larger number of countries showing weakness in this category. Many of the patent laws which received negative ratings tend to create an adequate patent right but then reduce its value through exceptions and limitations. Most striking in this regard are the compulsory licensing provisions which tend to reflect contradictory public policies. Enforcement tends to be the greatest weakness in the copyright area. The treaty component shows remarkable flux in the last three years, with many of these countries joining the major international conventions.

Most of the countries had at least a few fairly strong components in their regime, with only Guatemala and Paraguay reflecting high negative ratings in all or nearly all components. Yet there was little uniformity in the patterns of weakness and strength other than for enforcement and trade secrets, both of which reflected a high incidence of weakness.

As stated, the rating system does not incorporate the standards of the TRIPS Agreement. For comparative purposes, however, the rating system was applied to the TRIPS Agreement, with a resulting score of 55. The rating system was also applied to Chapter 17 of the NAFTA with a resulting score of 68. A national score higher than 55 does not mean that that country is necessarily in full compliance with the TRIPS standards.

OTHER STUDIES

Three other studies offer limited but useful comparisons with this rating system. One is a Rapp and Rozek 1990 paper titled "Benefits and Costs of Intellectual Property Protection in Developing Countries". The other two are studies conducted by Edwin Mansfield for the World Bank. First, he surveyed American company reactions to the intellectual property systems of 16 countries, of which 14 were developing countries. Then he administered the same survey to German and Japanese companies.

Mansfield's first report (1994, IFC Discussion Paper 19) examines the importance of intellectual property protection for the stimulation of private investment decisions in developing countries. This appears to be the first major empirical work on this subject. He examines the relevance of intellectual property protection in the selected countries to three categories of investor decision: investment in joint ventures with local partners, transfer of best technology to wholly owned subsidiaries, and transfer of best technology to unrelated local firms.

The study also examined for the importance of intellectual property relative to its effect on direct investment decisions at the following five levels of activity:

- research and development facilities
- facilities to manufacture complete products
- facilities to manufacture components
- rudimentary production and assembly facilities
- sales and distribution outlets

and found that the higher the level of technological activity, the greater the need for effective intellectual property protection. For example, about 20% of the responding companies were troubled by weak intellectual property protection at the lowest level of sales and distribution (with food industry companies showing the greatest concern) while some 80% expressed concern at the highest level of research and development.

His second report (1995, IFC Discussion Paper 27) found that German and Japanese companies echoed concerns expressed by the

American companies. His findings indicated that

> ... in relatively high-technology industries ... a country's system of intellectual property protection often has a significant effect on the amount and kinds of technology transfer and direct investment to that country by Japanese and German, as well as U.S. firms. Also, when a variety of relevant factors are held constant in an economic model, the effects of such protection on U.S. direct foreign investment are substantial and statistically significant.

In reflecting on the Mansfield findings, it may be observed that intellectual property systems which satisfy a trade-based international standard, such as the TRIPS Agreement, will tend to adequately serve the lower levels of technology activity. For example, sales and distribution in most industries tend to be a manifestation of trade, with the related investment devoted primarily to inventory financing. Assembly and rudimentary production, and even component manufacturing, tend to also reflect trade-like activity, with inventory financing dominant, but with a partial allocation of funds to human resource development and bricks and mortar. Still, this type of investment can reflect short-term commitments or even get-rich-quick ventures.

Intellectual property systems which are capable of stimulating higher levels of technological activity appear to be those which rise above the rating of the TRIPS Agreement. There is probably no clear threshold, but somewhere in the vicinity of 65 to 70 the favorable influence of stronger protection for the higher levels of technology begins to appear. In the present study, neither Spain or Japan were assessed, but certainly Japan would rank above the threshold, while Spain because of enforcement weaknesses would rank lower, but probably still above 55.

The Mansfield study does not help us, except in a general sense, to understand the relative gradations of an intellectual property system in relation to investment decisions because companies were asked simply to report the consequences of each country's intellectual property system, however the company might choose to appraise it. It can be presumed that the companies took into account all of the elements of each intellectual property system which were germane to their investment decisions, and industries differed from one another in their sensitivity to protection. Some of the interviews Mansfield reports did disclose particularities which are of interest.

Very roughly, a correlation can be made between the findings of this paper and the findings of Mansfield's 1994/95 study. This correlation is tentatively portrayed in Table 3 at the end of the paper. It appears that only as an intellectual property system rises to a threshold of 60 to 70 and above, do the stimulation and support needed for complete manufacturing, product development and research come into full play. At the level of the TRIPS Agreement, that is at about 50-60, and below, an intellectual property system provides support for activity

which is primarily trade-related, that is for sales and distribution, assembly and component manufacturing.

Table 3 suggests that national intellectual property systems which reach the TRIPS level of protection will stimulate investment activity related to sales and distribution, to assembly operations and to component manufacture. They may be insufficient to stimulate investment in complete manufacturing, product development and private research.

A relationship between intellectual property protection and the duration of investment is also implicit in the correlation. Quite possibly, higher levels of protection encourage longer investment duration. Complete manufacturing, product development and company research tend to require facilities which stay in place over time, while sales and distribution and the lesser activities of assembly and component manufacture require less durable investment.

Likewise, the relationship between intellectual property protection and human resource development is little appreciated. Training of employees is more likely to take place where higher levels of technical activity are indicated over long periods of time. Particularly where training could involve employee exposure to sensitive proprietary technology, the presence of effective intellectual property protection is likely to encourage companies to undertake that training. In the absence of such protection, training may well be discouraged.

## QUESTIONS REGARDING INTELLECTUAL PROPERTY IN DEVELOPMENT

Although Mansfield has provided useful information regarding the importance of intellectual property protection for investment stimulation and technology transfer, there is a great deal we still do not know.

For example, what level of protection must be reached before investment stimulation kicks in? It is suggested that "take off" for sustained technological development may be roughly commensurate with a rating of between 55 and 70 under the system presented here. Only four countries of the 14 under study have attained that level -- Bahamas, Barbados, Chile and Mexico. Below that level it may hardly matter whether a country is at 50 or 35 or 25. The regime is likely to have little positive influence on private decision-making for higher levels of technical activity. Even for these four countries, particular gaps in protection may defeat or lessen investment stimulation in specific sectors.

The role of effective intellectual property protection is little understood in developing countries, as distinguished from developed countries, chiefly because such protection has never been tried there. One view, largely the view of static welfare analysis, has theorized that protection will result only in increased rent transfers on the assumption that all new technology will invariably come from outside such countries.

Another view, verified by Mansfield's recent studies, finds that intellectual property protection influences investment decisions, at least by foreign companies.

The influence of intellectual property protection may differ between foreign and local capital, although the question has barely been studied. Local capital is probably more sensitive to a country's level of intellectual property protection than is foreign capital. Typically, local capital has fewer options than foreign capital, particularly when research and development are necessary for originating its products or service, or where acquisition of the technology from others is desirable.

In countries with low levels of intellectual property protection, most local companies are virtually ignorant of the rules of protection because they are irrelevant to their decisions. Only as protection rises to a fairly high level does it become worthwhile for local capital to take an interest in intellectual property. A study now being conducted for the InterAmerican Development Bank among Brazilian companies is confirming this impression.

The contribution of enhanced intellectual property protection is likely to be incremental, as are most other contributions to growth potential. The influence is necessary but not sufficient by itself to prompt the indicated new activity. Its influence relative to other factors is also not yet well understood.

The costs arising from adoption of a high-level intellectual property system seem fairly limited. Rents in some areas will increase but will almost surely be small in relation to the overall economy. Moreover, they will be more than offset, in time, by the benefits described above.

As Carlos Primo Braga of the World Bank has recently written concerning the World Trade Organization's new intellectual property agreement, "The main challenge for developing countries is to transform it from a rent transfer mechanism into an effective instrument for technological development." To do so most effectively, developing countries may well want to institute a level of protection higher than the purely trade-enhancing provisions of the WTO agreement.

## CLOSING COMMENTS

It is an error to assume that new technology cannot be created in developing countries. Science is advancing with such speed that even the largest companies cannot keep pace. They increasingly track small companies around the world which are working ahead of them at the cutting edge of new frontiers in science. With the biological sciences at the base of many industries today, even a small country, with biogenetic resources, could play a role at the global level if adequate means to protect research results were available to stimulate investment there.

The role of intellectual property in the development process is beginning to be better understood. Effective intellectual property protection has never been seriously tried in most developing countries, yet there is reason to believe a modern system of intellectual property that works well would aid the development process in virtually any developing country.

When an economy opens, private activity oriented to the use and advancement of new technology is supported in important ways by reliance on an effective intellectual property system. Thus, as an economy opens, the role of intellectual property can be seen as an important part of a country's infrastructure.

As state command decreases around the world and private decisions take over as the driving force in economic activity, the creation of intellectual property serves as an invitation to investment, as a magnet for financial resources and as a stimulus to creativity and inventiveness. The regimes which create these assets typically remain in the background, like the availability of electricity, roads, ports, education and running water. Yet without them, much less happens and private activity is hampered.

As countries upgrade their intellectual property regimes, four things can be expected to happen. Private venture capital becomes willing to invest in small companies based on new technology; university research results pass to the marketplace; private companies begin to conduct internal research to improve their products; and external technology exchange is enhanced. The rating system offered by this paper is intended to help further define the intellectual property regime conditions which contribute to these activities.

Table 1

POINTS SUBTRACTED
Overview Matrix
(in alphabetical order)

| of possible | Enfcmt (25) | Admin (10) | Copyrt (12) | Patent (17) | Tdmark (9) | Td Scts (15) | LifFms (6) | Trties (6) | =100 |
|---|---|---|---|---|---|---|---|---|---|
| ARGENTINA | 21 | 3 | 4 | 13 | 0 | 13 | 4 | 3 | =61 |
| BAHAMAS | 0 | 1 | 4 | 3 | 3 | 0 | 5 | 4 | =20 |
| BARBADOS | 0 | 9 | 7 | 10 | 1 | 0 | 6 | 0 | =33 |
| BRAZIL | 17 | 7 | 5 | 14 | 3 | 13 | 5 | 0 | =64 |
| CHILE | 9 | 5 | 2 | 5 | 1 | 10 | 5 | 2 | =39 |
| COSTA RICA | 9 | 0 | 0 | 16 | 3 | 12 | 4 | 6 | =50 |
| ECUADOR | 20 | 7 | 5 | 7 | 3 | 7 | 3 | 4 | =55 |
| EL SALVADOR | 21 | 8 | 5 | 1 | 7 | 10 | 3 | 2 | =57 |
| GUATEMALA | 25 | 8 | 10 | 14 | 7 | 12 | 6 | 6 | =88 |
| INDIA | 18 | 3 | 5 | 11 | 4 | 8 | 6 | 5 | =60 |
| MEXICO | 17 | 2 | 7 | 1 | 0 | 3 | 1 | 0 | =31 |
| PAKISTAN | 8 | 6 | 8 | 14 | 5 | 1 | 2 | 6 | =50 |
| PANAMA | 17 | 5 | 3 | 7 | 8 | 12 | 6 | 6 | =64 |
| PARAGUAY | 21 | 5 | 10 | 15 | 7 | 12 | 6 | 2 | =78 |
| URUGUAY | 5 | 2 | 7 | 14 | 5 | 10 | 4 | 2 | =49 |
| * TRIPS | 18 | 3 | 4 | 10 | 0 | 3 | 4 | 4 | =46 |
| **NAFTA | 12 | 5 | 2 | 5 | 0 | 5 | 3 | 1 | =33 |

Table 2

COUNTRY RATINGS
reciprocal of points subtracted (table 1),
plus "bonus" points for General Public Commitment
(in numerical order)

| | |
|---|---|
| BAHAMAS | 80 + 3 = 83 |
| MEXICO | 69 + 2 = 71 |
| BARBADOS | 67 + 2 = 69 |
| ^^NAFTA | 67 + 1 = 68 |
| CHILE | 61 + 1 = 62 |
| ^TRIPS | 54 + 1 = 55 |
| URUGUAY | 51 + 0 = 51 |
| COSTA RICA | 50 + 0 = 50 |
| PAKISTAN | 50 + 0 = 50 |
| ECUADOR | 45 + 0 = 45 |
| EL SALVADOR | 43 + 0 = 43 |
| INDIA | 40 + 0 = 40 |
| ARGENTINA | 39 + 0 = 39 |
| BRAZIL | 36 + 1 = 37 |
| PANAMA | 36 + 0 = 36 |
| PARAGUAY | 32 + 0 = 32 |
| GUATEMALA | 12 + 0 = 12 |

^ = See Annex A
^^ = See Annex B

Table 3

TENTATIVE CORRELATION
of
RATING SYSTEM with MANSFIELD 1994

| RATING SYSTEM | MANSFIELD FINDINGS |
|---|---|
| 100 | |
| (75-90+ = US, EU, Japan) | |
| 83 Bahamas | |
| 71 Mexico | research and development |
| 69 Barbados | |
| 68 "NAFTA | |
| 62 Chile | complete manufacture |
| 55 "TRIPS | |
| 51 Uruguay | |
| 50 Costa Rica | components manufacture |
| 50 Pakistan | |
| 45 Ecuador | |
| 43 El Salvador | |
| 40 India | assembly |
| 39 Argentina | |
| 37 Brazil | |
| 36 Panama | sales and distribution |
| 32 Paraguay | |
| 12 Guatemala | |
| 0 | |

Note: the scale increments are not evenly disbursed and the position of the Mansfield categories relative to the scale calibration is done by inference and is only very approximate.