

LEGARRETA Y ASOCIADOS, S.C.
ABOGADOS
AV. PICACHO AJUSCO No. 130-503
COL. JARDINES EN LA MONTAÑA
C.P. 14210 MEXICO, D.F.
(5255) 5631-1413 (5255) 56311812 FAX (5255) 5631-0659
e-mail: legarreta@legarreta.com.mx
www.legarreta.com.mx

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REF: NEW INTELLECTUAL PROPERTY PROVISIONS IN THE MEXICAN REPUBLIC.

Dear clients and friends,

We hope that this message finds you well and that you, your families and teams are healthy and safe in these difficult times. We are glad to announce that due to the USMCA (United States – Mexico – Canada Agreement) the Federal Industrial Property Protection Law has been enacted and also the Federal Copyright Law has been amended, such amendments are in full force and effects since July 2, 2020, while the entry of the Federal Industrial Property Protection Law will be next November 5, 2020 and whose most relevant provisions will impact the intellectual property system in the Mexican republic as follows:

FEDERAL INDUSTRIAL PROPERTY PROTECTION LAW

FACULTIES CONFERRED TO THE MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY (MPTO)

The MPTO has been granted with the following faculties:

- Order seizure actions derived from digital infringements.
- Determination of the amount of the fines that will imposed, demand its payment and collect the resulting fiscal credit.
- Order the potential infringer and/or hosts the suspension, blocking and/or removal of digital content.
- Determine against an infringer the monetary amount of damages and losses in favor of a trademark owner.

PATENTS:

- Protection against new uses of substances, compounds or compositions included in the state of the art is granted.
- The definition of essential technical characteristics is established.
- Second medical use patents will be allowed.
- Bolar Exemption has been included, which will allow the importation of active ingredients to conduct tests during the last year of protection of a patent.
- Double patenting is no longer allowed. No patent will be granted for matter already protected for a previous patent or matter for which its essential technical features constitute a non-

LEGARRETA Y ASOCIADOS, S.C.
ABOGADOS

substantial variation of the matter already protected even when the applicant/owner are the same.

- Compensation: A Patent holder will be able to request a compensation of time when the MPTO delays more than 5 years after the filing of the application for the granting of the same. This compensation in no case will exceed the term of 5 years.
- Modifications: During the validity of a patent its holder may modify the claims of the patent -- same that will have an impact in case of litigation. Such modifications can be requested within a period of four (4) months before the cancellation or the infringement is notified to the patent holder.

INDUSTRIAL DESIGNS

- Protection of animated sequences and animated graphic interface will be granted.

UTILITY MODELS

- The term of Protection is increased from ten to fifteen years in order to incentivize inventors.
- The limitation of the right conferred by a utility model is established in order to enable substantive corrections

TRADEMARKS:

- The obligation of registering Trademark Licenses before the Authority is cancelled, however, the MPTO would still accept voluntary recordations. For deduction of royalty payments, we are aware that the Mexican Treasury Department is still requiring the recordation of License agreement, therefore and in order to avoid issues in this regard, we suggest the corresponding recordations.
- Only one Official Action will be issued and the same must include both objections derived from formal and substantive examination, as well as the oppositions filed. In consequence, the term for answering an opposition will be extended from one to two months that can be extendible for two more months by paying official fees.
- The validity term of 10 years will be counted now as from the granting date and not from the filing date. This provision shall be also applicable for renewals
- It is established that when filing a trademark for registration or when renewing it, the owner must declare under protest to tell the truth that the trademark is free from deception and bad faith.
- It is clarified that the declaration of use will be mandatory 3 years after the registration has been granted only for registrations granted after August 10, 2018.
- When a trademark has been pledged or otherwise encumbered, the pledgee may file a renewal without having to declare the real and effective use and without the trademark's owner/pledger permission.

LEGARRETA Y ASOCIADOS, S.C.
ABOGADOS

LITIGATION MATTERS:

- Nullities and Partial Cancellations: the MPTO may declare the partial nullity or cancellation of registrations, however, this provision will be applicable only to registrations granted under the new Law.
- A trademark owner will be obliged to demonstrate the veracity of the first date of use declared.
- A cancellation action cannot be filed on the grounds of confusing similarity when an opposition has been previously filed and resolved.
- The declaration of nullity will retroactively destroy the effects of the registration on the date of its filing.
- Cancellation Actions against a Patent may be filed at any time (a time to file a Cancellation will not expire).
- The suspension of the free movement of goods destined for import, export, transshipment and any customs regime that constitutes a violation of the Law is added as a seizure action.
- The use of domain names that invade previously registered trademark rights constitutes an infringement.
- A cancellation against a Patent for lack of novelty may be filed on the grounds of an incorrect acknowledgment of a priority.
- Partial Cancellation Actions: The MPTO will be able to declare the partial cancellation of a Patent and a trademark, in case of trademarks partial cancellations can be declared for some of the products or services in cases of Cancellation Actions filed on the grounds of lack of use but maintaining the validity of the trademark for the remaining products or services.
- Losses and Damages: can be claimed by an offended party without a previous infringement decision. This process can be substantiated before the MPTO or federal courts.
- It is included as a criminal offense to access an industrial secret kept in a computer system, intentionally and without the consent of the person who saves it, or is its authorized user
- Possibility of a settlement meeting on infringement matters.
- The minimum 40% of losses and damages caused by an infringement remains in force.
- The recidivism on infringement actions is deleted from the law, this was considered a felony act.
- A definition of trademark counterfeiting is included

Appellations of Origin and Geographical Indications:

- The Geographical Indications protected as Certification Marks will be no longer owned by the State.
- An Appellation of Origin must have a specific Mexican Official Standard (NOM) The breach of applicable Mexican Official Standards (NOM) is included as grounds of nullity.
- A Geographical Indication must have specific rules.

LEGARRETA Y ASOCIADOS, S.C.
ABOGADOS

- The MPTO will be responsible of authorizing the certification entities of a Geographical Indication, therefore, the new Law establish the requirements that such entities must comply.

Until the new comes into force Law (November 5th, 2020) the Industrial Property Law will remain valid and in full force and effects.

The following is the link to the Ley de la Propiedad Industrial:
http://www.diputados.gob.mx/LeyesBiblio/pdf/50_180518.pdf

The following is the link to the new LFPPI:
http://www.diputados.gob.mx/LeyesBiblio/pdf/LFPPI_010720.pdf

AMENDMENTS TO THE FEDERAL COPYRIGHT LAW

It incorporates the new Chapter V entitled: Technological Protection Measures, Information on Rights Management and Internet Service Providers which particulars are as follows:

- Technological padlocks: restrict / block unauthorized access to protected works. And it is forbidden to avoid and unlock them without authorization from the right holder; However, it is considered as an exception to the prohibition to violate technological locks, when circumvention actions are carried out in good faith to guarantee the effectiveness of legally acquired software, prevent access to content restricted to minors; to correct the correct operation of the security of a computer equipment; access to works for their scientific or educational use as long as it is without obtaining a direct profit; and to allow access to works for people with visual or hearing disabilities.
- Definition of parties that intervene in the provision of content on the internet without authorization as neutral entities that transmit, route or supply connections for digital communications from online service providers.
- The liability of online service providers is limited.
- Notice of take down: it incorporates a new procedure regulated for rights holders to notify online providers of the existence of content that violates their rights, forcing the provider to unsubscribe the content

The above summary shall not be considered as legal advice and is only intended for informative purposes, if you have any questions or comments, please do not hesitate to contact us at legarreta@legarreta.mx

Sincerely,

Legarreta y Asociados, S.C.