We would like to call attention to the current criteria of the administrative authorities and courts involved in IP justice in Mexico in relation to the use of trademarks required to maintain a registration. In particular, the use that has to be proved for the purpose of defending a trademark in cancellation proceedings on the grounds of non-use.

This subject is particularly relevant since, judging by several decisions from the Mexican Institute of Industrial Property (IMPI) and confirmed by the Federal Courts, token or simulated use seems to be accepted as a valid or genuine trademark use.

In this regard, it is important to remember that requirement of genuine use derives from the very nature of trademarks as distinctive signs. What is more, it is a fundamental principle of international trademark law that a trademark must be used in order to maintain its protection. In brief, trademarks are signs that have to distinguish products or services in trade from others of the same category or kind.

Mexican law

This principle of international trademark law has been equally embodied in international treaties, doctrine and national laws. In the specific case of Mexico, provisions in the Mexican Law of Industrial Property (MLIP) assure registration for a trademark for 10 years – renewable for identical 10-year periods – without the need of filing evidence of use. Use of the registered mark is required as a condition for maintaining trademark registration.

Thus, even if no use is to be evidenced for obtaining registration, once granted, trademarks have to be used. Where trademarks are not used for three full years, they become vulnerable to cancellation, with any third party with a legitimate interest able to demand the same. In this regard, it is understood as legitimate interest to have a pending trademark application for an identical or confusingly similar trademark covering identical or similar products or services. There are some extenuating circumstances for non-use of a trademark, which are reasons beyond the will of the trademark owner. Such reasons are recognized as conclusive defense in the case of trademark cancellation actions based on non-use.

In this regard, article 152 of the MLIP provides the following:

Résumés

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“The registration shall lapse in the following cases:
“I. When it is not renewed as provided for by this Law; and
“II. When the mark is not used during the three consecutive years immediately prior to the filing date of an administrative cancellation action, except where there are reasons for the non-use that are justified in the opinion of the Institute.”
In turn, article 192 of the MLIP provides the following:
“All types of evidence shall be allowed in the administrative proceedings, with the exception of testimonials and personal statements, unless the testimonial or personal statement is in documentary form, and unless evidence is contrary to morality and the law.
“Without prejudice to the provisions of the previous paragraph, evidentiary value shall be given, for the purposes of this Law, to invoices issued and inventories drawn up by the owner or his licensee.”
The word “invoices” is emphasized since this word is causing conflicting interpretations of the use evidence required in non-use cancellation proceedings.

Suitable evidence
It is important to note that article 192 of the MLIP did not originally provide for any particular emphasis to the admittance of invoices as evidence, rather they were just admitted under the general principle of evidence submission. However, the invoices were assessed by the IMPI and also by the Courts in appeal proceedings (Mexican Court for Tax and Administrative Proceedings and Federal Circuit Courts) as merely private documents only proving against their owner and thus, their evidential value was constantly refused in order to prove genuine use of trademarks in non-use cancellation proceedings.

Consequently, the second paragraph was added to article 192 so that invoices have now to be assessed by IMPI and the Courts as suitable evidence. However, the added paragraph took the interpretation to an undesirable extreme, to the extent that IMPI and the Courts have been consistently deciding that submitting only a few invoices is sufficient to prove use. These decisions are sustained in the wrong interpretation by such authorities that Art. 192 second paragraph grants invoices full evidentiary value, when this evidential nature is not provided for in the article. In recent decisions the Federal Circuit Courts have even found that invoices are given full and absolute evidentiary value unless their lack of authenticity, or of the transactions contained therein, is proved by the plaintiff.

What the Federal Circuit Courts are not considering is that while it is true that invoices are suitable to prove use, they are not necessarily enough to conclude that a genuine trademark use is being effected. It seems nowadays to be very easy for a defendant registrant to avoid trademark cancellation – of trademarks not actually in use in trade – by presenting IMPI or the Courts with just a few invoices clearly showing token or simulated use. Thus, it should always be necessary to submit other evidence so that there may not be doubt of the genuine use of the trademark.

Article 62 of the Regulations of the MLIP provides the following: “Article 62. For the purposes of Article 130 of the Law, among other cases, it shall be understood that a trademark is in use, when the goods or services covered by such trademark, have been put in commerce or are available in the market in the country under
Of particular concern is that the wrong interpretation of Art. 192 of the MLIP is benefiting trademark squatters and pirates who are able to preserve their illegitimate trademark registrations by simulating use.

such trademark in the amount and form corresponding to the uses and customs of the commerce. It shall also be understood that the trademark is in use when applied to goods for exportation."

This is a key provision to understanding that trademark use is a serious issue and not as simple as the Courts are making it. Indeed, the two hypothesis mentioned in Article 62 namely “to put the goods or services in commerce” or “that the goods or services are available in the market” are the translation into Mexican Law of doctrine and International Trademark Law requirements of trademark effective/genuine use in opposition to token, simulated or even internal uses made by the trademark owner with the sole purpose of keeping the trademark registration in force.

The problem
The Courts need to understand that trademark use means genuine use in trade, derived on the undertaking of a real business conducted by an individual or company duly organized to sell goods or to offer services, having the capacity to respond before consumers as the actual origin of the products or services bearing the mark. In other words, genuine/effective trademark use implies for the used sign to distinguish products or services in trade.

Accordingly, the Courts should bear in mind that submitting only a few invoices may not suffice to evidence genuine trademark use. Submitted invoices need to then be assessed carefully as indicia of use but not for concluding genuine/effective trademark use.

Of particular concern is that the wrong interpretation of Art. 192 of the MLIP is benefiting trademark squatters and pirates who are able to preserve their illegitimate trademark registrations by simulating use. Indeed there have been various cases where submitting a certain number of invoices without any other documentation, but identifying in the invoices the trademark for IMPI and for the Courts, have been sufficient for squatters to prevail in a cancellation proceeding.

As a result, squatters no longer need to invest resources in making an effective use of the squatted trademarks since they know that it will be enough to make a one-time sale supported with invoices. They can keep hold of their illegitimate trademark registrations and wait for a juicy offer to recover the trademark from the legitimate owner. Also, this Circuit Courts interpretation empties of its substance the trademarks use requirement, as developed by international trademark law, by validating token or simulated use.

Conclusion
It is therefore necessary that the Mexican Courts be conscious that trademark use is a relevant and sensible subject that certainly needs to be considered seriously in benefit of fair competition. It should be clear to Mexican Courts that cancellation of a trademark registration on the grounds of non-use was included in the MLIP to help avoid abusive ownership of a non-used trademark in prejudice of the good practices in commerce.

Finally and very importantly, the MLIP should be amended to include partial non-use cancellations. In fact, under the MLIP it is now possible to maintain a trademark registration covering the broadest list of products or services, while actually using the trademark in regard to only a single good or service, thus, blocking unfairly competitors from using the same or a similar mark in regard to substantially different goods or services.