



Study Question

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Bad faith trademarks

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I. Current law and practice

Bad faith - prior third party use or filing

1 Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 2) – 7). If no, please go to question 8).

Yes

Please Explain

Yes, but it is available for only registered trademarks.

2 Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?

Yes

Please Explain

When it comes to already registered trademarks in other jurisdictions, the Mexican Industrial Property Law provides two grounds on which a TM registration shall be invalidated, namely: (i) prior and continuing use abroad; and (ii) bad faith.

If the Plaintiff is able to prove that he owns an identical or confusingly similar TM registered abroad, and the disputed TM registration was registered by his agent and/or representative and/or user and/or distributor, then the disputed TM registration shall be understood as obtained in bad faith. Only on this grounds the disputed TM registration as obtained in bad faith.

3 Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- other

Please Explain

Firstly, it is worth mentioning that -as opposed to the first two boxes above- the Plaintiff shall only prove the existence of the disputed TM registration covering identical or similar goods or services, regardless the possible use of the disputed TM registration by the Defendant conducted in Mexico.

In addition to the above, depending on the grounds used to get the invalidation of the disputed TM registration, we will know the factors to be evidenced.

On grounds of earlier and continues use abroad:

- Use evidence to prove and earlier and continuing use of the Plaintiff's mark abroad.*
- The use to be evidenced shall be earlier than the disputed TM registration's filing date or first use date (declared in the application).*
- The action shall be initiated within the 3 years after the disputed TM registration is published in the Industrial Property Gazette, otherwise the action lapses.*

On grounds of bad faith:

- It is very important to provide the evidence that confirms that the disputed TM registration's owner is/was the Plaintiff's agent and/or representative and/or user and/or distributor, otherwise the action is dismissed.*
- This action never lapses.*

4 Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

No

Please Explain

In order to get the disputed TM invalidated, the Plaintiff shall evidence each of the above described factors, otherwise the action is dismissed.

5 Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- other

Please Explain

It is not required to prove a prior knowledge as pointed out in question 3). The mere registration of the disputed mark entitles the Plaintiff to initiate the invalidation action on any of the above mentioned grounds.

6 Is the degree of similarity between the signs relevant? Please explain why in either case.

Yes

Please Explain

Yes, it is very relevant. If there is no similarity between the marks, the action is dismissed by the Mexican Trademark Office. The marks shall be identical or similar, so the Plaintiff can be entitled to file the invalidation action before said authority.

7 Is the degree of similarity between the goods/services relevant? Please explain why in either case.

Yes

Please Explain

Yes, it is very relevant as well. The Mexican Industrial Property Law allows the registration of identical or similar trademarks only if they cover different goods and services. Therefore, if the goods and services were not similar, the dismissal of the invalidation action would be very likely.

Repeat filings

8 Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

If yes, please answer questions 9) -11). If no, please go to question 12).

Yes

Please Explain

This response is two folded:

No, a trademark owner cannot file for an identical trademark that covers the same products or services and obtain registration, as duplicity of trademarks is not allowed under our Legislation.

So, if a trademark owner re-files the same trademark, a junior mark, the owner should voluntarily cancel the senior one in order for the junior to achieve registration.

Yes, a trademark owner can file for a similar trademark to a trademark it already owns in this jurisdiction. Registration of the junior mark is independent of the senior mark's validity.

9 Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

No

It is called...

Our law does not give them a name, but in the practice we would call it a "variation" of a previously registered trademark.

10 Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.

- the degree of overlap between the goods/services

Please Explain

Those factors are studied in combination. In Mexico likelihood of confusion, which is the standard for examination, exists provided there is similarity between trademarks and likelihood of confusion between products and/or services.

- whether or not the signs are identical

Please Explain

Those factors are studied in combination. In Mexico likelihood of confusion, which is the standard for examination, exists provided there is similarity between trademarks and likelihood of confusion between products and/or services.

- if the signs are different, the degree of difference

Please Explain

Those factors are studied in combination. In Mexico likelihood of confusion, which is the standard for examination, exists provided there is similarity between trademarks and likelihood of confusion between products and/or services.

11 Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.

Yes, a trademark owner may re-file its trademark if the previous trademark is no longer in force. Registration will result provided that there is no third party trademarks filed in between the time the senior was cancelled/abandoned and the junior was filed.

Defensive marks

12 Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?

If yes, please answer question 13). If no, please go to question 14).

Yes

Please Explain

Yes, it is permissible.

13 Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?

No

It is called...

Theoretically, a trademark owner should not file when there is no intent to use the mark. Our Law clearly establishes that a trademark owner can file a trademark and even achieve registration without use, provided that said owner has an intention to use and effectively starts using the trademark.

The timeframe for start said use is of three years after registration was granted, with some exceptions.

Other

14 Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith ¹⁶ under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?

¹⁶ Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5.

If the agent and/or representative and/or user and/or distributor registers without the express consent of the TM owner, then said registration is denoted as bad faith.

Type of proceedings

15 In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.

- ex officio by the trademark/IP office

Please Explain

It seldom happens

- a cancellation action (before the trademark/IP office)

Please Explain

This is the usual way to invalidate a registration.

II. Policy considerations and proposals for improvements of your current law

6.a Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

It would lack of legal standing so it would be dismissed.

6.b Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

Please tick or fill in only the applicable box. If you select "yes", please explain.

No

Please Explain

No. *The response would be no since in Mexico there is no use requirement for registration purposes. In addition, the right holder usually makes the refiling, which is fine even if the refiling is made for purposes of extending the time of protection without having the concern of a non-use cancellation action.*

6.c Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

Yes

Please Explain

Yes. *In Mexico there is no use requirement for registration purposes and there are no partial cancellations. Therefore, it is possible to make improvements such as the obligation to have to use the trademark, filing declarations of use and the goods that are not being used should be cancelled from the registration.*

6.c Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

Please tick or fill in only the applicable box. If you select "yes", please explain.

Yes

Please Explain

Yes. *The Law does provide for the cancellation of a trademark that was registered in bad faith. However, it is constrained to very specific cases that must comply with very strong requirements. We consider that there is a window of opportunity to extend the cases that should be considered bad faith trademarks.*

17 Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

The Law is very limited in what is bad faith trademarks. We consider that in the case of trademarks that were registered when the party should have known of the prior use of that trademark abroad or in its own jurisdiction should be able to be cancelled without a statute of limitations.

Proposals for harmonisation

18 Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

If yes, please respond to the following questions without regard to your Group's current law.

Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.

No

Please Explain

Too many different circumstances depending on jurisdictions.

19 Does your Group consider there should be a harmonised definition of bad faith?

Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.

No; identifying circumstances that can be relevant in assessing whether the types of conduct identified above under question 16) are allowed can be helpful, but a definition as such does not allow sufficient flexibility

Please Explain

We think that there would not be any flexibility if there was a definition.

Bad faith - third party use or filing

20 Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

If yes, please answer questions 21) – 25). If no, please go to question 26).

Yes

Please Explain

Yes, it should. I would help enforce rights of the owners.

21 Which of the following should be relevant factors for proving an application or registration as described under question 20)?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

22 Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

The above marked factors should be sufficient on their own. If there is knowledge or should be knowledge of the existence of the other party trademark, it is evident that the intention of registration by party A is simply an act of bad faith. No need therefore to always take the specific circumstances of the case into account.

23 Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

24 Should the degree of similarity between the signs be relevant? Please explain why or why not.

Yes

Please Explain

Yes. Because the reason for registering a similar trademark is to take advantage of the goodwill created by the prior user. Otherwise, it should not be considered a bad faith trademark.

25 Should the degree of similarity between the goods/services be relevant? Please explain why or why not.

Yes

Please Explain

Yes. To have a case of bad faith there must be intent of acting dishonestly. If there is no connection between the goods/services then it is unlikely that the intention for registering a similar trademark was made in bad faith.

Repeat filings

26 Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

If yes, please answer questions 27) – 28). If no, please go to question 29).

Yes

Please Explain

27 Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

Please tick or fill in all relevant boxes. If you select "other", please describe further.

- the degree of overlap between the goods/services

Please Explain

On grounds of duplicity.

- whether or not the signs are identical

Please Explain

They should be identical, no variations. Duplicity

28 Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?

Yes, if the previous trademark is no longer in force, the former owner is entitled to file an application for identical signs and identical goods/services.

The filing does not guarantee the granting of the trademark certificate since this new application will be subject to a new exam.

Defensive marks

29 Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

Yes, the use of the trademark is not a condition to file and/or grant the registration of a trademark. The certificate of registration will produce complete legal effects even if the trademark is not in use in Mexico.

However, any third party can challenge this trademark registration if after the three years from its registration date, the lack of use of the trademark remains.

It is important to remark the Mexican Legislation does not allow partial cancellation of trademarks. Thus, the use made in a single product/service covered by the registration, benefits the use of all other goods/services covered by the registration even if are not in use.

In addition to the above, the owner is entitled to file every three years, variants of the former registrations with the purpose to keep the defensive strategy of trademarks.

Other

30 Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith¹⁷? If yes, please explain.

¹⁷ Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5 above.

Yes, our Mexican Trademark Law establishes expressly as an action of bad faith if the agent, representative, user or distributor of the owner of a trademark registered abroad applies for and secures the registration of the trademark or of a confusingly similar trademark in his own name without the express consent of the owner of the foreign trademark, in which case the registration shall be regarded as having been obtained in bad faith.

Furthermore, Article 151 considers a registration to be void if it was granted in violation to the legal requirements and conditions established in the law.

In this sense, Mexico is forced to recognize well-known trademarks even if these trademarks are not registered in Mexico. Thus, if an applicant is intending to register a well-known trademark in Mexico without being the legitimate owner of the rights, the authority is forced to refuse such application. Thus, it is clear that the applicant is acting with the purpose to take advantage of the prestige of the well-known trademark. Furthermore, this prohibition is supported under article 6 bis of the Paris Convention.

On the other hand, since the opposition proceeding is in force in Mexico, allows interested parties, persons or associations with a legitimate interest to provide information and if appropriate, evidence that it would not be easily available for the trademark examiner.

The opposition proceeding may be filed alleging absolute and relative grounds if the application falls in the prohibition establishes under article 4 and article 90 of the Industrial Property Law. Particularly, article 4 sets the following:

No patent, registration or authorization shall be granted, nor shall any publicity be given in the Gazette to any of the legal authorities or institutions governed by this Law, where their contents or substance are contrary to public policy, morality or proper practice, or if said contents or substance violate any legal provision.

Despite establishing a clear definition of what it is understood as "bad faith" is complex, and vary depending the circumstances of the law, conceptually bad faith can be understood as a "dishonest intention" and thus, in our view bad faith falls in the objection established under article 4 of the Mexican Trademark Law which establishes that the authority will not grant patent, registration or authorization when the content of the substance are contrary to public policy, morality or proper practice.

It is true that the Mexican Trademark Office, thought the opposition system, is more open to protect brand owners as well as to refuse bad faith trademark applications, when the opponent can prove the bad faith.

Under the definition of bad faith adopted by the Mexican Law in connection with trademarks, particularly under div V of article 151 of this Law and article 6 Bis 3 of Paris Convention, "Bad faith" will be relevant to establish the likelihood of confusion analysis by the authority. The "bad faith" can be established by:

- **Direct and/or indirect evidence of the knowledge of the applicant of the existence of prior mark owner's rights and,**
- **Intent to take advantage of the lack of the registration of the legitimate owner, to obtain a benefit and even extorts the owner of the legitimate rights. Among other situations.**

Type of proceedings

31 In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, inasfar as they should be grounds for action in your view?

Please tick or fill in all boxes. If you select either of the last two boxes, please describe further

- ex officio by the trademark/IP office

Please Explain

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

Other

32 Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

No comments.

Please indicate which industry sector views are included in part "III. Proposals of harmonization" on this form:

Not available.

Please enter the name of your nominee for Study Committee representative for this Question (see Rule 12.8, Regulations of AIPPI). Study Committee leadership is chosen from amongst the nominated Study Committee representatives. Thus, persons not nominated as a Study Committee representative cannot be in the Study Committee leadership.

Laura Collada