Q218

The requirement of genuine use of trademarks for maintaining protection

National Group: Mexican Group of AIPPI

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Questions

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Is genuine use a requirement for maintaining protection? What is the purpose of requiring genuine use? Is it to keep the register uncluttered and to thereby allow for new proprietors to make use of a "limited" supply of possible marks? Is the purpose of requiring genuine use to protect consumers from confusion as to the source of origin of the goods or services? Or are there multiple purposes?

Under Mexican Law, genuine use is a requirement for maintaining protection. The main purpose is to keep the registration in force, prevent that third parties use the same mark without authorization, but also to protect consumers from confusion.

2. What constitutes genuine use of a trademark?

Regulations of the Mexican IP Law (section 62) state that theTrademark is in use, among other cases, if the products or services distinguished by it have been out in the trade or are available in the market in the country under said trademark, in such quantities and fashion as are consistent with trade practices. It shall also be understood that the trademark is in use when the same is applied to export products.

The Specialized Chamber in IP Matters of the Federal Tax and Administrative Justice Tribunal has stated that in order to determine what is genuine use, the authority should analyze:

   1) The nature of the product or service protected by the mark,
2) The manner in which the products or services are commercialized in Mexico,

3) The quantities of sales or commercialization of the products or services, that are shown through the documents, by which it is intended to demonstrate the use of the mark to objectively arrive to the conclusion, and

4) Whether or not the quantities coincide with the practices and customs in commerce, in reference to the commercialization of the relevant products or services, and to verify if the sales are really important; mainly, if the products protected by the mark are of daily consumption and the sales are relevant to consider that the mark has been used.

3. Is use “as a mark” required for maintaining protection? Is use as a business name, use in advertising or use on the Internet sufficient? Is use of a mark in merchandising genuine use for the original products? (For instance, is use of the movie title Startrek, registered for clothing and used on the front of a T-Shirt, genuine use of the mark for clothing?)

Yes, use as a mark is required for maintaining protection. Under the Mexican law, the trademark should be used on the products or services for those that have been registered. That is, that the use as a mark is considered when the sign appears on the products. Therefore, the use of a mark in merchandising genuine use for genuine products would not (in certain cases) commit the use for maintaining protection of the trademark registration. There could be exceptions, such as the goods like jewelry, beverages, oils, shampoos in which the mark appears over the packages, envelopes, or cases in which the mark appears on them and not on the product. Likewise, as in the service marks that the mark is used through different means whereby the service is rendered (agreements, stationery, advertising, etc.). Use as a business name or in a web page is not considered used as a mark.

4. What degree of use is required for maintaining protection? Is token use sufficient? Is minimal use sufficient?

It is considered that the trademark is in use, when the goods or services bearing the mark, are placed in commerce or are available in the market that corresponds to the quantities and fashion as are consistent with trade practices. Considering the above, it is not sufficient token use, but could be acceptable, depending on the specific case “minimal use”.

5. Is use in the course of trade required? Does use by non profit-organisations constitute genuine use? Does use in the form of test marketing or use in clinical trials constitute genuine use? Does use in form of free promotional goods which are given to purchasers of other goods of the trademark owner constitute genuine use? Does internal use constitute genuine use?

As it is set forth before, use in the course of trade is required; however, the use by non profit-organizations could constitute genuine use, due to they are allowed to protect a mark and the goods that they commercialize are in commerce.
In connection with use in the form of tests marketing or use in clinical trials, it is believed that does not constitute genuine use if it is not followed by the commercialization of the goods in the market. Similar situation should apply in connection with promotional goods. Those are presumption of use, rather than an effective genuine use. In connection with internal use, which means the commercialization of goods between licensor or licensee, or a company with its subsidiaries (such as raw material, chemical compounds, accessories), might constitute genuine use, even if the goods are not available to the public.

6. What is the required geographic extent of use? Is use only in one part (or a state in the case of confederation) of the country sufficient? Is use of the CTM in only one EU member state sufficient? Is use only in relation to goods to be exported sufficient? Is use in duty free zones considered to be genuine use?

The use in one part of the country, that is, a state, a region within a state or a region of the country is sufficient for the use of the mark and maintains its protection. Likewise, is sufficient the use only in relation to goods to be exported (section 62 Rules IPL).

In Mexico is also considered genuine use those carried out in duty free zones.

7. Does genuine use have to take place in the exact form in which the mark is registered? Is use in a different form sufficient? What difference is considered permissible? What if (distinctive) elements are added or omitted? Is use of a mark in black and white instead of colour sufficient (in case of marks with a colour claim) and vice versa?

Under Mexican law, the mark should be used in the national territory, as it was registered or with modifications that do not alter its distinctive character. Therefore, if it is used in different forms, but within such parameters is sufficient to maintain its protection. It is permissible to use a white and black trademark, in colour, but if the colour is claimed, it cannot be used without them. It could be also permissible to separate or divide a word mark, or add figurative elements. In a recent case, it was stated by the Mexican Institute of Industrial Property (MIIP) that it is not correctly demonstrated the genuine use of a mark that was registered combined by a word and a logo, and in the proof of use only appears the word mark. Such situation affects the distinctivity of the mark.

8. Does the mark have to be used in respect all of the registered goods and services? What if mark is used in respect of ingredients and spare parts or after sales services and repairs, rather than registered goods and services? What is the effect of use which is limited to a part of the registered goods or services? What is the effect of use limited to specific goods or services?

No, the mark can be used just for one of the registered goods or services, even if the mark is registered for several products or services. It should be mentioned that under the present IPLaw, it should be specified the goods and services to be registered with the mark. It cannot be possible to claim the heading of a class, but the use as a mark to maintain protection (compulsory use), can be on one good or service covered.

specimens for proving genuine use different for goods and services? Who has burden of proof for genuine use?

Evidence of use should be submitted by the title owner, on whom relies the burden of proof for genuine use, in a non-use cancellation action (administrative proceeding before MIIP), initiated by a third party against its registration, alledging lack of use for more than three consecutive years, previous from the filing date of the complain.

Acceptable evidence could consist on invoices (that reflect sales figures and include the wording and/or device of the mark), inventories as well as advertisements, brochures, publications, communications with clients, etc.

10. If the trademark owner has a proper reason for not having put his mark to genuine use, will he be excused? What constitutes a proper reason for non-use? If the nonuse is excusable, is there a maximum time limit? If so, is the time limit dependant upon the nature of the excuse?

Yes he will be excused. Under Mexican law, (Sec 130), that implements NAFTA (section 1708) and TRIP’S (section 19) provides that if there are circumstances that goes beyond the will of the title owner, that prevent him to use the mark, such as import restrictions or other government requirement applicable to the goods or services of the mark, the owner will have proper reason for not having use the mark. There is no time limit to be excused.

11. Within which period of time does use have to take place?

Use should not be interrupted for more than three consecutive years, previous of the filing date of the complain of a non-use cancellation action before MIIP

12. Does use of the mark by licensee or distributor constitute genuine use for maintaining protection? If so, does the license have to be registered? If so, are there any requirements to be met by the trademark holder (the licensor) to maintain the trademark (e.g. quality controls, inspections or retaining a contractual right to control or inspect)?

Yes, provided the license agreement is duly recorded before MIIP, in order to produce legal effects against third parties. The goods produced or the services rendered by the licensee should be of the same quality of those produced or rendered by the licensor.

The name of the licensee should appear on the goods or the place where the services be rendered, and the name and domicile of the title owner, as well of the licensee. It should also be mentioned that the use of the mark duly registered is carried out as consequence of the license agreement.

The use of the mark by a distributor also constitutes use for maintaining protection, but it is not required to be recorded before MIIP, unless it implies a license.

There have been some cases in which has been stated that according to TRIP’S it is not necessary the recordal of the license or distribution agreement, when there is clear evidence that the title owner has control of the use of the mark.
13. What are the consequences if a mark has not been put to genuine use? Who may apply for a cancellation and in what circumstances? Is a defendant in opposition proceedings entitled to challenge the opponent and demand proof of genuine use of the earlier mark? If so, under what circumstances?

If a mark has not been put to genuine use for more than three consecutive years, it is subject that a third party could file a non-use cancellation action, as mentioned on point number 9. Although in the Mexican system is not provided the opposition system, any person who wants to register a trademark and files a trademark application could initiate a non-use cancellation action, if in the prosecution it is cited an identical or confusingly mark that has not been in use. The applicant would be entitled to challenge the lack of use of the trademark that constitutes an obstacle to obtain its registration. As indicated in point 9, the owner should demonstrate the genuine use of the mark.

14. Assuming a trade mark owner has not made genuine use of his mark within the prescribed period, can he cure this vulnerable position by starting to use in a genuine way after this period and will he then be safe against requests for cancellation or revocation? Is it allowed to re-register a trade mark that has not been genuinely used in the prescribed period of time?

On this regard, there is no provision under the current law, but of the Specialized Chamber in IP Matters of the Federal Tax and Administrative Justice Tribunal, in a recent decision stated that the non-use cancellation action proceeds, after the first period of the three years from the date of grant (R.T.F.J.F.A. Sexta Época. Año III. No. 27. Marzo 2010. p.438. Juicio Contencioso Administrativo No. 1130/09-EPI-01-3 and R.T.F.J.F.A. Sexta Época. Año III. No. 26. Febrero 2010. P.464). Therefore, it is considered that the vulnerable position of the mark that has not been used, can be cured by initiating to use in a genuine way after this period and the owner might be saved against request for cancellation. It is possible to re-register a trademark that has not been genuinely used in a prescribed period of time (three or four years), provided a third party has not filed an earlier application. Duplicity of trademarks is not possible so the older should lapse or be voluntarily canceled.

II. Proposals for adoption of uniform rules

The Groups are invited to put forward proposals for adoption of uniform rules as concerns the requirement of genuine use for maintaining protection. More specifically, the Groups are invited to answer the following questions:

15. What should the purpose of the uniform rules be? Should the rules address either or both purposes of protecting the consumers from confusion and of keeping the register uncluttered for new/potential trademark registrants?

The purpose of uniform rules should be multiple, e.g., maintaining trade marks in force; protecting the consumers from confusion and keeping the register uncluttered for new/potential trade mark registrants.
16. Should there in your opinion be a threshold to the “genuine use”, such as a de minimis rule for a trade mark? If so, what would be suitable threshold? Should the rule be construed differently for large co-operations than for small businesses?

Yes, there should be a threshold for genuine use, such as a de minimus rule. The threshold should be that a trade mark should be considered as used when it is used in the ordinary course of business for the products or services in question, according to quantities and fashion as are considered with trade practices. Yes, rules should construe all type of businesses.

17. To what extent should it be possible to use a mark that differs from the representation in the register and maintain protection? Should it even be possible to add or omit elements of a registered figurative mark and maintain the trademark? How should the system ensure that registers are reliable for third parties and yet provide some flexibility for the trademark holder when using the mark in commercial activities?

The use of a mark that differs from representation in register could maintain protection if such modifications do not alter its distinctive character. It should not be possible to add or omit elements.
Specific analysis shall be made in connection with the non-traditional marks, specially olfactory, sounds and fluid marks.

18. Should the requirement of genuine use deemed to be met if the use is limited to one product or service out of several registered? Is it in your opinion reasonable that a trademark holder can “block” an entire product category by using the mark for only one type of product within the category? If not, what kind of standard should be adopted?

No, genuine use should be deemed to be met if the use is for all the product or service covered.

19. What would be a suitable grace period for genuine use?

Three years

20. What circumstances should justify non-use? Should different criteria apply for different industry sectors (e.g. pharmaceuticals and other industries where authorities typically require particular market approvals which could delay the use of a trademark)? Should the criteria be more stringent the longer the period of non-use is?

The circumstances/reasons that justify non-use are those that go beyond the holders will or control, such as, import restrictions, government requirements.
Criteria should apply for all industry sectors.
Criteria should not be more stringent depending on time period of non-use.

21. Should any use of a trademark by entitled third parties be attributed to the proprietor? Should there be a difference between licensees and independent distributors and will registration of a license be necessary?
Yes, use of a trademark by entitled third parties should be attributed to proprietor. No differences between licenses or distributors use of trademark should be made and license should exist but not be mandatory registered.

22. Should there be an exception from the genuine use requirement in some cases?

Yes in cases of Major Artistic or Sport Events, such as the Olympic Games (Summer and Winter), World Cup (soccer, Cricket, Rugby, Opera Festivals) in which the protection or registration shall be made in advance and the genuine use begins with a short period before the opening of them.

23. Should there be uniform rules addressing the issue whether the cancelled trademark should be eligible for re-registration immediately upon the cancellation decision? Should other parties' interests than those of the new registrant be taken into account, e.g. consumers' interests in avoiding confusion as to the nature and quality of goods and services that might be expected under a particular mark?

No rules addressing eligibility for immediate re-registration upon cancellation decision should be addressed

Yes, other parties interests must be taken into account.

Q218

SUMMARY

The proper use of trademark is part and parcel of the essence of a distinctive sign protection system. Pursuant to Mexican law, use of a trademark is understood to mean, among other situations, the identification of goods or services with a trademark, as well as the trading of such goods on the Mexican market, with such trademarks, in a quantity and in a manner that matches commercial usage and practice. A trademark is also in use when it covers export goods, which has given rise to interpretations by courts and administrative agencies that have set parameters to determine the requirements to prove proper use. Thus, the use of a trademark as part of a corporate name for advertising in the internet, as well as for the promotion of goods, does not imply proper use of a trademark. According to the law, a trademark must be used on goods or services; so advertising material may not be considered, in itself, trademark use. There are exceptions that must be reviewed for goods such as jewelry, beverages, oils, or shampoos, or when a trademark is displayed on the packages or wrappers. To consider that the goods or services are being used, it is necessary that such goods or services are traded and may be used anywhere in the country and, also, that the trademark be used as registered, perhaps with some changes that will not affect its distinctiveness.
The burden of proof is on the trademark holder, although there are exceptions for lack of use to preserve the protection afforded by a registration; however, a legal action for the lapse of a trademark may be filed against the holder, due to lack of use.

The initiative to approve uniform rules seems a very interesting proposition; although it raises concerns about which would be the competent authority to issue such rules, enforce them, and determine the consequences of their violation.

Such rules may have certain objectives, definitions, and principles of what it is to be understood as proper use and apply such use to all the goods or services covered by a trademark. There may be exceptions to the proper use proposal, with respect to significant artistic or sport events.

Q218

Résumé

L'utilisation véritable des marques est partie de l'épine dorsale du système de protection des signes distinctifs. Selon la législation mexicaine, on peut interpréter que l'utilisation, entre autres cas, est configuré quand les produits ou les services que la marque distingue ont été mis sur le marché ou sont disponibles sur le marché dans le pays sous cette marque selon la quantité et la manière correspondent aux us et coutumes du commerce. Cela signifie également que la marque est en cours d'utilisation quand elle est appliquée aux produits destinés à l'exportation, qui a fait l'objet d'interprétation par la jurisprudence judiciaire et administrative qui a délivré les paramètres pour déterminer les conditions pour que l'utilisation soit créditée correctement. Ainsi, l'utilisation d'une marque comme une partie d'une dénomination sociale (business name) dans la publicité où sur l'Internet, ainsi comme dans la promotion des produits ne configure pas l'utilisation de la marque. D'accord à la législation, l'utilisation doit être pratiquée sur les produits ou services, de sorte que la mention sur matériel publicitaire même ne serait pas considérée comme une utilisation de la marque. Il ya des exceptions qui doivent être examinées, comme le cas de produits de bijoux, boissons, huiles, shampooings, ou lorsque la marque apparaît sur les emballages ou enveloppes. Pour créditer l'utilisation il est nécessaire que les produits ou les services soient mises dans le commerce et peuvent être utilisés quelque part dans le pays, en plus, la marque doit être utilisé comme enregistrées, mais avec quelques modifications qui n'affectent pas son caractère distinctif.

Il est le titulaire qui a le fardeau de la preuve. Ne importe qu'il a des excuses pour l'absence d'utilisation pour maintenir la protection de son registre, il est possible qu'il doit faire face aux actions en révocation pour défaut d'usage.

La proposition d'adopter des règles uniformes est intéressante, mais elle provoque de souci du sujet de quel sera l'organisme chargé de les délibérer, de son caractère obligatoire et des conséquences de défaut.

Ces règles peuvent couvrir différentes intentions, différent profil et principes différents dans le sujet de qu'est qu'on peut entendre par « l'utilisation véritable » et requérir l'utilisation dans tous les produits ou services qui sont protégés par une marque. Il est
considéré qu'il peut y avoir des exceptions sur l'utilisation véritable en ce qui concerne les événements artistiques et sportifs marquants.

Q218

Zusammenfassung

Der Gebrauch unverfälschter Marken bildet das Rückgrat des Schutzrechts. Genauso der mexikanischen Legislation, versteht man u.a. unter Gebrauch, wenn die Produkte und Dienstleistungen, die diese Marke auszeichnet, auf dem Markt zum Verkauf angeboten oder diese Produkte unter dieser Marke auf dem Markt entsprechend den Sitten und Gebrauchen angeboten werden. Es ist auch verständlich, dass die Marke in Gebrauch sein muss, wenn die Produkte zum Export bestimmt sind, was oft auch Gegenstand von rechtlichen und verwaltungstechnischen Präzedenzfällen geworden ist, die die Parameter vorgeben, um diese Anforderungen entsprechend anzuwenden. Die Tatsache ist, dass, bei Marken, die Teil eines Firmennamens sind, sowie Produkte, die in der Werbung oder im Internet angeboten werden, dies nicht als Gebrauch der Marke angesehen wird. Also, entsprechend der Legislation, wird Werbematerial nicht als Benutzung der Marke angesehen. Es gibt dabei Ausnahmen, die durchgesehen werden sollte, z.B. bei Produkten wie Schmuck, Getränke, Öl, Shampoos bzw. wo die Marke über der Verpackung oder dem Umschlag erscheint. Um einen Gebrauch vorweisen zu können, ist es notwendig, dass die Produkte und die Dienstleistungen auf dem Markt vorhanden sind bzw. diese in irgendeinem Teil des Landes benutzt werden können. Anderdem muss diese Marke, so wie sie registriert worden ist, vielleicht mit der einen oder anderen Veränderung, die das Unterscheidungsmerkmal nicht verändert, benutzt werden.

Den Nachweis muss der Markeninhaber erbringen, auch wenn dieser Ausreden hat, aufgrund des Fehlens des Gebrauchsnachweises, um das Schutzrechts aufrechtzuerhalten, kann er Gefahr laufen, dass rechtliche Schritte gegen ihn eingeleitet werden, weil das Gebrauchsnachweis ungültig geworden ist.

Obwohl der Vorschlag, uniforme Regeln aufzustellen, interessant sein würde, würden diese wiederum Überlegungen hervorrufen, dahingehend, wer die kompetente Institution sein könne, um dieses zu erteilen, welche Verbindlichkeiten und welche Konsequenzen seine Missachtung hätten.

Diese Regeln können verschiedene Vorsätze, Umrisse und Grundsätze beinhalten, was man unter einem unverfälschten Gebrauch verstehen soll und was benöigt wird, um alle Produkte und Dienstleistungen, die eine Marke umfassen, zu schützen. Man beachtet, dass es Ausnahmen gibt, insbesonderem beim unverfälschtem Gebrauch bei künstlerischen und sportlichen Veranstaltungen.

Q218

RESUMEN

El uso genuino de las marcas forma parte de la columna vertebral del sistema de protección de los signos distintivos. Conforme a la legislación mexicana, por uso se ha entendido, entre otros casos, 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, lo cual ha sido motivo de interpretaciones por parte de los precedentes judiciales y administrativos en que han dado parámetros para determinar los requisitos para acreditarlo debidamente. Es así que el uso de una marca como parte de la denominación social (business name) en publicidad o en internet, así como la promoción de productos no constituye uso de la marca. Conforme a la legislación debe realizarse sobre los productos o servicios, por lo que el mismo en material publicitario no sería considerado como uso de la marca. Hay excepciones que deben revisarse como en caso de productos consistentes en joyería, bebidas, aceites, shampoos o en que la marca aparece sobre los empaques o sobres. Para que haya uso se requiere que los productos o servicios se encuentren en el comercio y puedan ser utilizados en alguna parte del país, además de que la marca debe usarse tal y como se registró, si bien con algunas modificaciones que no afecten su distintividad.

Es en el titular en quien recae la carga de la prueba, aunque cuenta con excusas por falta de uso para mantener la protección de su registro, sin embargo, puede enfrentar acciones de caducidad por falta de uso.

La propuesta de adoptar reglas uniformes resulta de interés, no sin generar preocupación sobre quien será el órgano competente de expedirlas, su obligatoriedad y consecuencias de su inobservancia.

Estas reglas pueden cubrir varios propósitos, perfil y principios de lo que se entiende por uso genuino y requerir del mismo para todos los productos o servicios que se protegen con una marca. Se considera que puede haber excepciones, sobre el uso genuino en relación con eventos artísticos y deportivos de relevancia.