

**On July 1<sup>st</sup>, 2020, the United States-Mexico-Canada Agreement ("USMCA" or the "Treaty") came into force in Mexico, along with the publication in the Federal Official Gazette ("DOF" for its acronym in Spanish) on that same day of a Decree issuing the Federal Law on Protection of Industrial Property, which abrogates the former Industrial Property Law (the "Decree").**

On June 29, 2020, the Ministry of Foreign Affairs published in the DOF, the Promulgation Order to substitute the North American Free Trade Agreement ("NAFTA") with the USMCA signed on November 30, 2018 in Buenos Aires, Argentina, as well as the Protocol Amending the USMCA signed on December 10, 2019 in Mexico City, Mexico, to officially communicate the commencement of the USMCA, together with all the amendments and parallel provisions.

In parallel, the National Congress discussed and passed new legislation on industrial property, the Federal Law on the Protection of Industrial Property ("FLPIP" or "New IP Act"), as a means of harmonizing and reflecting Mexico's commitments under Chapter 20 of the USMCA, relating to intellectual property rights.

The aim of this Chapter is to ensure that the protection and enforcement of intellectual property rights contributes to the promotion of technological innovation and to the transfer and dissemination of technology (to the mutual advantage of producers and users), and recognizes the need to (i) promote innovation and creativity; (ii) facilitate the diffusion of information, knowledge, technology, culture, and the arts; and (c) foster competition and open and efficient markets.

We present a brief synthesis of the main rights incorporated in the aforementioned Chapter 20 of the USMCA, in matters of industrial property, rights that Mexico has been adopting over the last years in order to strengthen its system of protection of intellectual property rights:

#### 1) Trademarks and Geographical Indications

Regarding trademarks, the USMCA recognizes the protection of (i) signs that are not only visually perceptible, but rather through any other senses (i.e. sounds or scents), as well as (ii) collective and certification marks. These novel types of IP rights, including those best known as non-conventional trademarks, were originally introduced into our legal scaffolding with the reform to the now repealed Industrial Property Law of May 18, 2018, and subsist in the New IP Act.

The Treaty introduces a new test for the analysis of trademark similarity, which establishes a presumption of likelihood of confusion whenever it involves signs that, being identical, are applied to identical goods or services; it also allows trademark holders to take action against third parties who, in the course of their commercial activities, use the same or similar trademarks in connection with related goods or services, if that use would result in a likelihood of confusion.

USMCA also endorses a non-recordal of a license policy. In this regard, no Party shall require the recordal of trademark licenses in order to establish a license's validity, or, as a condition for use of a trademark by a

licensee to inure to the benefit of its holder, policy that was properly adopted in the New IP Act with the elimination of the requirement to register a license for purposes of evidencing use.

It reinforces the use of well-known trademarks as a source of rights (without need for local or foreign registration), and the protection that this figure confers is extended to prevent its use in goods or services that have a connection with those that the well-known trademark protects, or when the interests of the owner of the same are likely to be damaged.

Regarding geographical indications, the Treaty establishes due process rules for the recognition and protection of geographical indications (i.e. terms that identify a product, whose quality, reputation, or other characteristics derive fundamentally from its geographical origin). In addition, USMCA establishes criteria to promote a transparent opposition procedure, which makes the protection system for geographical indications more robust.

Trademark owners shall be given an opportunity to oppose the protection of a geographical indication if they consider that it causes confusion with a trademark registration or a pre-existing trademark application. The possibility of objecting was also established in the event that the indication seeking protection is considered a common-use term.

## 2) Patents

Regarding patent term adjustment, the USMCA allows the grant of an extension in cases of unreasonable delays on the part of a Patent Office. In this sense, articles 126 and 127 of the FLPIP allow an adjustment of up to five years, when (i) the period between the filing date of the application in Mexico and the granting of the patent exceeds five years, due to causes other (ii) directly attributable to the granting authority, in this case, the Mexican Institute of Industrial Property ("IMPI", for its acronym in Spanish).

Likewise, according to the USMCA, and now also to the New IP Act, disclosures made within the twelve months prior to the filing date of a patent application or, where appropriate, of the recognized priority, by third parties that obtained the information directly or indirectly from the inventor or the patent applicant, shall not be considered as state of the art.

### 2.1 Specific provisions for pharmaceutical products

Although the Treaty included the possibility of patenting new medical uses, with the amendment of December 10, 2019, Mexico had the expeditious way to choose whether or not to incorporate these new uses as patentable subject matter. After an arduous debate inside the Mexican Senate, the new FLPIP did not expressly introduce them, but neither prohibits them, and an argument could be made that new medical uses meet the requirement of novelty established in the New IP Act.

It is added as an exception to the rights granted under a patent, the fact that a third party uses, manufactures, offers for sale or imports a product with a valid patent, exclusively for purposes of testing it to generate information and the experimental production necessary for obtaining marketing authorization of medicines for human health, what is known as the Bolar Clause. According to the New IP Act, this exception would be available at any time.

The linkage system between IMPI and the Federal Commission for the Protection against Sanitary Risks ("COFEPRIS" for its acronym in Spanish) for the granting of sanitary registries was previously found in the Regulations to the former Industrial Property Law. However, it is now governed in the New IP Act through the publication, every six months, of a list of patents related to inventions that can be used in allopathic medicines. This obligation will take effect 120 working days after the publication date.

The Treaty provides for various figures for the protection of pharmaceutical products (adjustment to the patent term and protection of clinical data) that are not regulated in the FLPIP, but that will have to be considered in other regulatory provisions.

### 3) Industrial Designs

Industrial designs, as non-conventional trademarks, were introduced into Mexico's legislation with the reform to the former Industrial Property Law of March 13, 2018. Specifically, the USMCA provides that the term of protection of industrial designs shall be of at least 15 years from either the filing date or the date of grant or registration. In Mexico, article 78 of the new FLPIP establishes that the registration of industrial designs will be valid for five years from its filing date, renewable for successive periods of the same duration up to a maximum of 25 years.

### 4) Domain names

Concerning domain names, the Treaty states that signatory countries must implement an appropriate procedure for the settlement of disputes modelled after the principles established in the Uniform Domain-Name Dispute-Resolution Policy. This, according to the USMCA, must: (i) be designed to resolve disputes expeditiously and at low cost, (ii) be fair and equitable, (iii) not be excessively burdensome, and (iv) must not preclude resort to judicial proceedings. In addition, the Treaty provides for the existence of new remedies for trademark owners, against a person who register or holds with a bad faith intent to profit, a domain name identical or confusingly similar to a trademark.

### 5) Trade secrets

Finally, Chapter 20 of the USMCA establishes robust and detailed measures for the protection of trade secrets, including implementing civil judicial procedures for any person lawfully in control of a trade secret to prevent, and obtain redress for, the misappropriation of the trade secret by any other person. Additionally, it foresees provisions to protect the confidentiality of trade secrets produced or exchanged in a judicial proceeding, and

their use by public officials. However, the New IP Act did not introduce for the most part these protections, hence, it will be relevant to closely monitor any legislative activity in relation thereto during this and the coming years, following USMCA's entry into force in Mexico.

For the complete text of USMCA's Chapter 20, please click [here](#).

\* \* \*

*This document is a summary for information purposes only. It does not constitute an opinion and may not be relied upon, used or cited without our prior written authorization. We do not assume any responsibilities for the content, scope or use hereof. For any comments regarding it, please contact any partner of our firm.*