



Sofia Arroyo

The opposition system in Mexico celebrates its first anniversary

Sofía Arroyo, Olivares, reviews the initial results of the Mexican Opposition System and points out both the good and not so good practical consequences the system has rendered in its first year of life.

As many of you may know, opposition proceedings are now available in Mexico as the Law reform that made this possible came into force in August 2016, therefore this August we celebrate the first anniversary of such system.

In view of the above we consider this is a good opportunity to make a review of the initial results of such system and to point out both the good and not so good practical consequences and/or results this system has rendered in its first year of life.

Nevertheless, before proceeding with such analysis we consider important for context reasons to remember the peculiar characteristics of the Mexican opposition system, which is somewhat sui generis when compared to other opposition systems throughout the world.

One of the things the Mexican Institute of Industrial Property (IMPI) currently likes to boast throughout the world is that obtaining a trademark registration in Mexico is fast. This is because if no formal requirements and/or relative or absolute grounds of refusal are found by the examiners, the registration certificate can be granted within six months as of filing date or less.

Consequently, when IMPI was required to prepare a Law reform to introduce oppositions in Mexico, they were adamant to create a system that allowed them to maintain the possibility of granting trademark registrations within the above mentioned six month period. They therefore developed an opposition system that is **fast and runs parallel to the registrability exam conducted by the trademark examiners.**

Considering the above, the opposition system in Mexico has the following characteristics:

a) Trademark applications are published for opposition on IMPI's Gazette within 10 days as of their filing date, granting a 1-month term to third parties to file oppositions.

This characteristic is different from other opposition systems in which the applications are published only after they have "approved" the examination from the corresponding trademark office.

b) After an opposition is filed, it is also published on IMPI's Gazette, granting the applicants a 1-month term to respond to the opposition.

c) While the terms for filing and responding to the opposition are running their course, IMPI will proceed to conduct their own analysis of the application including all formal requirements and classification issues, absolute grounds for refusal, and relative grounds for refusal.

d) Once IMPI has finalized their analysis, they will proceed to issue a resolution in the form of the granting of a registration certificate or an official communication refusing registration for the opposed mark.

However, no formal response regarding the opposition is issued, hence the "success" or "failure" of the opposition depends on whether IMPI granted or refused registration for the opposed mark.

In this manner, if IMPI does not agree with the content of the opposition and/or does not find any grounds on which to refuse registration they can still grant trademark registration within the above mentioned 6 month term.

Considering the above, we will now proceed to comment on the advantages and disadvantages of this opposition system.

Résumé

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Sofía's work in Olivares focuses on the trademark practice, particularly relating to two areas; prosecution and litigation.

In connection with trademark prosecution, her work covers all related aspects ranging from the availability searches and the follow-up of the trademark prosecution process from filing to registration.

As for trademark litigation, her work covers both administrative litigation derived from the conflicts arising during the trademark prosecution, as well as the litigation before our judicial authorities covering both the Federal Court of Administrative Matters and the Federal Circuit Courts (Amparo Trials).

These judicial litigations arise from appeals to the resolutions of administrative litigations and registration refusals issued by the Mexican Institute of Industrial Property.

She also provides general advice in all aspects relating to obtaining and maintaining trademark rights in Mexico.



Advantages

Having an opposition system in Mexico, even with its peculiar characteristics, does present some advantages.

The opposition system fulfills the intent to be fast and avoid delays in the prosecution of trademark applications.

Likewise, it also fulfills the function of alerting trademark owners of potentially conflicting junior applications, allowing them to try to solve said conflict either via an opposition or through a negotiation process.

Please note that according to Mexican IP Law, it is possible for trademark owners to request the annulment of registered trademarks, based on likelihood of confusion to senior trademark registrations. This proceeding is independent from the opposition proceeding and can be initiated by senior trademark owners within a 5-year term as of the date in which the registration of the challenged mark was published on IMPI's Gazette.

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However, when compared to an opposition, going through the annulment process has some practical disadvantages:

- The annulment process is formally a litigation process with two possible appeal stages and therefore it is significantly more expensive than filing an opposition.
- Because of its “litigation” nature, the annulment process can be delayed for numerous years, more so if the process goes through the appeal stage. On the contrary, the opposition process is fast and even if official actions are issued, most trademark applications – with or without opposition – will have a final resolution regarding the prosecution stage, which will be issued by IMPI in between 6-18 months.
- The annulment process is a conflict between two valid trademark registrations; therefore, the owner of the challenged junior registration **can use** their trademark without risk of infringement throughout the entire annulment process. However, since, as mentioned above, the annulment process can delay various years, it is only one year after the annulment has become final that the owner of the senior trademark will be in a position to initiate infringement actions against the counterpart and only in the case said party is still using their mark.
- Likewise, since the use of the opposite mark is done under the protection of a validly granted trademark registration, the owner of the senior mark does not have the possibility of claiming damages for the use done during the annulment process.
- On the contrary, if the opposition is successful and the junior application is refused, the senior trademark owner can (immediately after the refusal becomes final), initiate infringement actions in case of unauthorized use of the conflicting mark.

Disadvantages

Even though the above-described system does indeed fulfill the objective of being a fast process that does not delay the prosecution of trademark applications, after one year in force we have found that this system does present some inconveniences, which we will try to address below.

1) There is no time for a negotiation process prior to filing an opposition

Since the term to file an opposition is of just one month, and because the Mexican IP Law does not contemplate the possibility of requesting an extension term to file the opposition in view of a pending negotiation, it is practically impossible to reach an agreement between the parts prior to the opposition term.

Consequently, in practice, the recommended course of action is to first file the opposition and afterwards contact the trademark applicant to try to reach an agreement while IMPI conducts their analysis of the application.

2) The prosecution of an application cannot be suspended due to a negotiation process between the parts

According to Mexican IP Law, applications can only be suspended when there is either a nullity action or a cancellation action on the account of non-use challenging a senior mark that was cited as a barrier by IMPI.

Therefore, if as a result of an opposition the parts decide to enter into a negotiation process, the application that prompted the opposition cannot be suspended and the parts have to reach an agreement while IMPI conducts their analysis of the application. If IMPI finalizes their analysis and refuses registration, then the affected applicant will be forced to file a new trademark application and commence the registration process anew after an agreement with the counterpart has been reached.

3) IMPI does not expressly address the opposition in their resolution

As mentioned above, after IMPI has finalized their analysis of the application they will proceed to issue a resolution to said application in the form of either a registration certificate or an official communication refusing registration, however IMPI does not address the content of the opposition writ specifically.

Evidently, this situation is particularly troublesome in the cases where the opposition is “unsuccessful” and the trademark registration of the opposed mark is granted because the opposing party does not know which were the examiners’ reasoning for disregarding the opposition and granting registration.

4) The opposition procedure takes place at the start of the trademark application process, which can result in “unnecessary” oppositions

As previously mentioned, the opposition procedure begins 10 days after the filing of the new applications when such applications are published for opposition.

However, since IMPI will also conduct their own analysis of the application it is entirely possible that, during the course of such analysis, IMPI will issue official communications, which, as mentioned, can contain either formal requirement or absolute/relative grounds of refusal.

Likewise, by virtue of the Mexican IP Law, if an applicant fails to file a timely response to any official action (the term granted to respond is 4 months as of notification date), the application will become automatically abandoned.

Consequently, if an opposition results in the refusal of the opposed application or the issuance of an official action citing senior marks as barriers, which is not responded to and results in the abandonment of the opposed application, then we can say the opposition was successful.

However, if IMPI issues an official action with formal requirements and said official action is not responded to, this renders the opposition unnecessary. Nonetheless, third parties still have to file the opposition in a precautionary manner because the official action with formal requirement will very likely be issued after the 1-month term to file the opposition, and even if said official action was issued within this 1-month opposition term, the applicant has a 4-month term to respond to the official action, which will always expire after the opposition term.

Therefore, as mentioned, third parties always have to file the opposition against potentially conflicting junior applications because there is no time to conduct prior negotiations and because even if the application becomes abandoned due to formal requirements the opposition term expires before the term to comply with the formal requirements.

Unfortunately, as you will realize, this situation is generating a significant workload for trademark examiners and IMPI, which we consider could be mitigated if the Mexican IP Law was amended and the opposition stage was moved to be the last stage of the trademark prosecution process. In this manner, the applications that are abandoned by failure to respond to an official action will never reach the opposition stage.

Conclusion

Lastly, we would like to finalize this article by pointing out that from a statistical standpoint there is still not enough data to make a detailed assessment as for the efficiency of the opposition system in relation to the purpose of preventing the registration of conflicting trademarks. As previously mentioned, this is because when official actions are issued by IMPI, the prosecution process extends to approximately 18 months.

Therefore, so far we have only seen the “resolution” of oppositions that have been “unfavorable” as IMPI has decided to grant registration to the opposed mark, though these unfavorable oppositions seem to be a relatively low number when compared to the total number of opposition files which is currently around 10%. Nonetheless, please note this number will likely change as more resolutions come forward.

In this point, we soon expect to start receiving information regarding the number of opposed applications that get abandoned at either the formal requirements stage or by failure to respond to an official action citing the opposing trademark as barrier for registration.

Finally, we expect that by the end of 2017 or beginning of 2018 we will start to see refusals for registration in opposed marks, information which will allow us to be able to make a more detailed analysis of the actual impact oppositions are having in the trademark examiners and their resolutions.

