MEXICO BUSINESS NEWS

Expert Contributor
By Armando Arenas
Partner OLIVARES
Mon, 26/01/2023

Breaking Down New Restrictions on Tobacco Ads, Commercialization.

On Dec. 16, 2022, the “Decree amending, adding, and repealing various provisions of the Regulation of the General Law for Tobacco Control” was published.

These new provisions that will enter into force on Jan. 15, 2023, are intended to prohibit the following activities:

- Any form of advertising, promotion, and sponsorship, or any other activity that encourages the consumption of tobacco products, directly or indirectly, through any printed, electronic, sound, visual, or audiovisual means of communication and dissemination, technological applications and digital services, among others.
- Direct or indirect display at points of sale, which allow the consumer to observe and take them directly.
- The use of logos, trademarks or “trademark elements” of tobacco products and also in non-tobacco products, which include the distinctive, graphic and design aspects as well as the slogan or sales messages and the color or combination of colors that are related to the products.

These new rules clearly affect not only the tobacco industry, but also all the people who participate in the production and commercialization chain of this type of product, since beyond the objectives pursued in terms of health, in its issuance, legal aspects that make its legality very questionable were not observed.

Before commenting on the inconsistencies in these new provisions, we observe certain omissions in the public consultation process that was carried out before the National Commission for Regulatory Improvement, since it is not noted that the Ministry of Health has given a timely response to the preliminary opinion or to the comments from the experts within the 45-day period established in article 75 of the General Law on Regulatory Improvement.

On the other hand, these new rules limit the freedom of trade in various activities, since they contain unnecessary obstacles to free trade, are incompatible with international treaties, such as TRIPS (Trade-Related Aspects of Intellectual Property Rights), in that it unjustifiably prevents the use of a trademark of factory or commerce from being limited in the course of commercial operations with special requirements, added to the fact that it lacks regulatory coherence with various laws, including the Federal Law for the Protection of Industrial Property, by prohibiting the use of trademarks and advertisements.

In this regard, although it is true that the Federal Law for the Protection of Industrial Property regulates certain cases in which the state may prohibit or regulate the use of trademarks or the circulation of products, it must be said that the only authority empowered to impose such limits or restrictions is the one that granted the corresponding registry, which is the Mexican Institute of Industrial Property (IMPI). On the other hand, it is necessary to indicate that said restrictions mainly deal with cases referring to the use in relation to:

- Monopolistic, oligopolistic or unfair competition practices that cause serious distortions in the production, distribution or commercialization of certain products or services.
- The use prevents the efficient distribution, production or commercialization of goods and services.
- The use prevents, hinders or makes it more expensive in cases of national emergency and while it lasts, the production, provision or distribution of basic goods or services for the population.

In fact, these rules favor a clear invasion of powers, since the power to grant or deny registrations on distinctive signs, as well as to apply administrative sanctions for alleged infringements in matters of industrial property due to the improper use of distinctive signs, corresponds solely and exclusively to the IMPI, and not to the Ministry of Health, for which this section arbitrarily confers a power that exceeds its scope of competence.

The alleged purposes to improve the health of the population to which the restrictions on the use of trademarks or their elements in relation to tobacco products refer, have nothing to do with monopolistic, oligopolistic or unfair competition practices, nor do they have to do with issues related to preventing the effective distribution, production or commercialization of goods and services, and much less with issues related to preventing, hindering or making the production, provision or distribution of basic goods or services for the population more expensive in cases of national emergency.

In any case, it must be said that for a restriction of this nature or even with more extensive purposes, such as those intended to be valid, they must in any case be provided for in legal regulations that are not hierarchically inferior to federal laws and without contravening the latter or international treaties.

On the other hand, the use of the phrase “trademark elements” is noteworthy, in that it is erroneous and antagonistic to the guidelines for the study of distinctive signs that the courts have established over the years to carry out a suitable analysis of distinctiveness, since one of the most accepted and recognized parameters is that trademarks must be analyzed as a whole and not divided from the elements that make them up.

It is emphasized that the use or registration of a trademark that has previously been registered in class 34 of the Nice Classifier, in relation to products or services other than those protected by said class, should not presuppose that there is an advertising or promotional activity by its owner, since the latter may well venture into various branches different to the tobacco industry in the exercise of its freedom of trade and may not be attributed an advertising or promotional intention if it receives a remuneration for placing its products in national commerce.

Consequently, in addition to exceeding the scope of competence, the aforementioned reform would allow the Ministry of Health to carry out an artificial and arbitrary study on those trademarks that — in whole or in part — protect tobacco products that are classified, in principle, within class 34 of the Nice Classifier, since it would be illegally empowered to section them in order to arbitrarily determine if one of the elements that make them up (design, color, stylization, letter(s), etc.), correspond to the aforementioned prohibition, which violates one of the most paradigmatic guidelines in terms of distinctive signs.

Therefore, no matter how apparent the reasons of equity, health or analogy may be that advise otherwise, the existence and exercise of trademark law cannot be restricted, other than for the reasons expressly provided for by the corresponding regulatory framework.

Consequently, although said proposal addresses a legitimate public health concern, our legal framework and the acquired international commitments must also be taken into consideration in order to maintain a healthy economic competition and fair freedom in the market that respects the rights of the obligated subjects.