

### Trademark Litigation Review

2025

Mexico: evolving oppositions framework signals break from traditional litigation

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The second edition of the WTR *Trademark Litigation Review* casts an expert eye on some of the most pressing issues facing those involved in litigation on both sides of the divide, blending analytic insight with on-the-ground expertise from the key regions of the Americas, the Asia-Pacific, and Europe, the Middle East and Africa.

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# Mexico: evolving oppositions framework signals break from traditional litigation

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### **Summary**

IN SUMMARY

DISCUSSION POINTS

REFERENCED IN THIS ARTICLE

INJUNCTIONS AT A GLANCE

CONCLUSIONS

ENDNOTES

### **IN SUMMARY**

- As consequence of how the opposition system is evolving in Mexico, the landscape for trademark litigation is significantly changing.
- The traditional path for brand owners to protect their trademark rights has significantly changed, and therefore ignorance about these changes may result in trademarks not being duly protected.
- Now the Specialised Chamber on Intellectual Property Matters of the Federal Court for Administrative Affairs (SEPI), which is the administrative court in charge of dealing with the appeals filed against rulings of the Mexican Trademark Office (IMPI), is also entitled to declare the invalidity of trademark registrations.
- The way in which IMPI currently issues its rulings to resolve opposition proceedings and those granting or refusing trademark registrations, may result in contradictory decisions, which if not properly handled, may affect brand owners' or applicants' trademark rights.

### **DISCUSSION POINTS**

- · Evolution of the opposition system
- · Precedent-setting legal cases
- · The new role of SEPI in trademark invalidations
- Impact of the estoppel provision (article 259)
- · Res judicata of reflected efficacy doctrine
- Increased time and complexity in appeals

### REFERENCED IN THIS ARTICLE

- Case IX-P-SS-85 (Superior Chamber of the Federal Court for <u>Administrative Affairs</u>): established that it is possible to challenge both the ruling in failed oppositions and the validity of the trademark registration.
- Amparonumber 232/2024 (Federal <u>Circuit Court</u>): ordered SEPI to declare the invalidity of the trademark registration after IMPI's failure to do so.
- Federal Law for the Protection of Industrial Property (2020)g>: introduced significant changes to the opposition system, including an estoppel provision (Article 259) that prevents invalidity actions based on failed oppositions.
- Article 259 of the Federal Law for the Protection of Industrial Property: states that an invalidity action cannot be filed on the same grounds and evidence as those used in a failed opposition.
- <u>Mexican Industrial Property Law (pre-2020)</u>: the previous legal framework, under which the opposition system was less structured and developed.

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<u>Mexican Institute of Industrial Property (IMPI)</u>: the authority responsible for processing trademark applications, oppositions, and issuing trademark-related decisions.

- <u>SEPI</u>: a specialised body within the Federal Court for Administrative Affairs responsible for reviewing IMPI's rulings.
- <u>Federal Court for Administrative Affairs (TFJA)</u>: the court tasked with handling appeals concerning IMPI's decisions, including those arising from opposition proceedings.

### **INJUNCTIONS AT A GLANCE**

Preliminary injunctions – are they available, how can they be obtained?	Yes, in accordance with Mexican IP law, preliminary injunctions are available and can be obtained from IMPI by filing a motion presenting a prima facie case based on any IP right. Details of the injunctions to be implemented from those available by law must be provided, and a bond posted that warrants any possible damages that may be caused to the party suffering the injunctions.
Permanent injunctions – are they available, how can they be obtained?	Mexican law does not expressly allow permanent injunctions. Preliminary injunctions only become permanent when IMPI declares infringements against the party suffering the injunctions. However, under the new Mexican IP law, IMPI must conduct a balancing exercise to determine who has the better appearance of right and who may suffer greater damage from the lifting or staying of the injunctions. As a result, even if the alleged infringer requests the lifting of the injunctions, it may be denied. Technically, the injunction remains preliminary until the issuance of a final ruling on the merits.
Is payment of a security or deposit necessary to secure an injunction?	Yes, the posting of a bond sufficient to warrant any possible damages that may be caused to the party suffering the injunction is required.
What border measures are available to back up injunctions?	Mexican IP law provides border measures to suspend the free circulation of goods intended for import, export, transit, or any customs regime that violate IP law. These measures are coordinated between IMPI and customs authorities.

Mexico is currently navigating very interesting and challenging times in connection with trademark litigation, thanks to the evolution of the opposition system.

Since its introduction into Mexican intellectual property (IP) law back in 2016, the opposition system has been constantly evolving. Firstly, the opposition system was very poorly regulated, resembling more a letter of protest like those used in jurisdictions such as the USA, and IMPI was not even bound to consider or study the oppositions filed.

At that point in time, the structure of the opposition system could be summarised as follows:

- There was a 30-day period to file an opposition, counted as from the date of publication of the application in the Official Gazette.
- Any person could file an opposition, but said person was not recognised by IMPI as a
  party in a proceeding, not even an interested third party.
- The opposition brief could be accompanied by any documentation deemed as relevant, but there was no reference in the law to the possibility of formally filing evidence in support to the opposition.
- IMPI was bound neither to study nor resolve the opposition filed and was only obliged to state whether the opposed trademark application matured into registration.

In 2018, an amendment to the former Mexican IP law introduced relevant changes to the opposition system, providing it with a more robust structure that could be described as follows:

- There was a 30-day period to file an opposition, counted as from the date of publication of the application in the Official Gazette.
- Any person with interest might file an opposition, thus being recognised as a party within the proceeding.
- The opposition brief had to be accompanied by all evidence supporting it, as well as including the proof of payment of the corresponding tariff of services.
- The trademark applicant was notified about the opposition filed and was granted a
  one-month period to produce a reply to the opposition, which could be accompanied
  by any relevant evidence.
- The opposition did not suspend the prosecution of the application.
- IMPI was bound to study and resolve the oppositions filed.

Notwithstanding the fact that under this new scenario IMPI was bound to study and resolve in a formal manner all oppositions filed, at that point in time, rulings issued by IMPI were poorly grounded and consisted of rulings of one single sheet, simply communicating whether the opposition was deemed grounded, and whether the opposed trademark application was allowed to mature into registration or finally refused.

In 2019 the above changed when the Second Chamber of the Mexican Supreme Court of Justice decided case number 234/2019 (review recourse in *amparo*),[1] thus determining that the opposition system constitutes a procedure independent to that of the trademark registration, since the opposition is aimed at achieving objectives different to that of the prosecution of a trademark registration. It has different stages, is developed in parallel to and in a manner independent of the prosecution of a trademark application, and therefore, even if there is some connection between both proceedings, it in no way means that one proceeding is subsumed by the other.

The precedent above caused IMPI's rulings for oppositions to become more robust and grounded, and therefore, the door was opened for challenging said rulings with SEPI.

At that time, there was no clarity regarding the effectiveness of appealing the resolutions issued within the opposition proceedings, because it was not even clear if SEPI was entitled to invalidate trademark registrations that had already been granted. Obviously, if SEPI was not entitled to invalidate a trademark registration, then the effects of any decision coming from SEPI in this sort of case was uncertain and did not offer brand owners a secure path to follow, which made them turn instead, towards the filing of invalid actions.

Indeed, many brand owners opted to file invalidity actions as soon as they detected that the opposed trademark application was allowed to mature into registration, instead of challenging an unfavourable ruling issued within the opposition proceeding, as many of said invalidity actions prosecuted before IMPI were successful.

The scenario above continued until November 2020, when the new Federal Law for the Protection of Industrial Property came into force, thus introducing additional modifications to the opposition system and including as well in its article 259,[2] an estoppel provision that prevented the filing of invalidity actions on the same grounds and evidence that was used in an opposition, if it had been attempted and failed. Hence, the structure of the opposition system is now as follows:

- There is a 30-day period to file an opposition, counted as from the date of publication of the application in the Official Gazette.
- The opponent is recognised as a party within the procedure and must prove its legal standing by submitting a power of attorney.
- The trademark applicant is notified in one single communication about:
- any formalities that need to be corrected in the application;
- any objections regarding the registrability of the proposed trademark;
- any anticipations (senior registrations or previously filed applications uncovered by IMPI's analysis) cited; and
- any oppositions filed. The applicant is granted a four-month period to respond to this.
- The opposition is prosecuted in parallel with the trademark application and does not suspend the prosecution thereof and does not prejudge the trademark registrability analysis conducted by IMPI.
- A common five-day period is opened for both parties to submit their closing arguments in the opposition.
- IMPI is obliged to study and substantiate its decision for each opposition filed.

This led brand owners to deal with the complexity of assessing which invalidity causes to attempt within an opposition and which to reserve for an eventual invalidity action, if the opposition failed, which had to be analysed on a case-by-case basis.

The scenario above continued until the end of 2023, when another chapter in the evolution of the opposition system in Mexico came with a decision issued by the Superior Chamber of the Federal Court for Administrative Affairs, in case number IX-P-SS-85,[3] which held that it was possible to challenge before SEPI, the rulings issued by IMPI within failed oppositions,

adding that the validity of the trademark registration that had been granted as a result of the failed opposition could also be challenged simultaneously with SEPI.

This radically changes the traditional scheme of how to challenge the validity of trademark registrations, as now it is not only possible to do it through the traditional path of an invalidity action before IMPI, but also through challenging before SEPI the unfavourable ruling issued by IMPI within an opposition, challenging at the same time the validity of the trademark registration granted as a consequence of the failed opposition.

It deserves a special remark that the precedent above indicated that the party challenging the validity of an unfavourable ruling issued within an opposition could also challenge in parallel the validity of the trademark registration. However, as we will see below, to avoid contradictory rulings, it becomes necessary to challenge both rulings in parallel.

Additionally, another recent chapter in the evolution of the opposition system came when, despite the fact that the Superior Chamber of the Appeals Court considered that SEPI could declare the invalidity of a trademark registration in the aforementioned terms, SEPI declared the nullity of a ruling issued by IMPI within a failed opposition, but refused to declare the nullity of the trademark registration and ordered the matter to be remanded to IMPI so that the latter could resolve it as it deemed convenient.

SEPI's decision was challenged before the Federal Circuit Courts (FCC) and received a favourable decision from the FCC in *amparo* number 232/2024, which ordered SEPI not to remand the case to IMPI but to declare by itself the invalidity of the trademark registration. SEPI has just issued another decision complying with what was ordered by the FCC, in case number 1627/2023-EPI-01-10, finally declaring the invalidity of the ruling issued by IMPI in the opposition attempted, and the invalidity of the registration granted.

Consequently, now there is no doubt that currently there is a scenario wherein brand owners may obtain the invalidity of a trademark registration by a course of action different to the traditional invalidity action filed with IMPI. However, they must be very careful as to whether the opposition filed is sufficiently grounded; otherwise, an unfavourable ruling in that opposition may prevent them from filing an invalidity action against the granted registration later, because of the estoppel provision of article 259.

At the same time, brand owners must be aware of the current relevance of challenging the rulings issued within opposition proceedings, bearing in mind as well, that if challenging a ruling issued in an unfavourable opposition, they must also challenge in parallel the validity of the trademark registration granted to applicant.

To add more complexity to the above, recently SEPI and the FCC have also been issuing some decisions in appeal cases related to oppositions resolved unfavourably to opponents, which have had a relevant impact on invalidity actions attempted by brand owners who decided to challenge the trademark registrations that were granted as a consequence of the failed oppositions.

As mentioned above, in light of the estoppel provision of article 259, brand owners may opt to base their oppositions on any registrability prohibitions and reserve some legal arguments to be used in an invalidity action, should the opposition fail.

However, SEPI and the FCC are sustaining the alleged application of the doctrine of 'res judicata of reflected efficacy', explaining that this occurs when there is the same object and the same parties in two lawsuits or complaints, although with different actions; the outcome

of the first lawsuit influences the outcome of the following one – the first serves as the basis for the next one to prevent contradictory judgments, always reflecting each other.

Based on such doctrine, SEPI is considering whether there may be reflected res judicata when IMPI has resolved an opposition, which implies conducting an analysis on likelihood of confusion between the trademarks in conflict, resolving that there is no likelihood of confusion.

This may negatively impact any invalidity action filed by brand owners against the trademark registration derived from the failed opposition, because even if that invalidity action is based on any legal argument different to the one used in the opposition (eg, prior use or bad faith), but which implies conducting a trademark analysis on likelihood of confusion, there will be the risk that either IMPI or SEPI considers that in view of the res judicata of reflected efficacy, that new invalidity action should be resolved as ungrounded, because in the opposition the analysis on likelihood of confusion has already been conducted, and therefore any additional nuances would be irrelevant, because the core of the invalidity action would rely on the likelihood of confusion analysis.

In view of the above, even if a brand owner decided to reserve some legal arguments for attempting an invalidity action, should the opposition fail, those reserved arguments could eventually be deemed as ungrounded in view of the res judicata of reflected efficacy principle, which could negatively affect the strategy originally devised by the brand owner, and consequently, extra attention and care needs to be paid when drafting said strategies.

Something additional to ponder is that oppositions are resolved by the Trademarks Division of IMPI, while invalidity actions are decided by IMPI's Division for Contentious Affairs, so that even though they both belong to the same authority, there is still a need for uniform criteria between these two divisions of IMPI.

Another situation that caused some issues in the proper handling of the scenario above, derived from how IMPI is communicating, bearing in mind the time difference in the granting of a trademark registration derived from a failed opposition, and the ruling formally declaring the opposition as ungrounded. Since both rulings must be challenged at the same time, although brand owners may become aware of the grant of the opposed registration well in advance, they will have to wait until being formally notified of the ruling declaring the opposition as ungrounded to formally challenge both rulings.

If not properly monitored, both rulings and the right to appeal them in parallel, in accordance with the precedents mentioned above, may be permanently lost.

All of the above makes it even more complicated to assess when to file an opposition and when to opt for an invalidity action and requires highly specialised IP counsel to not jeopardise brand owners' available legal action for defending their trademark portfolios.

As you may notice, the evolution of the Mexican opposition system is posing very interesting and pioneering challenges, being that many new scenarios will surely continue to be triggered in the months and years to come, as more and more precedents are issued by IMPI, SEPI and the FCC.

### **CONCLUSIONS**

The opposition system has certainly become a very relevant and useful tool for brand owners to use to protect their registered trademarks in Mexico, significantly reducing the number of trademark squatting and copycat cases, thus very relevant for brand owners.

However, the opposition in Mexico has evolved into a very complex system with serious intricacies impacting the traditional trademark litigation, posing new hurdles and raising new challenges, especially in connection with the prosecution of invalidity actions, thus creating a convoluted landscape for brand owners to navigate in Mexico, which requires highly specialised legal counsel.

A wrong assessment of which legal arguments to use in an opposition and which to use in an invalidity action, may deprive brand owners of the opportunity to properly safeguard their trademark rights.

In the same manner, a wrong assessment as to how to deal with appeals to be filed against failed oppositions, or final refusals, may result in an inadequate defence of trademark rights, either from the party opposing a registration or the party trying to secure one.

The traditional path for challenging trademark registrations has completely changed, as now IMPI is not the only authority entitled to declare the invalidity of said registration, and SEPI is now entitled as well. Therefore, if not properly handled, the appeal stages related to oppositions may also severely affect the proper protection of trademark rights.

The dynamism currently observed in the interaction of the opposition system and trademark invalidity actions makes it foreseeable to expect additional changes in trademark litigation in Mexico, which makes it important to be fully aware of all the applicable precedents and the ones that will continue to be issued in the future and to secure a proper assessment of all the possible legal actions to be attempted in each case.

All of the above has created a whole new world in trademark litigation in Mexico and brand owners require professional guidance to adequately protect their most valuable assets amid these very interesting yet challenging times.

### **Endnotes**

- 1 Complete text of the decision issued in case number 234/2019, with names of the parties suppressed for privacy reasons: <a href="https://www2.scjn.gob.mx/consultatematica/paginaspub/DetallePub.asp">https://www2.scjn.gob.mx/consultatematica/paginaspub/DetallePub.asp</a>
  <a href="https://www.asp.nc.gob.mx/consultatematica/paginaspub/DetallePub.asp">https://www.asp.nc.gob.mx/consultatematica/paginaspub/DetallePub.asp</a>
  <a href="https://www.asp.nc.gob.mx/consultatematica/paginaspub/DetallePub.asp">https://www.asp.nc.gob.mx/consultatematica/paginaspub/DetallePub.asp</a>
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  <a href="https://www.asp.nc.gob.mx/consultatematica/paginaspub/DetallePub.asp/">https://www.asp.nc.gob.mx/consulta
- 2 Federal Law for the Protection of Industrial Property (English version): https://www.jpo.go.jp/e/system/laws/gaikoku/document/index/mexico-e\_in dustrial-property.pdf. ^ Back to section
- **3** Text of precedent IX-P-SS-85 (in Spanish) on page 137 of the FCAA's September 2022 magazine: <a href="https://www.tfja.gob.mx/media/media/biblioteca/revistas/2022/Rev\_T">https://www.tfja.gob.mx/media/media/biblioteca/revistas/2022/Rev\_T</a> FJA\_Sep\_2022.pdf . ^ Back to section



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