



International Trademark Association
Representing Trademark Owners Since 1878

March , 2009

Mexico City

TO THE HONORABLE FEDERAL COURT
OF FISCAL AND ADMINISTRATIVE AFFAIRS

Re. File Numbers 10889/07-17-01-07 (from P.C. 544/2005 (N-247) 10471);
642/08 EPI-01-6 (from P.C. 562/2005 (N-255) 11065); 10923/07-17-08-4 (from P.C.
560/2005 (N-253) 11062)

Plaintiff: GRUPO ANDERSON'S, S.A. DE C.V.

Defendant: MEXICAN INSTITUTE OF INDUSTRIAL PROPERTY, IMPI.

The International Trademark Association (INTA) respectfully addresses the Honorable Magistrates of the Federal Court of Fiscal and Administrative Affairs to assist in the resolution of the referenced cases which are now under "Nullity Petition" following the Mexican Institute of Industrial Property (IMPI) ruling of January 23, 2007. INTA considers IMPI's ruling to be based on erroneous legal conclusions, in particular with regards to the lack of equality contained in Article 151, Section V of the Mexican Industrial Property Law which violates: (i) Article 1 of the Mexican Constitution; (ii) Article 1708 of the North America Free Trade Agreement (NAFTA); (iii) Article 62 of the Agreement on

Trade-Related Intellectual Property Rights (TRIPS); and (iv) Article 133 of the Mexican Constitution.

Specifically, INTA points to the “bad faith” provision in Art. 151, Section V, which allows foreign nationals to enforce their trademark rights against acts of piracy resulting in misappropriation of their trademarks, but clearly prohibits the exercise of these same rights by Mexican nationals in violation of provisions in the Mexican Constitution. Moreover, the Mexican Constitution states that federal laws and treaties will be the supreme law throughout the country, and Art. 151, Section V is inconsistent with Mexico’s treaty obligations.

INTA respectfully requests that the Honorable Magistrates of the Federal Court of Fiscal and Administrative Affairs, consider the arguments presented in this submission when reaching a final decision, as it outlines considerations of trademark law that may be useful in resolving the issues posed by the aforementioned Nullity Petitions.

ABOUT INTA

INTA is a not-for-profit membership association created in 1878 for the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce. The Association is made up of more than 5800 trademark owners and professionals from 190 countries who share a common interest in the protection and development of trademarks and trademark laws. The membership

includes small and medium size companies, large multinational corporations, law firms, trademark consultants and academic institutions representing all sectors of industry. INTA has 70 members from Mexico.

One of the purposes of the INTA is the development of clear and consistent principles, worldwide, regarding trademark issues and unfair trade practices. INTA is an accredited, non-governmental observer of the World Intellectual Property Organization (WIPO) and, as such, takes part in the meetings of WIPO relating to trademarks. INTA participated in the drafting of the Trademark Law Treaty (1999) and played a pivotal role in the creation of the Uniform Domain Name Dispute Resolution Policy (1999) which was adopted by the Internet Corporation for the Administration of Names and Numbers (ICANN), and which is administered by WIPO and other mediation service providers.

INTA also works with legislatures and trademark offices around the world, basing its analysis and comments on its Model Law Guidelines (revised 2007) and its Model Guidelines on Trademark Examination (revised 2007). INTA was instrumental in the drafting and enactment of the Trademark Dilution Revision Act (TDRA) by the U.S. Congress in 2006 and most recently submitted comments to the Brazilian Congress on the revision of its anti-counterfeiting laws.

Since 1916, the INTA has acted as advisor to Court in several jurisdictions, as an “*amicus curiae*.” Several amicus briefs may be found on INTA’s web site www.inta.org. It is in such capacity that that the INTA acts in this case.

SUMMARY AND BACKGROUND OF CASE

In order to substantiate INTA's conclusion with respect to the erroneous legal basis of the decision by IMPI, it is necessary to summarize the facts that occurred before the contentious procedure was initiated, which are contained in the following summary and background of the case:

- Grupo Anderson's was established in 1963.
- It has over 50 restaurant establishments located around the world.
- Grupo Anderson's portfolio of brands includes, among other brands, the SEÑOR FROG'S restaurant concept, and the SEÑOR FROG'S apparel business (primarily t-shirts).
- SEÑOR FROG'S brand clothing was originally sold through souvenir shops located within the restaurant outlets.
- The SEÑOR FROG'S brand has featured an animated frog character, used in association with both restaurant services and clothing. These characters are protected by the following registrations:

Registration 554016



Filing Date: June 16, 1997

Goods: Clothing

Registration 509038



Filing Date: August 31, 1995

Goods: Clothing

- In 1993, Grupo Anderson's granted a license to Tiendas Frog's, SA de CV (now Tiendas Oficiales, S.A. de C.V.) to use the trademark SEÑOR FROG'S in connection with clothing and other accessories. Within the license agreement, Grupo Anderson's recognized Tiendas Oficiales as author and owner of the copyright in all drawings of frogs created by Tiendas Oficiales.
- Despite the limitation in the License Agreement to the recognition of copyrights, in 2002 Tiendas Oficiales registered the following trademark in classes 25, 27 and 35 in Mexico:



- In 2004, based on its Mexican trademark registrations for the above drawing, Tiendas Oficiales filed trademark infringement actions against other licensees of the SEÑOR FROG'S trademark.
- On September 23, 2004, officials of the IMPI served these licensees with the trademark infringement actions and seized various items of clothing and other goods featuring frogs.
- Rulings were issued by IMPI declaring the rights of Tiendas Oficiales to have been infringed by the other licensees of the SEÑOR FROG'S trademark.
- Appeals were filed before the FCTAJ, which are currently pending resolution.
- On August 18, 2005, Grupo Anderson's filed three cancellation actions against Tiendas Oficiales' Mexican trademark registrations.
- Grupo Anderson's based its cancellation action on Article 151, sections I, II, III, IV and V of the Mexican Law of Industrial Property.

- On January 23, 2007, IMPI issued decisions denying all three cancellation actions filed against the trademark registrations owned by Tiendas Oficiales.
- The decisions issued by IMPI discussed all arguments presented by Grupo Anderson's based on Art 151 section I, II, III, IV, but there was no comment made as to Section V, which refers to the concept of "bad faith" as grounds for cancellation of a trademark registration. IMPI only rendered its decision on the factual points, being as follows:
 - a) *"It was granted in violation of the provisions of this Law or the one in force at the time of registration."* Section I corresponds to section IV of Article 151 and the Authority decided that the trademark registrations in the name of Tiendas Oficiales were rightfully granted.
 - b) *"The mark is identical or confusingly similar to another that has been used in the country or abroad prior to the filing date of the application in respect of the registered mark and has been applied to the same or similar products or services, provided that the person who asserts the stronger right by virtue of prior use proves uninterrupted use of the mark in the country or abroad prior to the said filing date or, where applicable, prior to the date of first declared use by the person who has registered it;"* The authority concluded that none of the evidence filed shows the use of frog designs by Grupo Anderson's, but rather is limited to use by third parties (which are Grupo Anderson's licensees).
 - c) *"The registration was granted on the basis of false information contained in the application"* The authority concluded Grupo Anderson's has no juridical interest to file a

cancellation action against the registrations of Tiendas Oficiales, arguing that they were granted containing false information on the application papers.

d) *“The registration was granted by error, mistake or difference of Judgment, while existing another registration in force which is considered infringed, consisting of an identical or confusingly similar mark applied to identical or similar services or products.”*

Finally, it was held that the trademark registrations of Tiendas Oficiales were not granted by error or inadvertence, as such marks are not confusingly similar with any of Grupo Anderson’s marks.

e) *“The agent, representative, licensee or distributor of the owner of a mark registered abroad applies for and secures the registration of the said mark or of a confusingly similar mark in his own name without the express consent of the owner of the foreign mark, in which case the registration shall be regarded as having been effected in bad faith.”* There was no comment made as to Section V of Article 151 in the resolution issued by the Mexican Institute of Industrial Property

- Appeals were filed by Grupo Anderson’s before the FCTAJ.

CONSIDERATIONS

The case, as laid out in the summary above, provides ample evidence to substantiate the following considerations:

First, Lack of cancellation procedures for trademarks registered in “Bad Faith” to Mexican Companies

Tiendas Oficiales acted in bad faith by registering a confusingly similar trademark to those owned by its licensor, Grupo Anderson’s. Tiendas Oficiales then enforced its registrations against other licensees of Grupo Anderson’s in efforts to block legitimate competition. Under the current Mexican Industrial Property Law, Grupo Anderson’s, as a Mexican company, is precluded from canceling Tiendas Oficiales’ confusingly similar trademark registrations, which were obtained in bad faith.

Pursuant to Article 151, Section V of the Mexican Industrial Property Law, a trademark registration may only be declared null and void on the basis that the mark was registered in bad faith in circumstances involving foreign trademark owners. As such, the owner of a Mexican trademark registration has no recourse against an agent, representative, licensee or distributor who applies to register an identical or confusingly similar mark in its own name without consent.

Second, “Equal Protection Argument”- Mexican Legislation does not provide for Equal Protection as Stipulated in Mexico’s Constitution

Article 151, Section V of the Mexican Industrial Property Law is unconstitutional in that the Mexican Constitution provides that the civil rights granted therein apply to all individuals. As stated above, however, the law does not permit a Mexican company to seek

cancellation of trademarks registered in “bad faith.” And therefore contravenes the constitution.

Third, Mexico’s compliance with International Agreements

Art 151, Section V is inconsistent with the international treaties to which Mexico has subscribed, i.e. TRIPS and NAFTA. In fulfillment of these treaty obligations, the Mexican Supreme Court has issued a ruling that all international treaties approved by the Senate and by the President are categorized above federal laws (i.e., Mexican Industrial Property Law), and are considered in the same rank as the Constitution.

Under NAFTA and TRIPS, Mexico is obligated to implement certain standards and procedures for the protection of intellectual property. Part IV (Article 62) of TRIPS, which concerns the acquisition and maintenance of intellectual property rights and related *inter partes* procedures, authorizes Members to subject the acquisition and maintenance of intellectual property rights to the compliance by the applicant or right holder with “reasonable” procedures and formalities that are fair and equitable.

Further more, Article 1708 of NAFTA requires each party to provide a system for the registration of trademarks which shall include a reasonable opportunity for interested persons to cancel the registration of a trademark.

In addition, Article 3 of TRIPS and Chapter 17 of NAFTA each provide for the principle of national treatment. Specifically, Article 1703(1) of NAFTA states that each

party shall accord to nationals of the other parties to the NAFTA treatment no less favorable than that it accords to its own nationals with regard to the protection and enforcement of all intellectual property rights. Under an interpretation *a contrario sensu* of such provision, the Mexican Industrial Property Law does not provide its nationals the same level of treatment accorded to those of other NAFTA countries.

Accordingly, with regards to cancellation of trademark registrations obtained in bad faith, there is a discrepancy between the provisions of the Mexican Industrial Property Law and those contained in the governing international treaties. The Supreme Court's position is that where such a discrepancy exists between a federal law and an international treaty, the latter must prevail. As such, the Mexican Industrial Property Law ought to be interpreted so that it does not limit the cancellation of trademark registrations obtained in bad faith to circumstances involving foreign trademark owners only.

CONCLUSION

Given that there is no opposition procedure under Mexican law, a trademark owner is left to rely solely on the examination conducted by IMPI only. In circumstances where IMPI grants registration to a mark that is identical or similar to a prior-registered mark, as demonstrated in the referenced case, the Mexican owner of a prior registration does not have the right, available to non-Mexican trademarks owners, to challenge a later registration that was obtained in bad faith.

INTA expresses no view on the ultimate outcome of this proceeding but, based on the constitutional issues and treaty obligations discussed above, respectfully urges the Federal Court to reverse the decision rendered by IMPI and to interpret the law to provide a Mexican trademark owner with the same right currently enjoyed by a foreign trademark owner to seek cancellation of a registration on the grounds of bad faith.