



**CONSIDERATIONS ON MEXICO'S ACCESSION TO THE
MADRID PROTOCOL AND ITS POSSIBLE IMPLEMENTATION BY
THE MEXICAN INDUSTRIAL PROPERTY INSTITUTE (IMPI)**

*Document prepared by the International Bureau of the
World Intellectual Property Organization (WIPO)*

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INTRODUCTION

There are three options for holders of national marks seeking protection abroad. The first is the national route, whereby the holder of a mark will always have the possibility of seeking and obtaining protection from the administration of each country in which he is seeking protection, provided that he complies with the requirements and follows the procedures laid down by applicable legislation in each of the countries in question. The drawbacks with this first approach are clear. A holder of a national mark seeking to protect the said mark abroad will have to deal with various procedures, comply with various requirements, work in different languages and pay fees in different currencies, incurring high transaction and opportunity costs.

The second possibility is the regional system. Some countries have agreed to set up mechanisms for granting rights in a mark on all of their territories, harmonizing their legislation and introducing a joint administration, as is the case with the European Union (OHIM), Belgium, Luxembourg and the Netherlands (Benelux) or the African Intellectual Property Organization (OAPI). In other cases, some countries have standardized formalities and centralized the filing of applications for the protection of a mark in their respective jurisdictions, as for example the African Regional Intellectual Property Organization (ARIPO). In any event, these are regional bodies where protection is sought for a mark simultaneously in several territories. The advantages are clear. A single procedure is involved, with standardized requirements and fees paid in a single currency, reducing both transaction and opportunity costs. However, such regional bodies are geographically limited by their very nature.

The third way that a holder of a national mark can obtain protection abroad, and one that is not open to Mexican rights holders, is the international option offered by the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks,

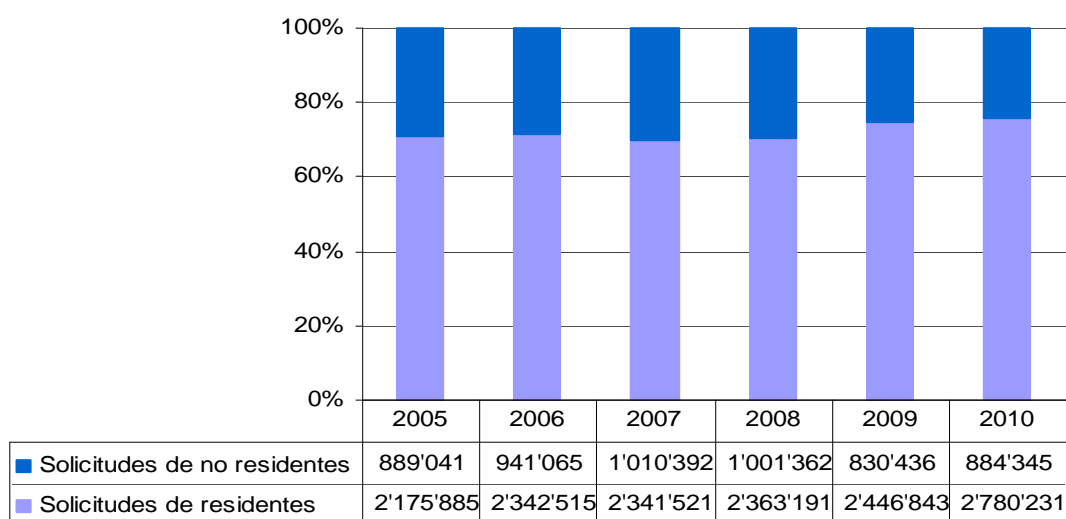
hereinafter referred to as “the Protocol”. The Protocol is the only worldwide system for seeking protection for a mark, offering the same advantages as the regional system but with no limitations on its geographical scope. Indeed, the Protocol establishes a system whereby rights holders can seek protection for one or more marks, in some or all of the 84 Contracting Parties to this Treaty, by means of a single application, with standardized requirements, in Spanish and with payment of a set of fees in a single currency. The system also allows for centralized administration of any rights that might be acquired in any of these 84 Contracting Parties. This means lower transaction and opportunity costs for rights holders. Finally, the Protocol is growing steadily, and will record a considerable number of accessions in coming years that will strengthen its position as an indispensable tool for improving State policies in the field of trade integration.

This document offers the possibility of giving Mexican rights holders a new option for protecting their marks abroad – using the international route as embodied by the Madrid system. The document starts out by illustrating Mexico’s current status in the context of marks worldwide and goes on to describe the characteristics of the Protocol, adding some considerations on Mexico’s current status in relation to its possible accession to the Protocol and on the opportunities this could open up for Mexican firms, in particular small and medium-sized enterprises. Likewise, this document offers some considerations on the constitutionality and legality of the Protocol in the light of the Mexican legal system. Finally, the document makes a few comments on the ability of the Mexican Industrial Property Institute, hereinafter referred to as IMPI, to move ahead with the possible implementation of the Protocol.

1 MEXICO AND MARKS IN A GLOBAL CONTEXT

In 2010, more than 3.66 million trademark applications were filed throughout the world, of which 75.87 per cent were filed by residents and only 24.13 per cent were filed by non-residents (see Graph I).

Graph I – Trademark applications filed worldwide by residents and non-residents (2005 – 2010)

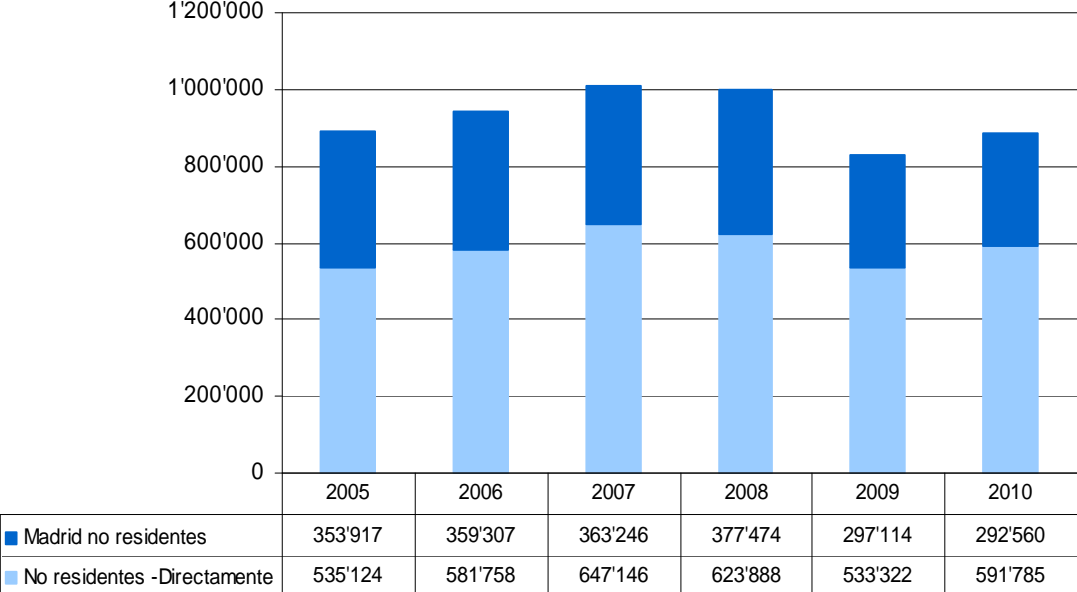


(Applications from non-residents)
(Applications from residents)

Source: WIPO

In respect of total applications filed by non-residents, 66.9 per cent were filed directly with one of the national or regional offices in charge of handling such proceedings, while 33.1 per cent of all applications from non-residents were filed using the option offered by the Madrid system (see Graph II).

Graph II – Share of the Madrid system of all applications filed by non-residents (2005 – 2010)



(Madrid non-residents)
(Non-residents – directly)

Source: WIPO

The WIPO International Bureau has conducted a comparative analysis, based on the information provided by national and regional trademark offices, of the total number of classes contained in applications filed with these offices. It has done this rather than a traditional comparison of the total number of such applications with a view to eliminating the bias introduced by the fact that some Offices, like those of Brazil, China, India and Mexico, still operate monaclass systems for the filing of applications. This new approach will allow a more objective comparison in relation to applications for trademark protection. For example, it can be seen that IMPI was the 14th largest trademark office in the world, in terms of the number of classes contained in applications filed with the Office during 2010 (see Graph III).

Graph III – Applications and number of classes in the 20 Offices with the highest total number of classes in 2010

Total no. of classes indicated in applications Total no. of applications

Overview of classes applied for

Average no. of classes per application

China USA France OHIM Germany Japan Russian Federation Republic of Korea India Turkey

Offices

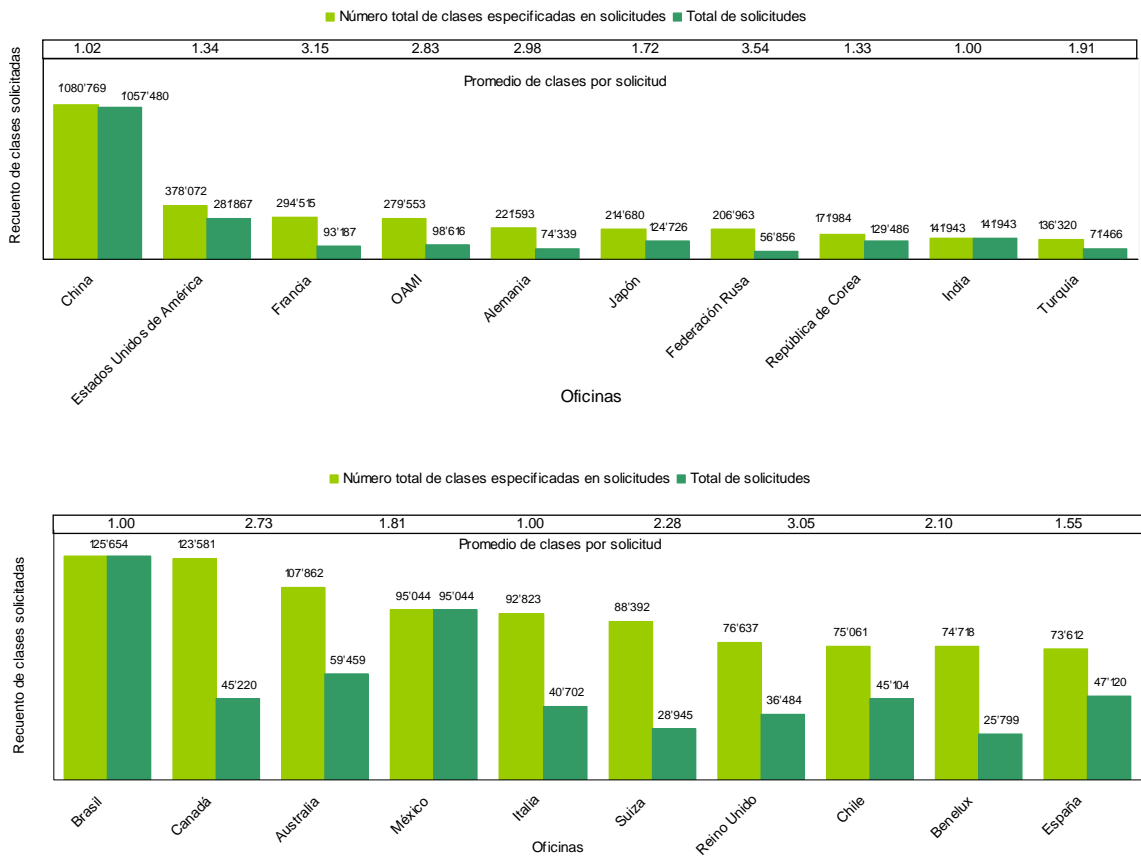
Total no. of classes indicated in applications Total no. of applications

Overview of classes applied for

Average no. of classes per application

Brazil Canada Australia Mexico Italy Switzerland United Kingdom Chile Benelux Spain

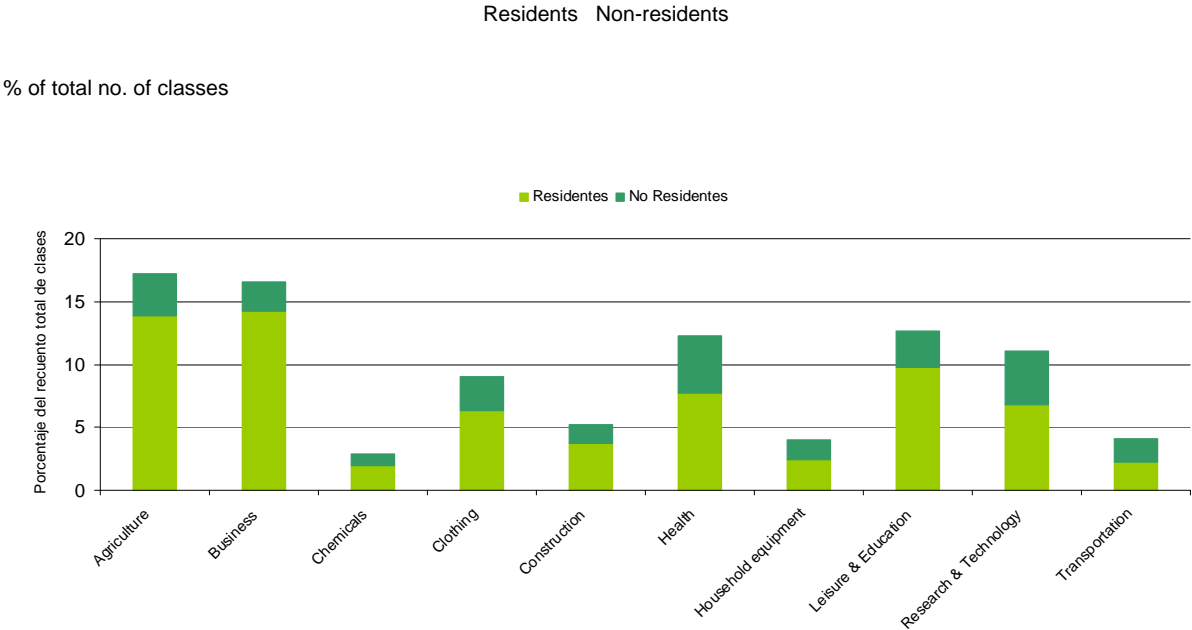
Offices



Source: WIPO

Moreover, it can be said that residents account for a majority of total applications received from applicants by IMPI in all classes of goods and services (see Graph IV).

Graph IV – Share of residents and non-residents out of total applications received by IMPI in 2010 by productive sector



Source: WIPO

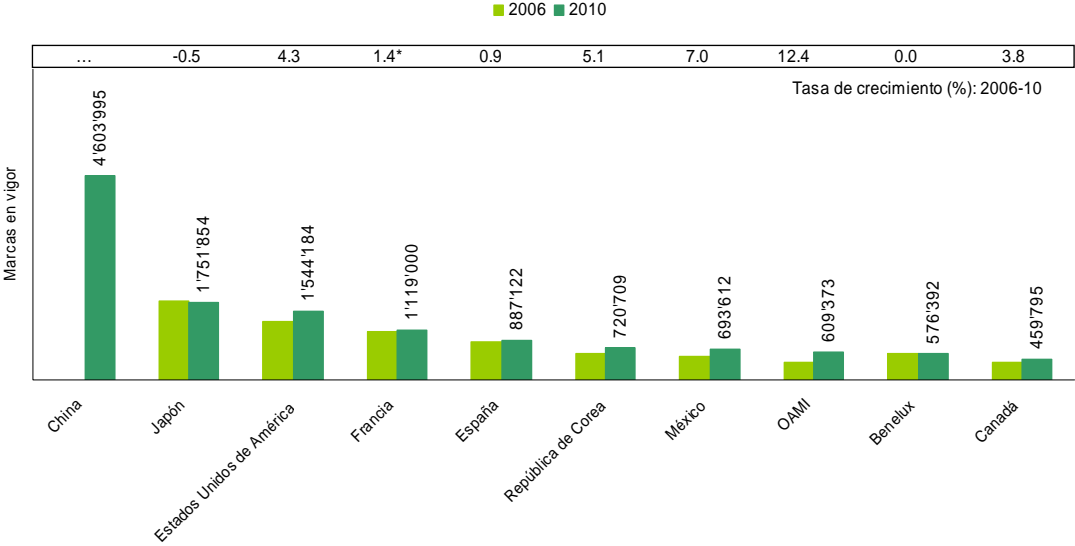
The number of valid registrations in a given country provides another indicator with regard to the country’s participation in the global trademark system. In the case of Mexico, there were 609,373 valid registrations in 2010, which puts IMPI in seventh place in terms of the largest number of valid registrations. It should be noted that as far as Mexico is concerned, this represents an annual growth rate of seven per cent for the period 2006-2010 (see Graph V).

Graph V – Valid trademark registrations by Office (2010)

Rate of increase (%): 2006-10

Valid trademarks

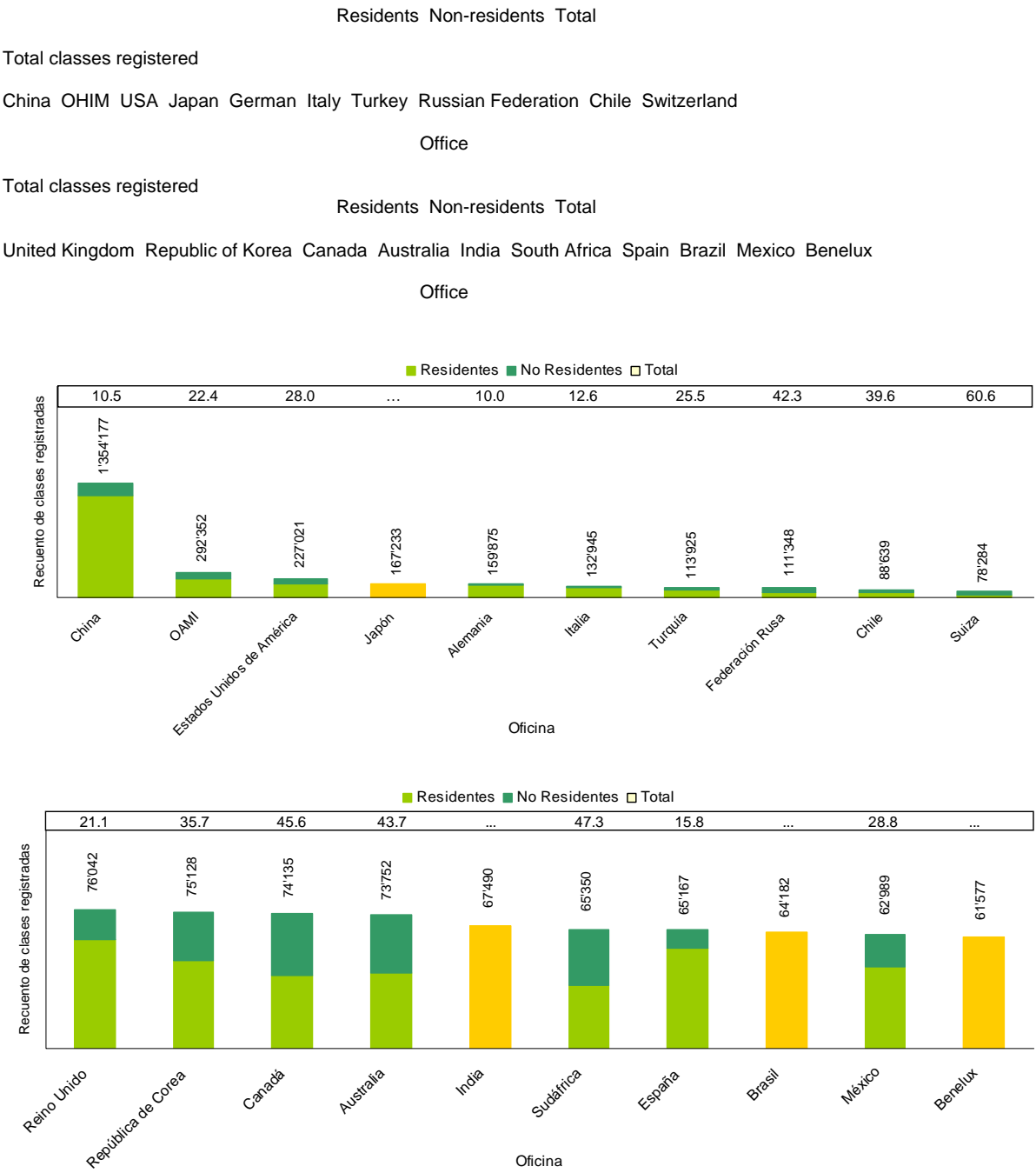
China Japan USA France Spain Republic of Korea Mexico OHIM Benelux Canada



Source: WIPO

As for Mexico, Mexican residents’ share of total registrations recorded by IMPI was 71.2 per cent – well above the world average (see Graph VI).

Graph VI – Share of residents and non-residents in the 20 offices with the highest total number of classes registered in 2010¹



Source: WIPO

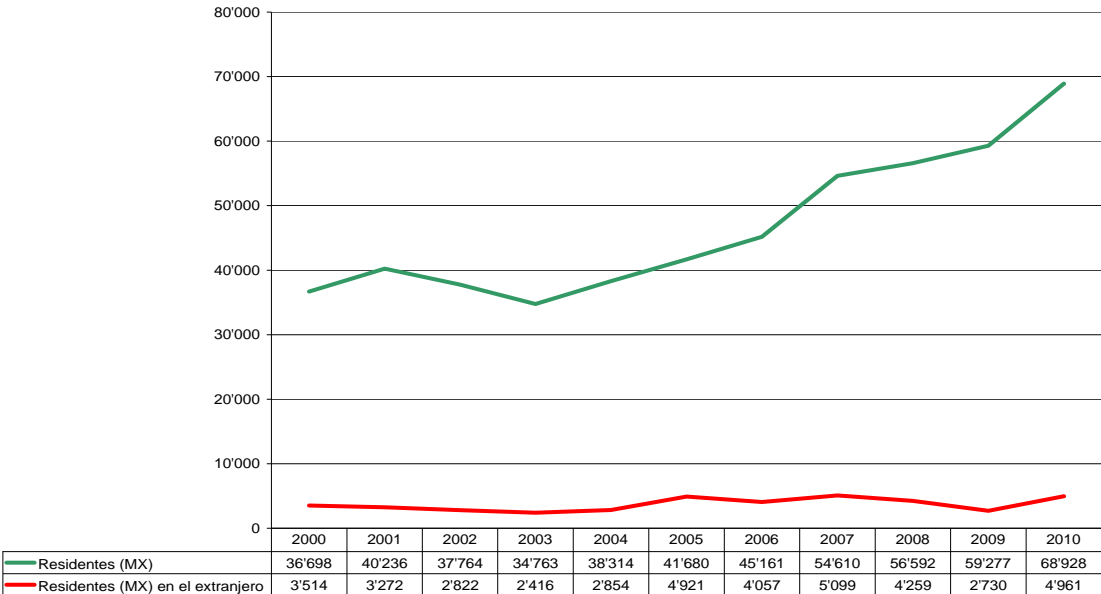
¹ Only the total is shown for Offices for which information is insufficient. To provide a clearer picture, the scale has been changed between the first and second bar graphs.

It will be noted that between 2000 and 2010, the number of trademark registration applications filed with IMPI by resident Mexican applicants increased by 87.82 per cent, rising from 36,698 applications to 68,928 applications. This figure is important, given that, as we will see later, the existence of a trademark database in the Office of origin is a prerequisite for using the Madrid system. This growth was due to Mexico's economic and commercial development over the past decade. In statistics published by the Economist Intelligence Unit, it is estimated that Mexico's foreign trade amounted to USD 650.846 million in 2010, an increase of nearly 8.5 per cent compared with the levels achieved in 2008, a year before the outbreak of the latest world economic crisis.² Moreover, over 70 per cent of Mexican exports were manufactures.

On the other hand, this economic and commercial development has not had a significant impact on the number of applications filed by Mexican residents abroad. In 2000, Mexican residents filed 3,514 applications abroad, a figure that stood at 4,961 in 2010. This means that over the past decade, Mexico's participation in the world trademark system, even though it has increased by 41.12 per cent in absolute terms, has deteriorated considerably in relative terms. For example, whereas in the year 2000, Mexican residents filed one application abroad for every 10.5 applications filed by the same residents with IMPI, by 2010 this proportion had fallen to one application filed abroad for every 14 applications filed by Mexican residents with IMPI (see Graph VII). In general terms, Mexico's involvement in the world trademark system does not reflect its position in the world economy and its integration into world trade.

² THE ECONOMIST INTELLIGENCE UNIT (2012). *Mexico Country Report February 2012*. London.

Graph VII – Trademark registration applications filed by Mexican residents in Mexico and abroad (2000 – 2010)

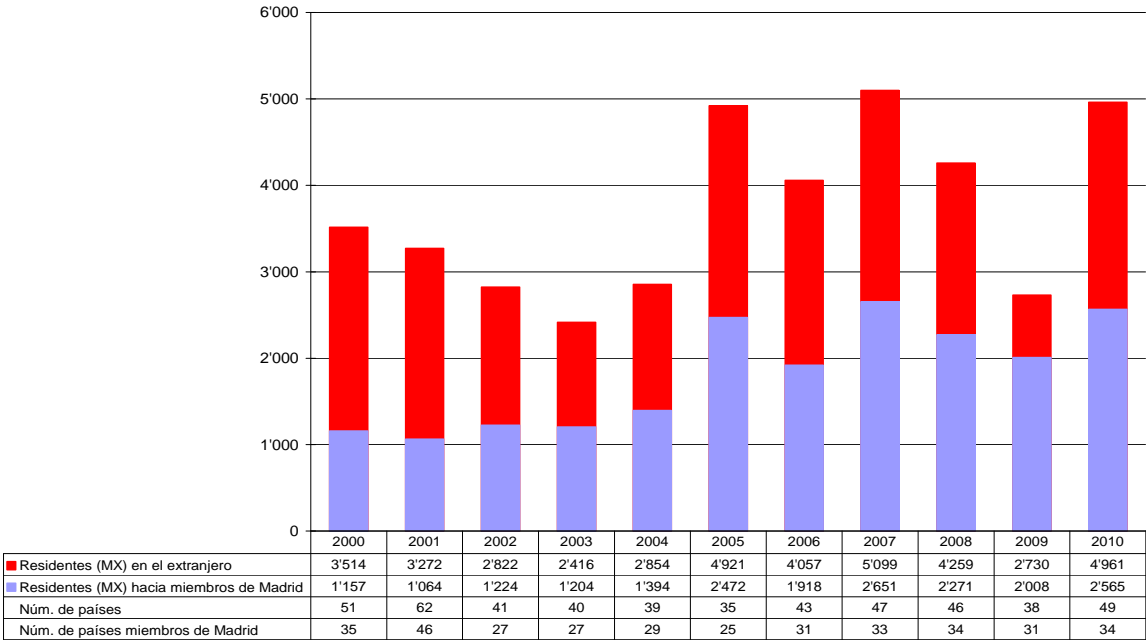


Residentes (MX)
Residentes (MX) abroad

Source: WIPO

Moreover, whereas in 2000 Mexican residents filed applications in a total of 51 Offices worldwide, by 2010 this figure had dropped to 49. It should be noted that of these 49 Offices, 34 were Offices of Contracting Parties to the Madrid system and slightly more than 50 per cent of applications by Mexican residents abroad were filed in member countries of the Madrid system (see Graph VIII). Likewise, the point should be made that about 90 per cent of all Mexican exports went to member countries of the Madrid system (see Graph IX).

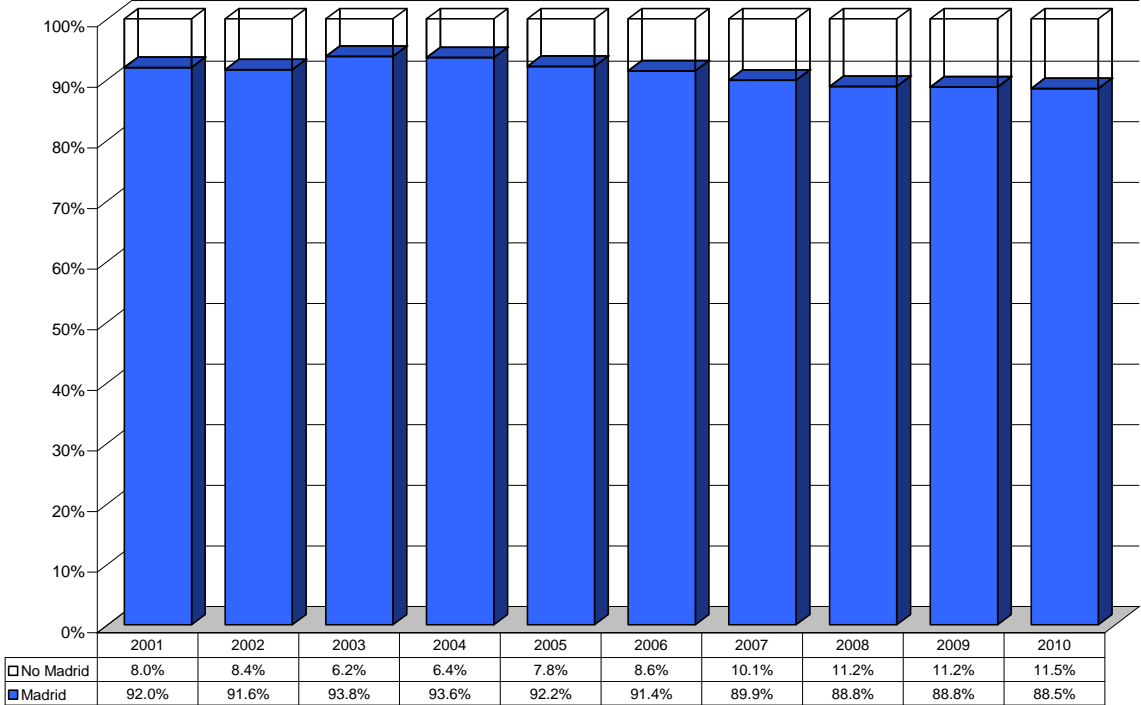
Graph VIII –Trademark registration applications filed by Mexican residents abroad in Madrid system member and non-member countries (2000 – 2010)



MX residents abroad
 MX residents in Madrid members
 No. of countries
 No. of Madrid member countries

Source: WIPO

Graph IX – Mexican exports to Madrid system member and non-member countries (2001-2010)



Non-Madrid
Madrid

Source: COMTRADE

We may conclude that Mexico’s accession to the Protocol is a logical and necessary decision as part of efforts to strengthen the State’s commercial integration policy, given that Mexico’s main strategic partners are already Contracting Parties to the Protocol. Moreover, this move will improve Mexico’s position within the global trademark system by giving all Mexican firms another option for protecting their industrial property assets abroad, thereby generating exportable supply with greater added value.

2 GENERAL CHARACTERISTICS OF THE PROTOCOL AND OPPORTUNITIES FOR MEXICO

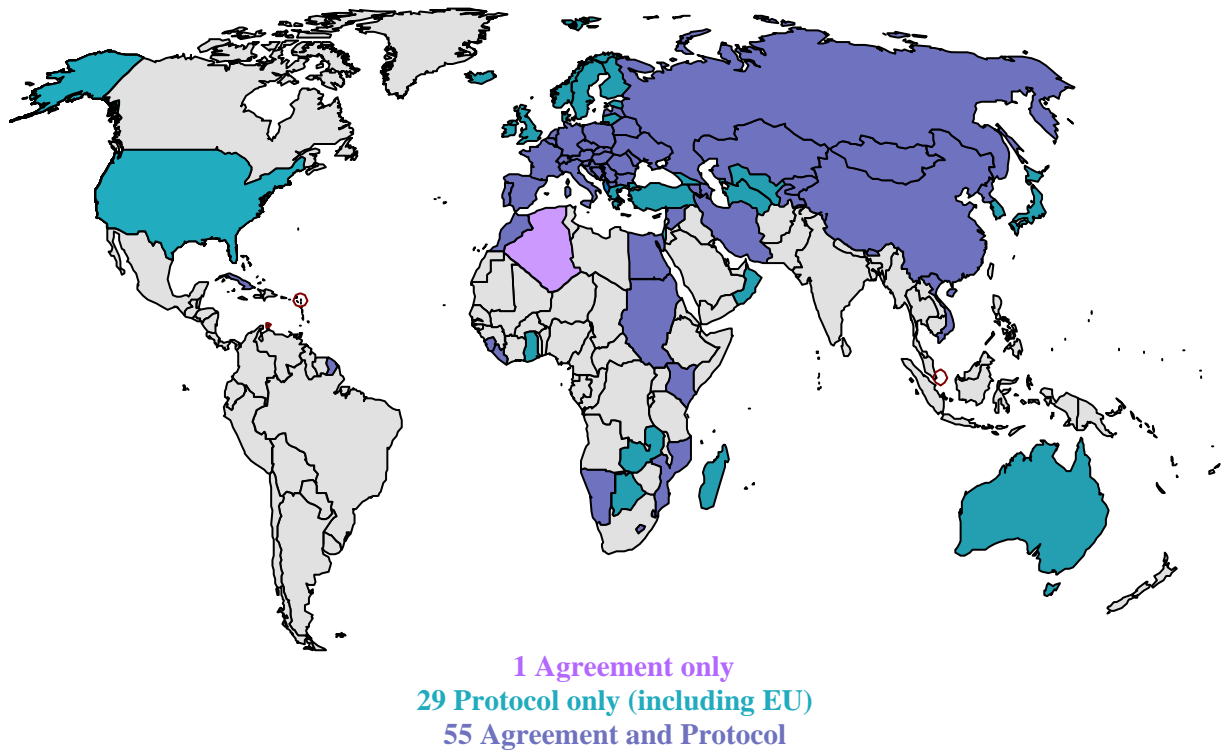
2.1 THE MADRID PROTOCOL

The Protocol is part of what is known as the Madrid system, which is composed of two treaties. The first is the Madrid Agreement Concerning the International Registration of Marks, hereinafter referred to as “the Agreement”, which is the constituent treaty of the Madrid system and was adopted on April 14, 1891. The second treaty in the Madrid system is the Protocol, which is independent of the first.

The Protocol was adopted in 1989 and entered into force on December 1, 1995. It was subsequently amended, first on October 3, 2006 then on November 12, 2007. Accession to the Protocol is open to States which are parties to the Paris Convention for the Protection of Industrial Property, hereinafter referred to as the Paris Convention, and intergovernmental organizations with at least one Member State which is a party to the Convention. These States Parties and the organizations which are parties to the Protocol are called Contracting Parties.

The Protocol is the main treaty in the Madrid system, as reflected by the fact that the latest incorporations in the system came from accessions exclusively to the Protocol. Of the 85 Contracting Parties to the Madrid system, 29 are Parties to the Protocol and 55 are Parties to both the Agreement and the Protocol, in which case the Protocol applies. To date, only one State is bound exclusively by the Agreement (see Graph X).

Graph X– Geographical scope of the Madrid system



Source: WIPO

The Protocol is a treaty administered by the World Intellectual Property Organization (WIPO), a UN specialized agency based in Geneva, of which Mexico has been a member since June 14, 1975.

The Protocol is what is known as a closed treaty. This means it can only be used by nationals of States Parties or persons with a domicile or an effective and real industrial or commercial establishment in the territory of one of the Contracting Parties. Accordingly, until a State becomes a party to the Protocol, the majority of its citizens cannot benefit from the advantages the Protocol offers.

The Protocol is an international instrument which establishes a procedure whereby, once a single international application has been filed and an international registration has been

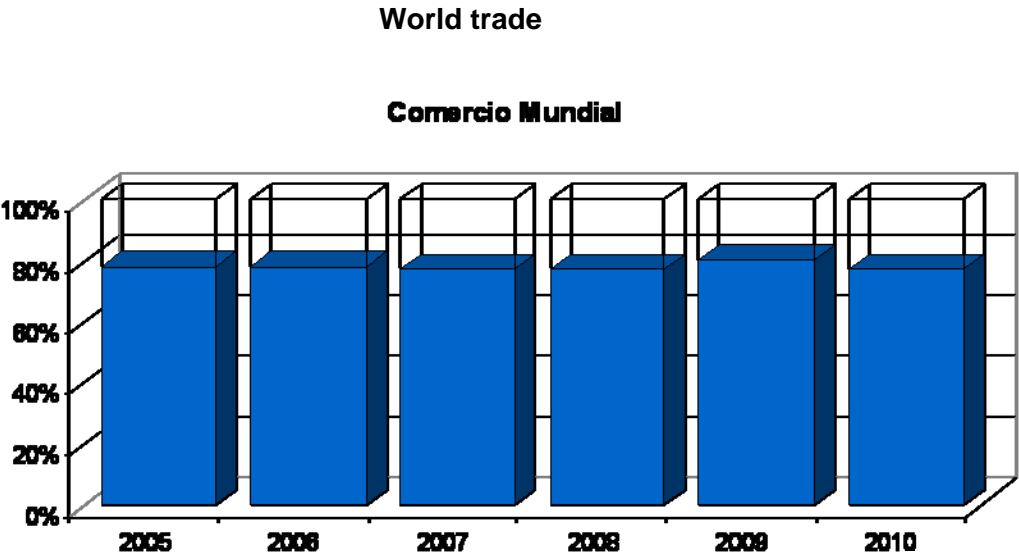
recorded, the holder of a trademark that has been the subject of an application or a registration in a Contracting Party to the Protocol may seek protection from the said Party in the other Contracting Parties. This protection will then be granted by the competent Offices in each of the said Parties, in strict compliance with the applicable national laws, regulations and practices.

The Protocol is a treaty with a procedure circumscribed to establish (i) the way in which an international application must be filed; (ii) the administration of the International Register by the WIPO International Bureau; (iii) the way in which the competent Offices of the Contracting Parties for which protection has been sought will be notified; and (iv) the way in which the said Offices provide notification of decisions concerning the protection which may be granted for the marks that form the subject matter of this procedure.

The Protocol does not contain any rules concerning procedures for obtaining rights in each of its Contracting Parties. Nor does the Protocol contain substantive rules relating to the conditions for obtaining said rights or the possible scope of the rights in the Parties in question.

In geographical terms, the Protocol has 84 Contracting Parties, 83 Member States and one intergovernmental organization, the European Union. Yet as far as world trade is concerned, the Contracting Parties to the Madrid system account for some 80 per cent of all exports worldwide (see Graph XI). It is hoped that over the next few years, there will be many accessions to the Protocol, which implies that the Madrid system will be becoming increasingly relevant as an instrument for establishing or strengthening a policy of integration into world trade.

Graph XI – Participation of the Contracting Parties of the Madrid system in world trade (2005 -2010)



Source: COMTRADE

The history of the Madrid system may be divided up into three stages. The first phase corresponds to the period prior to the adoption of the Protocol, when the system was essentially composed of European countries.

The entry into force of the Protocol in early 1996, a treaty which was independent of the Agreement, introduced various flexibilities into the Madrid system, leading to its globalization as a result of the accession of African, Arab and Nordic countries, the former Soviet republics and other countries, such as Australia, Bhutan, Cyprus, Greece, Ireland, Israel, Japan, Madagascar, Republic of Korea, Singapore, Turkey, the United Kingdom and the United States of America. One of the main flexibilities which the Protocol injected into the Madrid system related to languages, when English was accepted as a working language in the Madrid system in 1996, followed by Spanish in 2004. The globalization of the Madrid system coincided with the cycle of China’s expansion in international trade, as reflected by the fact that at present, China is the most frequently designated Contracting Party and one with the

fastest growth in relation to the number of applications filed in the Madrid system (see Table I and Table II).

Table I – Contracting Parties of the Madrid system with the largest number of international applications as Contracting Party of origin (2007 – 2011)

	2007	2008	2009	2010	2011
European Union	3,371	3,600	3,710	4,707	5,859
Germany	6,090	6,214	4,793	5,006	5,000
United States of America	3,741	3,684	3,201	4,147	4,791
France	3,930	4,218	3,523	3,565	3,804
Switzerland	2,657	2,885	2,671	2,893	2,933
Italy	2,664	2,763	1,872	2,596	2,306
China	1,444	1,584	1,358	1,928	2,149
Benelux	2,510	2,667	1,968	1,922	1,920
Russian Federation	889	1,190	1,068	1,218	1,652
Japan	984	1,278	1,312	1,577	1,538
Other	11,665	11,991	9,719	10,128	10,318
Total	39,945	42,074	35,195	39,687	42,270

Source: WIPO

Table II – Contracting Parties of the Madrid system which received the most designations (2007 – 2011)

	2007	2008	2009	2010	2011
China	16,676	17,829	14,766	16,143	18,724
European Union	12,744	14,502	12,564	14,604	16,344
United States of America	14,615	15,715	13,406	14,252	15,890
Russian Federation	15,453	16,768	14,150	14,250	15,691
Switzerland	14,526	14,907	13,161	12,469	13,695
Japan	12,296	12,748	10,386	11,124	12,211
Australia	9,848	10,529	8,575	9,222	10,453
Republic of Korea	8,988	9,539	7,755	8,336	9,821
Turkey	9,377	9,844	7,942	8,210	9,277
Ukraine	9,750	10,635	8,539	8,288	8,903
Other	245,961	245,878	192,100	182,578	192,846
Total	370,234	378,894	303,344	299,476	323,855

Source: WIPO

We are now entering the third stage in the Madrid system's expansion, which will lead to the accession of a large number of emerging and developing countries. For example, the Parliament of India has already approved the country's accession to the Protocol, and the competent national Office in the country is in the process of eliminating administrative restrictions and reducing the workload so as to ensure optimum use of the Madrid system. The Parliament of New Zealand has also approved the country's accession to the Protocol, and the competent Office has likewise already embarked upon the process of aligning its internal procedures to this end. In both cases, it is hoped that the instrument of accession to the Protocol will be deposited before the end of the current year.

The member countries of the Association of Southeast Asian Nations, or ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam), driven by their desire to form an economic community, have agreed to accede to the Protocol no later than 2015, as an integration mechanism making it possible to harmonize procedures for seeking trademark protection in ASEAN member countries. Singapore and Viet Nam are already members of the Protocol. It is hoped that several of the countries which belong to ASEAN and which are not yet members of the Protocol will complete their internal procedures for approving accession within the next two years.

Moreover, the countries of the Caribbean Community, or CARICOM (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago) have decided to accede to the Protocol by 2014 at the latest. Antigua and Barbuda is already a member of the system. This year, it is hoped that there will be significant progress in the accession process for Jamaica and Trinidad and Tobago.

In the Latin American region, noteworthy progress has been made. In Colombia, the law approving the country's accession to the Protocol, following its adoption by the national

Congress, was enacted by the President of the Republic and is now in the final stage of the process, after having been submitted *ex officio* to the Colombian Constitutional Court for verification prior to its entry into force. It is hoped that the Court will rule on its constitutionality before the end of the first half of the year. In the Dominican Republic, a bill approving the country's accession to the Protocol has been submitted by the Executive, which has been approved by the national Supreme Court and the Chamber of Senators. After the Foreign Relations Committee of the Chamber of Deputies gives an opinion on the bill, it will be put to a final vote in the Chamber plenary, which will conclude the adoption process. In Brazil, the National Confederation of Industries, in a statement issued in November 2011, publicly urged the Government of that country to accede to the Protocol.

Moreover, various trade integration instruments commit Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Peru to make reasonable efforts to accede to the Protocol. Likewise, the Mexican Secretariat of Economy has indicated that in the framework of negotiations to expand the Transpacific Partnership (TPP) which is being negotiated by Australia, Brunei, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, United States of America and Viet Nam, it has been agreed that the said countries would accede to the Protocol once this agreement enters into force.³

This means that over the next three years, it is to be hoped that at least all of the countries in the region that is currently the most dynamic in terms of economic and commercial development, Southeast Asia, with which Mexico plans to intensify its trade relations in coming years, will have joined the Madrid system.

It is very clear indeed that Mexico's accession to the Protocol is a natural step that is needed to strengthen its policy of integrating into international markets, given that Mexico's main

trade partners are already members of this international instrument or have committed themselves to joining in the short term.

One important benefit of Mexico's accession to the Protocol could be the positive impact that this would have on Mexico's integration into the global trademark system, particularly for Mexican SMEs and for the placement of their products and the protection of their marks on export markets. Mexico's accession to the Protocol is designed to offer Mexican companies an additional option, the international route – which does not exist at present – for seeking protection of their marks on all international markets.

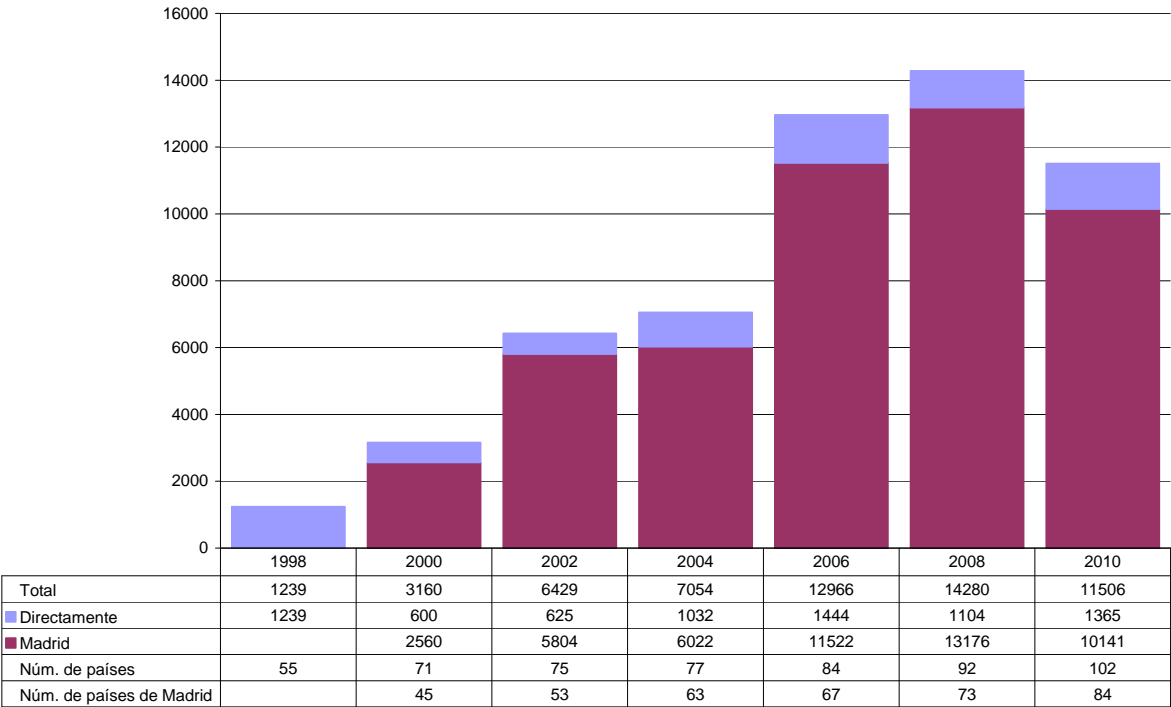
2.2 RELEVANT EXPERIENCES FOR MEXICO

A relevant case study is that of Turkey which, like Mexico, is an emerging nation, a member of the G20, which has a high degree of commercial integration into the world economy and which derives the majority of the value of its exports from manufactured goods.

In 1998, a year before Turkey's accession to the Protocol, Turkish firms filed 1,239 applications for trademark registrations in 55 countries. In 2010, 11,506 applications were filed abroad, almost 10 times more than the total for 1998, in 102 countries, including all of the Contracting Parties to the Madrid system. In all, 88.14 per cent of applications filed by Turkish companies abroad were submitted using the Madrid system, as a result of which it can be said that this option is the preferred approach for Turkish firms seeking to protect their marks abroad (see Graph XII).

³ Dorante, Juan Antonio. *Implementación del Protocolo de Madrid desde una perspectiva institucional (Implementation of the Madrid Protocol from an Institutional Perspective)*. PowerPoint presentation, Secretariat of External Relations, Mexico, D.F., February 16, 2012.

Graph XII – Applications filed by Turkish residents abroad (1998 – 2010)

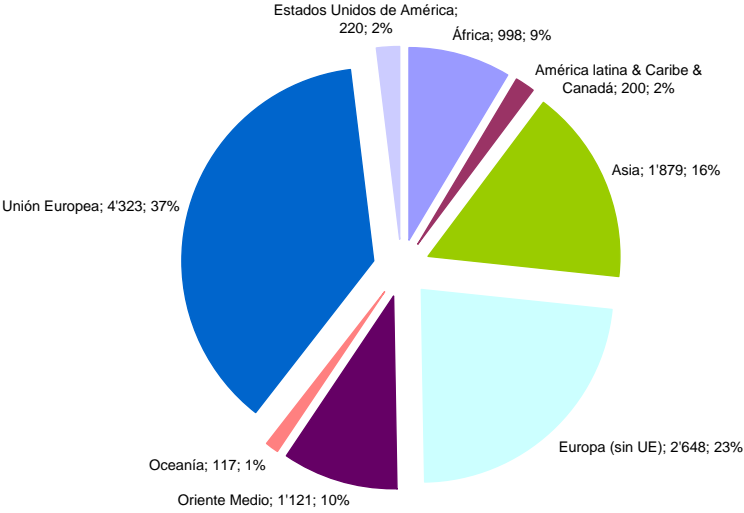


Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

It could be assumed that, given its close integration with the European Union, the bulk of the applications filed by Turkish companies abroad would be concentrated in EU Member States. Yet only 37 per cent of these applications were filed with European Offices, including with the Office for Harmonization in the Internal Market (OHIM). The presence of Turkish firms in the global trademarks system has not only been intensified but has also been expanded to include all regions of the world (see Graph XIII).

Graph XIII – Applications filed by Turkish residents abroad, by country/region, in 2010



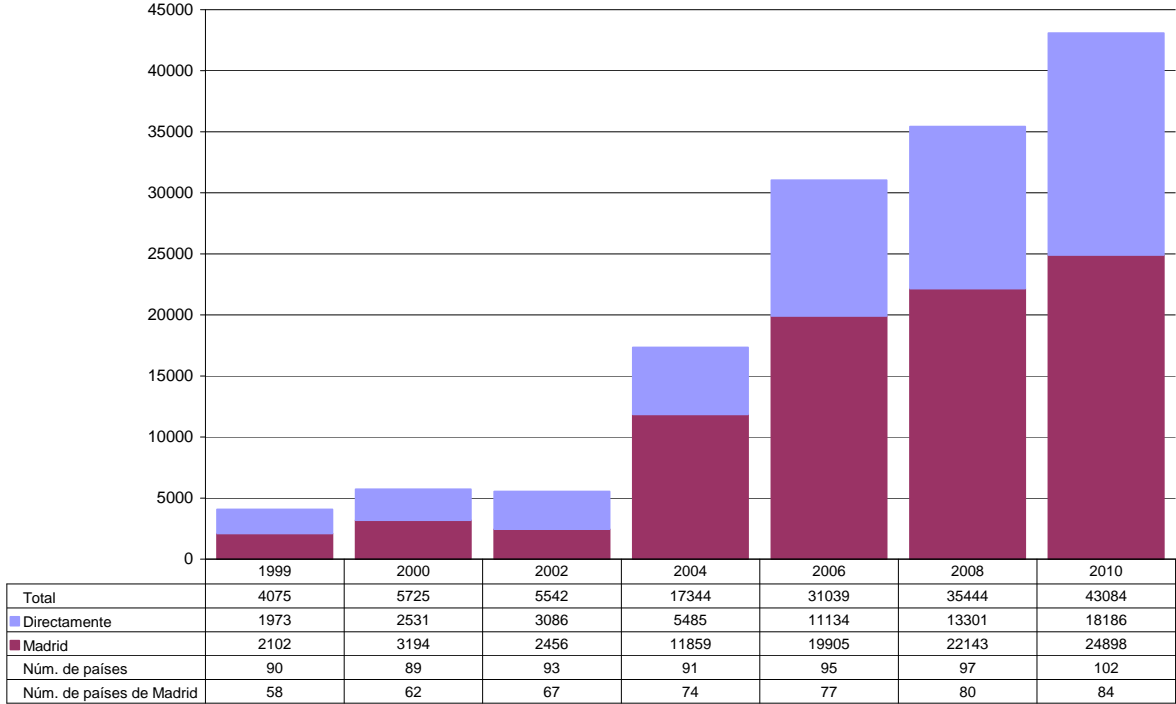
European Union; 4,323; 37%
 United States of America; 220; 2%
 Africa; 998; 9%
 Latin America & Caribbean & Canada; 200; 2%
 Asia; 1,879; 16%
 Europe (excluding EU); 2,648; 23%
 Middle East; 1,121; 10%
 Oceania; 117; 1%

Source: WIPO

The same holds true for China. The increase in the number of applications filed by Chinese firms abroad is a consequence of the country’s economic and commercial expansion in recent years. In 1999, Chinese companies filed 4,075 applications abroad. In 2010, they filed 43,084 applications abroad, more than 10 times as many as in 1999 (see Graph XIV). It should be emphasized that nearly 58 per cent of applications by Chinese firms abroad were filed using the international option offered by the Protocol, as a result of which we can say that the Madrid system is the preferred solution for Chinese applicants seeking protection abroad. Finally, it should be noted that applications filed by Chinese firms are not limited to Asia, the closest geographical area. Chinese firms file applications in all Contracting Parties

to the Madrid Protocol: in 2010, they filed applications for trademark protection in 102 countries in all of the world's regions (see Graph XV).

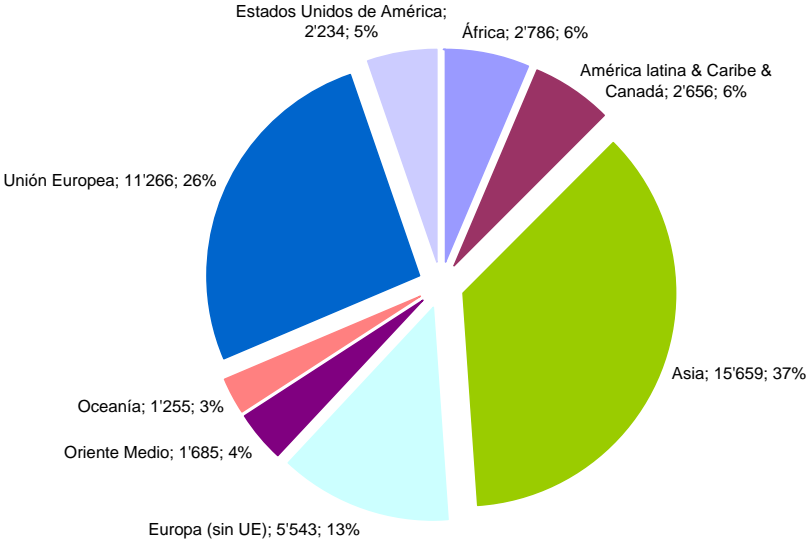
Graph XIV – Applications filed by Chinese residents abroad (1999 – 2010)



Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

Graph XV – Applications filed by Chinese residents abroad, by country/region, in 2010



European Union; 11,266; 26%
 United States of America; 2,234; 5%
 Africa; 2,786; 6%
 Latin America & Caribbean & Canada; 2,656; 6%
 Asia; 15,659; 37%
 Europe (excluding EU), 5,543; 13%
 Middle East; 1,685; 4%
 Oceania; 1,255; 3%

Source: WIPO

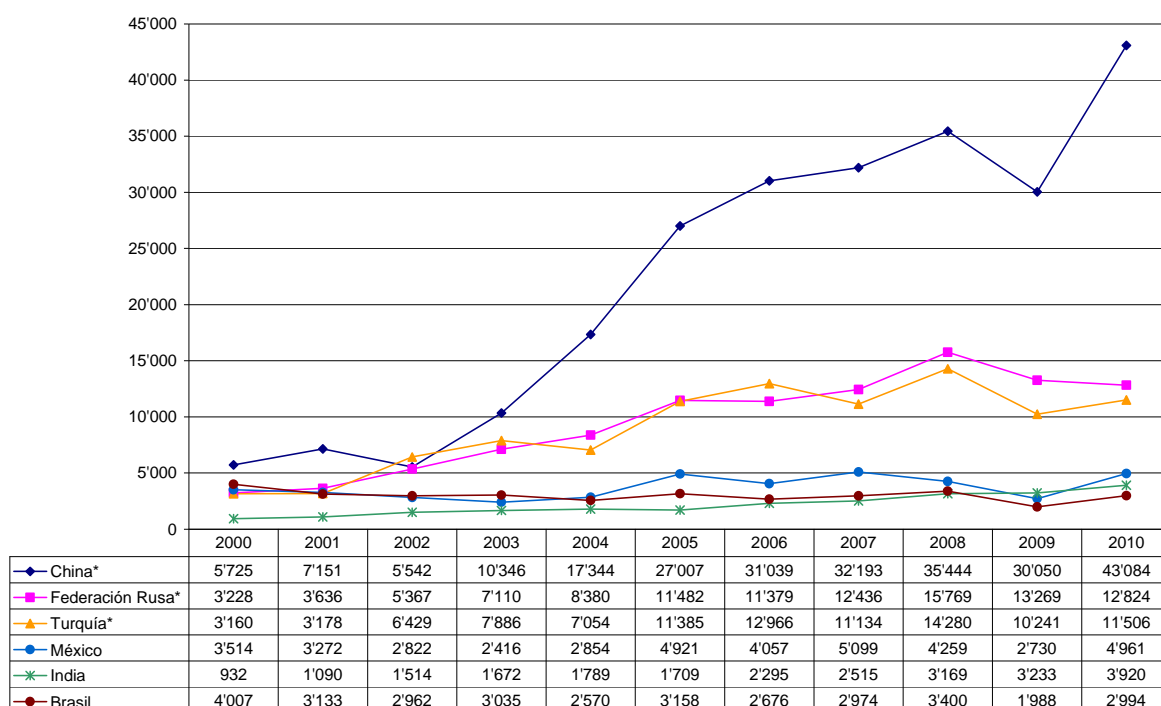
The best way to illustrate the possible positive impact of Mexico's accession to the Protocol, in terms of improved participation in the global trademarks system, is to compare the situation of six emerging economies of G20 countries, those of Brazil, China, India, Mexico, Russian Federation and Turkey.

In the year 2000, all of the above countries featured relatively similar levels of participation in the global trademarks system. A decade later, those countries which were members of the

Protocol, namely, China, Russian Federation and Turkey, participated more in the global trademarks system in absolute terms than those countries which were non-members of the Protocol, namely Brazil, India and Mexico (see Graph XVI). The gap is clearer in relative terms, in relation to the number of applications filed abroad by residents of these countries for every billion worth of exports. Here as well, those countries which are members of the Madrid system have better indicators than those which are non-members (see Table III).

The point should be made that in the case of China, Russian Federation and Turkey, the Protocol has been a success despite the fact that trademark holders from these countries cannot use the Madrid system in their corresponding official languages. This would not pose a problem for Mexican trademark holders wishing to use the Madrid system, as Spanish is one of the working languages.

Graph XVI – Applications filed abroad by residents, sampling of G20 member countries (2000 – 2010)



China*
 Russian Federation*
 Turkey*
 Mexico
 India
 Brazil

Source: WIPO

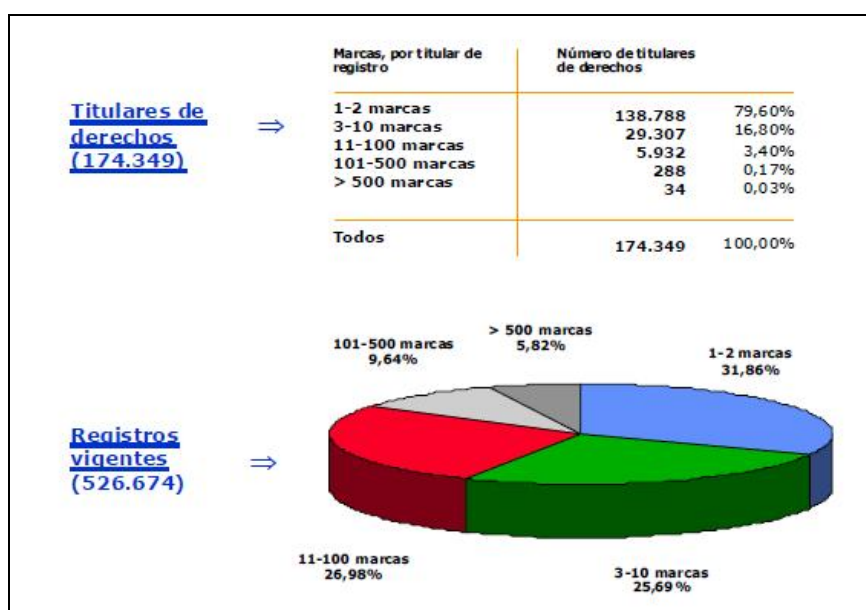
Table III – Applications filed abroad by residents for every billion worth of exports, sampling of G20 member countries (2010)

Country	Exports in billions (2010)	Applications by residents filed abroad (2010)	Applications by each billion of exports (2010)
Turkey	155.1	11,506	74
Russia	444.6	12,824	29
China	1,752.6	43,084	25
México	313.7	4,961	16
Brazil	232.9	2,994	13
India	372.9	3,920	11

Source: WIPO and World Bank
Prepared by WIPO

The expected positive impact on the positioning of Mexican residents' marks abroad as a result of Mexico's accession to the Protocol would extend to holders of small, medium and large trademark portfolios. As of December 31, 2010, 174,349 rights holders were registered in the International Register. Of this total, 138,788 rights holders, or 79.6 per cent of the total, held one or two international registrations. Thus, a considerable percentage of rights holders, 16.8 per cent, held portfolios averaging between three and 10 international registrations (see Graph XVII).

Graph XVII – Holders of international registrations as of December 31, 2010



	Marks, by registration holder	No. of rights holders
Rights holders (174,349)	1-2 marks	138,788
	3-10 marks	29,307
	11-100 marks	5,932
	101-500 marks	288
	> 500 marks	34
	All	174,389
Registrations in force	1-2 marks	31.86%

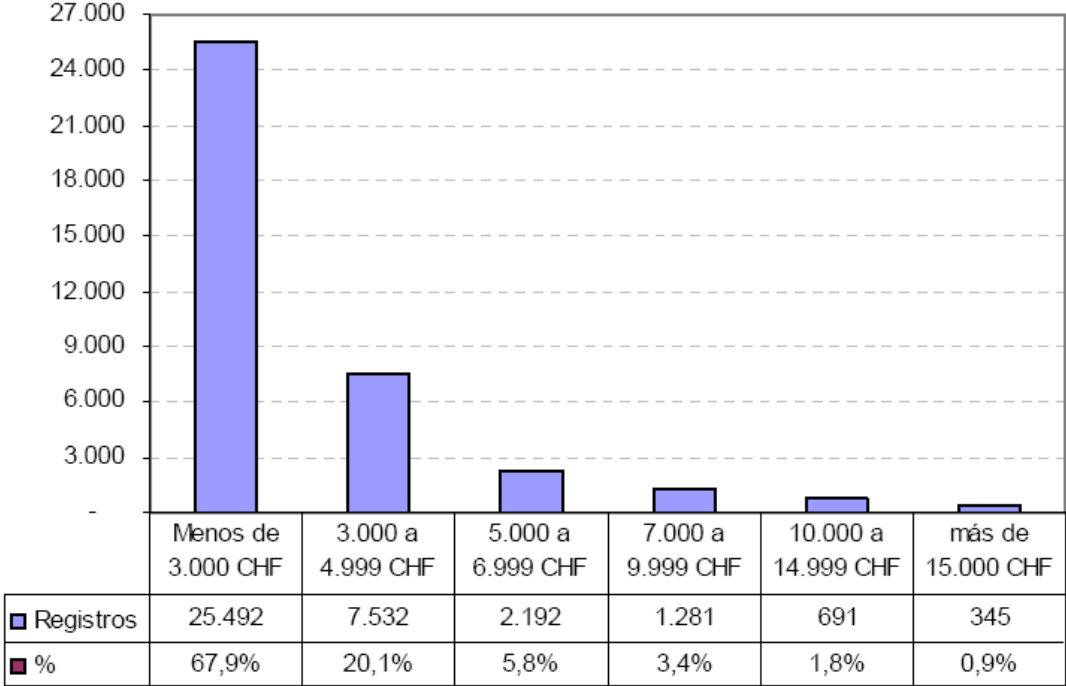
(526,674)	3-10 marks	25.69%
	11-100 marks	26.98%
	101-500 marks	9.64%
	> 500 marks	5.82%

Source: WIPO

In view of this diversity between holders of international registrations, it can be said that the benefits arising from use of the Protocol, as a mechanism for seeking and obtaining protection of marks on international markets, would not flow exclusively to Mexican companies administering large trademark portfolios but would also extend to any Mexican firms seeking protection by a faster and more economical means, regardless of the size of the trademark portfolio they administer.

Other indicators confirming that the Madrid system is used by all types of firms, not only large companies present worldwide, are reflected by the fact that for nearly 70 per cent of all international registrations recorded in 2010, the cost of filing was less than CHF 3,000 (see Graph XVIII) and by the fact that more than 64 per cent of these registrations contained between one to five designations (see Graph XIX).

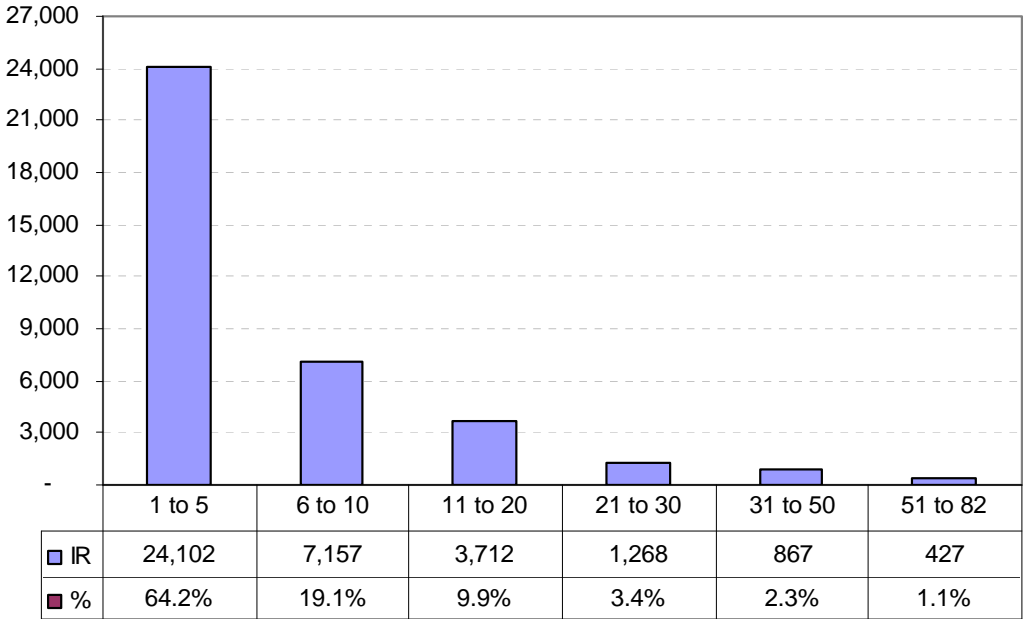
Graph XVIII – Amount of fees paid per international registration (2010)



	Less than CHF 3,000	CHF 3,000-4,999	CHF 5,000-6,999	CHF 7,000-9,999	CHF 10,000-14,999	> CHF 15,000
Registrations	25,492	7,532	2,192	1,281	691	345
%	67.9%	20.1%	5.8%	3.4%	1.8%	0.9%

Source: WIPO

Graph XIX – Number of designations per international registration (2010)



Source: WIPO

It can be inferred from the above that, even though Mexico’s accession to the Protocol will generate benefits for all Mexican firms, the impact will be felt more by small and medium-sized Mexican enterprises (SMEs), for which the lower transaction and opportunity costs offered by the Protocol would be the main incentives for seeking protection of their marks abroad using a single application with standardized requirements, in Spanish, with payment of a set of fees in a single currency (see Annex II).

3 CONSTITUTIONAL AND LEGAL CONSIDERATIONS IN RELATION TO MEXICO'S POSSIBLE ACCESSION TO THE PROTOCOL

3.1 CONSTITUTIONALITY OF THE PROTOCOL

3.1.1 WITH REGARD TO SOVEREIGNTY

3.1.1.1 Legality of the mechanisms for amendment of the Protocol

Under the Protocol, the Assembly of the Madrid Union may amend Articles 9*sexies*(1)(b), 10, 11, 12 and 13 thereof. Article 9*sexies*(1)(b) regulates relations between Member States of the Agreement and the Protocol and would not apply to Mexico if the country were to accede to the Protocol. Decisions to amend the Protocol are taken exclusively by members of the Madrid Union which are members of both the Agreement and the Protocol.

Article 10 to 13 of the Protocol regulate, respectively, the role of the Assembly, the role of the International Bureau, the finances of the Madrid Union and mechanisms for the amendment of the Articles in question. The Assembly of the Madrid Union may decide, by a three-fourths majority of its members, to amend Articles 11 and 12 of the Protocol and, by a four-fifths majority, Articles 10 and 13 of the Protocol. According to Article 13 of the Protocol, amendments enter into force one month after the instrument of acceptance by three-fourths of the members of the Madrid Union has been deposited.

These provisions are perfectly compatible with Article 39(1) of the 1969 Vienna Convention on the Law of Treaties which applies to States. It has been in force since 1980 and Mexico has been a party since September 25, 1974. It is also compatible with Article 39(1) of the 1986 Vienna Convention on the Law of Treaties, applicable to States and international

organizations, to which Mexico has been a party since March 10, 1988. The Articles in question allow the treaties to include provisions regulating their own amendment.

Many treaties contain provisions for their own amendments. For example, the provisions of Article 13 of the Protocol are very similar to those contained in Article 108 of the United Nations Charter, which reads as follows: *“Amendments to the present Charter shall come into force for all Members of the United Nations when they have been adopted by a vote of two thirds of the members of the General Assembly and ratified in accordance with their respective constitutional processes by two thirds of the Members of the United Nations, including all the permanent members of the Security Council.”*

The provisions of the quoted articles from the 1969 and 1986 Vienna Conventions on the Law of Treaties are a logical derivation of the *“pact sunt servanda”* principle of public international law. This means that, if the Senate of Mexico, in the exercise of its sovereign powers, were to decide to approve Mexico’s accession to the Protocol, this would also entail approving the mechanisms established for amending the Protocol in Articles 10 to 13 thereof.

Finally, for practical purposes and with a view to placing matters in perspective, the powers to amend stipulated in the Protocol are summed up in four Articles thereof which refer only to administrative matters and not to questions of substance.

3.1.1.2 Requirement of a basic mark in the country of origin

In accordance with Article 2 of the Protocol, to file an application for an international trademark registration, the said trademark must have previously been the subject of an application or a registration, hereinafter basic application or registration, in the competent National Office of a Contracting Party to the Protocol, hereinafter Office of origin.

In this respect, the Protocol does not exempt anyone from applying for a trademark registration in his country of origin, because it does not allow direct filing of international applications with the WIPO International Bureau. Nor does the Protocol allow for designation, in an international application, of the country of origin, because a basic registration or application already existed prior to this stage.

Based on the above, it is clear that the Protocol does not become the source for automatic recognition of an extraterritorial mark in the country of origin or usurp the sovereignty of each Contracting Party to adopt the decision on protection of the mark that will subsequently be the subject of the international registration.

3.1.1.3 Grant of industrial property rights by the competent national authority

In accordance with Article 4 of the Protocol, an international registration has two effects on the Contracting Parties designated therein. The first consists in granting to an international registration, in the territory of the Contracting Parties which have been designated therein, the same rights as those flowing from an application filed directly with the competent national Office. Moreover, if protection is granted, the second effect is that said registration would have the same rights flowing from a trademark registration filed by a competent national office, in accordance with the provisions of applicable national legislation.

To sum up, an international registration in which a Contracting Party has been designated is only equivalent to a national application in the territory of the said Contracting Party. This registration will only offer protection in the territory of the designated Contracting Party if the competent Office thereof decides to grant such protection.

In this respect, an international registration *per se* is not of the same nature as registration with a national Office. Indeed, an international registration is not a registration establishing rights which make it possible to prohibit third parties from using the mark.

Strictly speaking, an international registration is equivalent to an annotation or entry which will be subject to the grant of rights, in each of the Contracting Parties designated in the international application, by the competent national offices and in strict compliance with the rules, procedures and practices applicable in each Contracting Party. The said rights will only take effect, if granted, from the date of the international registration.

Consequently, once Mexico has been notified of a designation made under the Protocol, the corresponding registration will only have the status of an application filed with the competent national office, in this case IMPI, for protection of the mark, with the date of international registration being considered the date of filing.

In addition, given that it is designed to facilitate the process of entering new markets, the Protocol allows the holder of an international registration to request that protection be extended to new Contracting Parties which were not initially designated in the international application. This mechanism is known as “subsequent designation”.

It should be noted that Article 3*ter*(2) of the Protocol stipulates that subsequent designation would only take effect from the date on which it is sought from the WIPO International Bureau; this means that, with regard to the Contracting Party designated subsequently, it will

be understood that the international registration will have the status of an application filed with the competent national Office, IMPI in the case of Mexico, and that the date of filing would be considered to be the date on which the subsequent designation was requested, not the date of international registration.

3.1.1.4 Prevalence of the right granted by the national authority in case of cancellation of the international registration due to the ceasing of the effects of the basic mark

One particularity of the Protocol is the principle that the effects of international registration depend during a five-year period on the effects produced by the basic registration or the registration flowing from the basic application. In this respect, Article 6(2) of the Protocol stipulates that if the basic mark ceases to produce effects, in full or in part, within the period referred to, the international registration shall also cease to produce effects, to the same extent.

There are various grounds for the cessation of effect: they may involve an *ex officio* act, such as refusal by the Office of origin; an *ex parte* act, such as opposition or proceedings for cancellation; or they may stem from reasons attributable to the applicant or rights holder, such as abandonment, withdrawal or failure to renew.

The premise leading to the existence of a right to use the Protocol, the existence of a basic mark, in an application or registration, with the Office of one of the Contracting Parties, ceases to have effect. At this point, the international registration, which is founded on the existence of the basic mark, also ceases to have effect. Consequently, according to Article 6(3) of the Protocol, the holder of the mark which has been the subject of an international registration may no longer invoke the rights resulting from the protection granted to a designation made in an international registration which has ceased to have effect.

To sum up, a cascade effect is involved: the basic mark ceases to have effect; as a result, the corresponding international registration also ceases to have effect and is cancelled. Consequently, the holder may no longer invoke the protection resulting from that registration.

Notwithstanding, the Protocol upholds the principle of independence of protection of the mark, as enshrined in Article 6 of the Paris Convention. Indeed, Article 9*quiquies* of the Protocol determines the status of any rights acquired by virtue of an international registration cancelled owing to the cessation of the effects of the basic mark. To keep his rights intact, the holder must opt for the national approach, turning the designation into an application which meets the requirements of a national application.

In this respect, when an international registration designating Mexico is cancelled, due to the cessation of the effects of the corresponding basic mark, to preserve any rights acquired, it is possible to file, within three months of the cancellation of the international registration, a national application that meets all of the formal requirements of the Law on Industrial Property, a text in force according to the latest reform published in the Official Gazette of the Federation of June 28, 2010, hereinafter referred to as the Law on Industrial Property. It shall be considered that said filing has, as its date of filing, the date of the international registration that was cancelled, but it shall be processed like any national application.

It is clear that application of the principle of dependency, which is a special scenario in the Protocol, is perfectly compatible with the Paris Convention when analyzed in the light of application of the case of transformation, which preserves the acquired rights while respecting the principle of legal security and strict application of the precepts laid down in national legislation.

3.1.2 EQUAL TREATMENT FOR NATIONALS AND FOREIGNERS

3.1.2.1 Application of objective criteria in respect of the possibility of filing an international application

Only the following may file an international application: (i) nationals of a State party where the basic registration or application was made; (ii) persons who are domiciled on the territory of a Contracting Party in which the basic registration or application was made; (iii) those who have a real and effective commercial or industrial establishment in the territory in question.

Thus, all Mexican citizens, or all non-citizens who are domiciled or have a real and effective commercial establishment in Mexico, and who further have a basic registration or application in that country, would be entitled to file an international application designating other Contracting Parties to the Protocol from Mexico.

However, when viewed from the other perspective, namely, where Mexico is the country designated to grant trademark protection using the Protocol, such protection may be sought by nationals of the State party where the basic registration or application was made or by persons who have their domicile or a real and effective commercial establishment in the territory of the Contracting Party where the basic registration or application was made, provided that the said State or Contracting Party is not Mexico.

Indeed, even though Mexico is not a member of the Protocol, there are some firms of Mexican origin which, as they are entitled to file an international application under the domicile or commercial establishment criteria in any Contracting Party to the Protocol, hold valid international registrations.

Consequently, the Protocol does not discriminate on the basis of nationality but it does establish objective criteria for its use. The fundamental problem is that as long as Mexico is not a member of the Protocol, given that the Protocol is a closed treaty, the majority of Mexican firms will not have an opportunity to benefit therefrom.

International applications may only be filed through the Office of origin. Once an international application has been filed with the Office of origin, that Office will certify that the particulars of the application correspond to those contained in the basic registration or application, and will forward it to the WIPO International Bureau (IB).

The IB will verify that the international application meets all formal filing requirements, as set out in the Protocol and the Common Regulations under the Agreement and the Protocol, hereinafter referred to as the Common Regulations. If this is indeed the case, it will record the registration and notify the Offices of the Contracting Parties which have been designated.

3.1.2.2 Application of the same procedure for the grant of rights contained in the legislation applicable in each of the Contracting Parties to the Protocol

The Protocol, as stated several lines above, does not contain any rules concerning procedures for obtaining rights in each of its Contracting Parties. Similarly, it has been seen that an international registration has the status of an application filed with the competent national Offices of the Contracting Parties designated in the said registration.

It is clear from the above that, with regard to the procedure for the granting of rights in respect of designations made in accordance with the Protocol, the provisions contained in national legislation will be applied strictly. In this connection, as far as Mexico is concerned, it is the provisions contained in the Law on Industrial Property that will apply.

Consequently, the Protocol does not introduce a procedure parallel to the one stipulated in the relevant national legislation.

3.1.2.3 Application of the same deadlines for the granting of rights contained in the legislation applicable in each of the Contracting Parties

The Protocol does not set any deadline for the Offices of the Contracting Parties to decide on the scope of the protection conferred by an international registration in which they have been designated under the Protocol. Any such deadline will be stipulated by national legislation.

What the Protocol does establish is a deadline for the Office to provide notification, through the IB, of its first official action. This action will take the form of notification of provisional refusal because (i) non-compliance with a specific requirement has been detected during the examination of form; (ii) an opposition has been filed; (iii) a decision in favor of refusal has been taken, by the first administrative authority, following the substantive examination.

This deadline for notification of provisional refusal, based on failure to satisfy a requirement, an opposition or a decision to refuse by the first administrative authority, is 12 months. The Contracting Parties may decide to extend said deadline to 18 months or more, if an opposition is filed. It is foreseen that Mexico, when it accedes to the Protocol, will make such a declaration. Once the Office has provided notification of the first action, it may take the time granted under the national legal system to reach a decision in the first administrative authority.

Failure to send notification of provisional refusal, as a result of the Office's first official action, implies that the Office has tacitly agreed to grant protection to the mark in question, without prejudice to the fact that it may, in accordance with national legislation, declare the nullity of protection granted in this manner.

As far as Mexico is concerned, the deadline for notification of the first action by the Office is ample and sufficient, if we consider that in Mexico, due to administrative provisions, processing may not take more than six months. In this respect, the principle of tacit acceptance would not apply to Mexico, given that the deadline for the national Office to decide on trademark protection is considerably shorter than the deadline for sending notification of the first action by the Office.

This particular case is common to many Contracting Parties which, by virtue of their national legislation, have much shorter deadlines for reaching a decision than those established in the Protocol for providing notification of provisional refusal flowing from a first official action.

Prior to January 1, 2011, the Offices of the Contracting Parties to the Protocol only had an obligation to send notification of provisional refusal. Paradoxically, if the Office decided after the substantive examination to grant protection to the mark which was the subject of the designation, said Office was not obliged to send a declaration to that effect to the holder of an international registration.

Starting on January 1, 2011, Offices of the Contracting Parties now have an obligation to send a declaration that protection has been granted, before the expiry of the applicable deadline for refusal, be it 12 or 18 months, provided that notification of provisional refusal has not been sent.

The vast majority of Offices of Contracting Parties to the Protocol, in accordance with the deadlines laid down in their national legislation, regularly send notifications of grant of protection or provisional refusal to the International Bureau well before the expiry of the 12-month deadline established in the Protocol, which implies that, as far as the said Contracting

Parties are concerned, the principle of tacit acceptance is not applicable, just as it would not apply in the case of Mexico.

In the event that IMPI takes more than 18 months to provide notification of its first official action, this would result in an unwanted application of the principle of tacit acceptance. Then, the provisions of Article 188 of the Law on Industrial Property would apply, empowering IMPI to initiate proceedings for an *ex officio* administrative declaration of nullity.

3.1.2.4 Application of the same amounts in respect of fees for filing an application and registering a mark in force in each of the Contracting Parties to the Protocol

In relation to the prescribed fees for international registration, Article 8.7(a) of the Protocol stipulates that any Contracting Party may declare that, in connection with each international registration in which it is mentioned and in connection with the renewal of any such international registration, it wants to receive an individual fee.

As for the specific amounts of the said fees, the rule quoted stipulates that the amount of the individual fee may not exceed the equivalent of the sum which the said Office would be entitled to charge an applicant for a ten-year registration or, as applicable, for a ten-year renewal of said registration.

This means that the amounts of the individual fees may accurately reflect the fee schedule established by an Office for processing national applications, including, for example, additional fees by number of classes or special rates applicable to collective marks or certification marks.

As indicated by the foregoing, it is clear that in this respect, the Protocol is compatible with current legislation in Mexico, given that, as far as IMPI is concerned, international applicants

must pay, in accordance with Article 114 of the Law on Industrial Property, the fees for the examination of the application and the registration and sending of the corresponding title, in view of the fact that, pursuant to Article 95 of that same Law, the mark will be valid for 10 years starting from the date on which the application was filed.

3.1.2.5 Use of Spanish for all action taken within the framework of the Protocol

The Common Regulations provide that international applications may be filed in English, French or Spanish, according to what is prescribed by the Office of origin (Rule 6.1). The above is compatible with Article 179 of the Law on Industrial Property, as it stipulates that any application or request addressed to IMPI must be submitted in Spanish.

This means that as far as Mexico is concerned, where IMPI acts as the Office of origin for an international application which designates other Contracting Parties to the Protocol, the country may request that the application be filed in Spanish only and forward it in the same language to the WIPO International Bureau.

Moreover, the Common Regulations specify that any communication sent by the IB to an Office, in this case IMPI, must be in the language notified by the said Office (Rule 6.3(iii)). It is foreseen that IMPI, in strict compliance with Article 179 of the Law on Industrial Property, shall notify the IB that Spanish shall be the language of communication for IMPI, for the purposes of the Protocol. In this way, all communications, without exception, that IMPI receives from the International Bureau shall be in this language.

With regard to the other communications sent to the WIPO International Bureau, the Common Regulations stipulate that these may be in English, French or Spanish. In this respect, in accordance with the rules in force, IMPI could send all Protocol-related communications to the IB in Spanish.

It should be noted that the Protocol does not regulate the language of communication between the international applicant and the designated Office. This is only proper, as this involves a question relating to national rules for granting procedures, which, as we have seen, do not concern the Protocol. Consequently, any communication between the international applicant and IMPI must take place in Spanish, by virtue of Article 179 of the Law on Industrial Property.

It may be deduced from the above that, as far as languages are concerned, there is no incompatibility between the Protocol and applicable national legislation, given that any dealings involving IMPI, under the Protocol, shall be in Spanish and all communications transmitted or received by IMPI, under the Protocol, shall be in Spanish.

3.1.2.6 Application of the same grounds for refusal provided for in the legislation applicable in each of the Contracting Parties

As we have seen above, an international application and the resulting international registration are not assumed for the protection of the mark in the Contracting Parties. Each Contracting Party, through its competent national Office, is entitled to conduct a substantive examination of the mark for which protection is sought via the international route, in accordance with the applicable national rules; in the case of Mexico, IMPI will do this under the Law on Industrial Property.

The Protocol does not contain any rules referring to criteria for substantive examination or grounds for refusal. As we have also seen previously, such criteria are exclusively contained in national legislation.

The point should be made in this respect that the Protocol states only that the grounds for refusal of a mark shall be limited to the grounds which would apply, under the Paris Convention, to which Mexico has been a party since September 7, 1903, to an application filed directly with the competent national Office.

This reference is both timely and relevant. The Protocol is a special arrangement for the protection of industrial property, established under Article 19 of the Paris Convention. Article 1 of the Protocol indicates that the States parties to the Protocol shall be members of the Paris Convention and contracting organizations shall have at least one party which is a member of the Paris Convention. Consequently, the Contracting Parties to the Protocol form a special union, as defined by the Paris Convention.

It should be emphasized that the prerequisite for constituting a special arrangement under the Paris Convention is that the said arrangement may not infringe the provisions of that Convention. Consequently, it may be asserted that none of the provisions of the Protocol infringes the rules laid down in the Paris Convention.

What is more, as we will see below, the Law on Industrial Property develops the general cases established by the Paris Convention. None of the rules laid down in the Law on Industrial Property infringes in any way the provisions of the Paris Convention.

Consequently, all of the grounds for refusal contained in the Law on Industrial Property are compatible with the Paris Convention.

Yet asserting, as we have done so far, that the reference in the Protocol to the grounds that would apply under the Paris Convention would limit the grounds for refusal to only three, would be an assertion without a logical basis.

First of all, the Paris Convention does not give specific grounds; rather, it establishes general cases in which the protection of a mark may be refused, under certain conditions. The task of developing these cases into specific grounds falls to the legislation of each State party to the Paris Convention.

Second, asserting that the application of the Paris Convention would limit the grounds for refusal to three only is tantamount to saying that there appear to be grounds for refusal in the Law on Industrial Property which do not correspond to the Paris Convention. Such an assertion would come down to saying that the Law on Industrial Property does not seem to be compliant with the provisions of the said Convention.

It may be deduced from the above that, whereas the Protocol is a Special Arrangement which, as a fundamental principle, may not infringe the provisions of the Paris Convention and the Law on Industrial Property is a development of the principles contained in the said Convention, the Protocol and the Law on Industrial Property are not only compatible standards but also complement each other.

Consequently, where Mexico is designated, registration of the mark for which protection is sought would be decided in accordance with national rules which, in the case of Mexico, would be the ones set out in the Law on Industrial Property.

In reality, the reference contained in the Protocol is linked to Article 2(1) of the Paris Convention, that is, to the principle of non-discrimination toward nationals of other countries of the Paris Union. In this respect, what the Protocol states is that, in the event that protection is refused for a mark that is the subject of an international registration, the competent national Office of the Contracting Party designated in the said registration may only invoke the same grounds that it would have invoked if the said application had been filed directly with that Office.

3.1.2.7 The scope of protection is the scope envisaged in the legislation applicable in each of the Contracting Parties to the Protocol

As we have seen above, the effect of a designation made in an international registration, in the event that protection is granted, is the same as the protection that would have been obtained if an application had been filed directly with the national Office of the Contracting Party in question. Consequently, to determine the scope of the protection granted, it suffices to say that the protection grants the same rights and is subject to the same limits laid down in the Law on Industrial Property; in other words, these are the same rights and limitations as the holder of a mark who filed an application directly with IMPI would have had.

3.2 COMPATIBILITY OF NATIONAL INDUSTRIAL PROPERTY RULES WITH THE PROTOCOL

3.2.1 APPLICATION OF THE PRINCIPLE OF A HIERARCHY OF RULES

Article 1 of the Law on Industrial Property provides that compliance with the Law shall be without prejudice to the provisions of the international treaties to which Mexico is a party. By virtue of the principle of the hierarchy of rules, in the event of an apparent conflict of rules, the industrial property provisions contained in the Protocol would have precedence over the provisions contained in the applicable national legislation.

3.2.2 DIRECT COMPLIANCE WITH THE PROTOCOL

The Protocol, as we have seen previously, is a procedural treaty that is limited to establishing (i) the form in which an international application is filed; (ii) the administration of the International Register by the WIPO International Bureau; (iii) the way in which the competent Offices of the Contracting Parties for which protection has been sought will be notified; (iv)

the way in which said Offices will provide notification of decisions concerning any protection that may be granted to the marks which are the subject of this procedure.

As for procedural rules, the stipulations contained in the Protocol constitute provisions which can be complied with directly and which do not appear to require the adoption of implementing rules at the legislative level.

With regard to action taken by the competent national authority during the stage of filing of the international application, as the Office of origin, as well as communications which the said authority must process, where it is acting as designated Office, in respect of decisions concerning any protection which may be granted to the marks that are the subject of such registrations, it may be appropriate, as we will see below, to introduce provisions of a regulatory nature for administrative purposes.

3.2.3 EFFECTS OF DESIGNATION ON AN INTERNATIONAL REGISTRATION

According to the procedure for filing an international application, the application is filed by the applicant with the Office of origin, i.e. the Office in which the basic mark is found and to which the applicant can prove a link.

The international application is certified by the Office of origin, which will sign or stamp it, as the case may be, and forward it to the International Bureau (IB). The IB examines the application and will register it, if the corresponding fees have been paid and if there are no formal irregularities. Once registration has been completed, the IB will notify the Offices designated in the said international registration.

As we have seen, the first effect of a designation made in an international registration in relation to the Contracting Parties designated is that whereby an application will be filed

directly with the Office of the said Contracting Party. This means that, for administrative purposes, said application would meet the requirements set out in Articles 113, Parts I, II and IV, 114, 179 and 180 of the Law on Industrial Property, whereby it will be deemed to have been filed on the date of international registration, as provided for in Article 4.1(a) of the Protocol.

For practical purposes, the notification to be provided by the IB in respect of Article 3(4) of the Protocol is deemed to meet the formal requirements set out in the Law on Industrial Property, and by virtue of Article 121 of this Law, the date of filing shall determine the order of precedence for applications received by IMPI. The notification in question is transmitted to the designated Contracting Parties, in accordance with Rule 14.1 of the Common Regulations, once the international registration has been completed, and must contain, in accordance with Rule 14.2(i), all of the information set out in the international application.

In particular, the notification which IMPI will receive from the IB in relation to Mexico's designation in an international registration must indicate:

- a. the applicant's name, nationality and domicile (Article 113, I) – In accordance with Rule 9.4(a)(ii) and (ii) of the Common Regulations, international applications must contain the name and domicile of the applicant. Likewise, in accordance with Rule 9.4(b)(i) and (ii), an international application may contain particulars relating to the nationality of the applicant, where a natural person is involved, or to the legal nature and the State of constitution, where a legal entity is involved.
- b. the distinctive sign of the mark, mentioning whether it is nominative, unnamed, three-dimensional or mixed (Article 113, II) – In accordance with Rule 9.4(a), international applications shall contain a reproduction of the mark, a statement as to where the applicant wishes the mark to be considered as a mark in standard characters and

other particulars and claims, such as those referring to three-dimensional marks, color marks, claims concerning colors, etc. Failing such indications, it shall be deemed that the applicant wishes the mark to be considered figurative or mixed, as the case may be.

- c. the goods and services to which the mark shall apply (Article 113, IV) – In accordance with Rule 9.4(a)(xiii) of the Common Regulations, international applications must indicate the names of the goods and services for which the international registration of the mark is sought.

According to Article 93 of the Law on Industrial Property, marks shall be registered in relation to goods or services determined according to the classification established by the Regulations under the Law. The Regulations under the Law on Industrial Property, hereinafter referred to as the Regulations under the Law, stipulate in Article 59 that the Nice Classification shall apply.⁴ The Nice Classification contains some 10,000 indications of goods and 1,000 indications of services.⁵

The indications of goods and services which constitute the scope of the protection sought in a designation made under the Protocol are notified to the Offices, duly classified in accordance with the most recent edition of the Classification established by the Nice Agreement. However, the classification made by the WIPO International Bureau only concerns the International Register.

⁴ The Nice Agreement, which is also a treaty administered by WIPO, establishes a Classification of indications of goods and services for the purposes of trademark registration. The Classification is subject to a constant updating process, which is discussed by a Committee of Experts on the basis of proposals submitted by the National Trademark Offices and interested organizations. A new edition is published every five years. The tenth edition of the Classification came into force on January 1, 2012.

⁵ The WIPO International Bureau has published a database which contains over 40,000 terms, duly classified, with their equivalents in English, French and Spanish. This database contains the indications for the Nice Classification, as well as the most commonly used indications. What is more, the database which the WIPO International Bureau uses for administering the International Register contains over 70,000 indications, duly classified, with their equivalents in English, French and Spanish.

The designated Office, in this case IMPI, may apply the most suitable criteria for the purposes of substantive examination. For example, according to Article 93 of the Law on Industrial Property, any doubts as to the class to which a good belongs shall in the final analysis be resolved by the Institute. Moreover, Article 59 of the Regulations under the Law stipulates that IMPI shall establish the criteria for interpreting and applying the Nice Classification. Finally, the classes of the International Classification are not decisive in terms of establishing the similarity or dissimilarity of goods and services. Consequently, IMPI may always invoke, independently of the Classification, grounds for relative refusal, such as a risk of confusion, in order to refuse protection for a mark designated under the Protocol.

In this respect, the Protocol is perfectly compatible with national legislation, given that, in Article 4.1(b), it states that the indication of the classes shall not bind the Contracting Parties when it comes to determining the scope of trademark protection.

- d. Proof of payment of the corresponding fees (Article 114) – In accordance with Rule 9(a)(xiv), international applications shall indicate the amount of fees paid and the form of payment. As we have seen above, in accordance with Article 8(7)(a) of the Protocol, the amount of the fee applicable to the designation made in respect of one of the Contracting Parties to the Madrid system may be equivalent to the amount which the said Office would be entitled to receive from an applicant for a 10-year registration or, as the case may be, for a 10-year renewal of that registration.
- e. Filing in Spanish (Art. 179) – As indicated a few lines above, all of IMPI's dealings shall be conducted in Spanish.
- f. Signature by the person concerned or his representative (Art. 180) – The procedure for filing an international application is initiated with the Office of origin, that is, the

Office in which the applicant holds a basic mark and to which he can establish a link.

The Office of origin, in accordance with its laws, regulations and practices, may require or allow the applicant to sign the international application.

For example, Rule 9.2(b) of the Common Regulations stipulates that applications shall be signed by the applicant, if the Office of origin so requires or allows. In accordance with Rule 9.5(d) of the Common Regulations, international applications are received by the Office of origin, which shall examine and certify them. In accordance with Rule 9.2(b), it is the Office of origin which will sign an international application, when it certifies it. Moreover, in accordance with Administrative Instruction 6(a) for the Application of the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to this Agreement, hereinafter referred to as Administrative Instructions, communications forwarded to the IB shall be set down in writing and shall be signed.

Once certification has been completed, it is the Office of origin that sends the international application to the IB, which shall examine it, record it, and notify accordingly the Offices of the Contracting Parties designated in the international registration. In other words, the designated Office shall receive a notification from the IB, which is substantiated by an application certified and signed by the Office of origin as well as by the international applicant, where the legislation of that Party so requires or allows.

Accordingly, the notification by the IB of Mexico's possible designation in an international registration shall be deemed to have the effect of a national application which meets the requirements set out in Article 121 of the Law on Industrial Property, with the outcomes established by that same Article, it being understood that, as noted previously, the date to which this Article refers will be that of the international registration.

3.2.4 EXAMINATION OF THE COMMUNICATION OF THE BUREAU'S FIRST DECISION

Once it has received notification corresponding to a designation made in an international registration, transmitted by the IB, the competent national Office, IMPI, will initiate the procedure corresponding to an application filed directly with the Office to determine whether to grant protection for the mark which is the subject of the international registration.

Consequently, in respect of the substantive examination, the applicable provisions are Articles 119 and 122 to 127 of the Law on Industrial Property. This allows IMPI to invoke all of the grounds for refusal contained in Article 90 of the Law on Industrial Property which, as can be seen from the following table, constitute a development of the cases contained in the Paris Convention (see Table IV).

Table IV – Grounds for refusal given in the Law on Industrial Property and their equivalents in the Paris Convention

National Law on Industrial Property	Cases	Paris Convention
Art. 90, Part I	Signs devoid of any distinctive character	Art. 6quinquies(B)(ii)
Art. 90, Part II	Signs customary in current language	Art. 6quinquies(B)(ii)
Art. 90, Part III	Signs customary in fair and consistent business practices	Art. 6quinquies(B)(ii)
Art. 90, Part IV	Signs or indications that can be used in trade to designate the kind, quality, quantity, intended purpose, value, place of origin of the goods or time of production	Art. 6quinquies(B)(ii)
Art. 90, Part V	Signs devoid of any distinctive character	Art. 6quinquies(B)(ii)
Art. 90, Part VI	All of the cases described in Parts I to V and VII to XVII	Art. 6bis Art. 6ter Art. 6quinquies
Art. 90, Part VII	Prohibitions concerning State emblems and emblems of intergovernmental organizations	Art. 6ter
Art. 90, Part VIII	Prohibitions concerning official hallmarks	Art. 6ter
Art. 90, Part IX	Signs liable to mislead the public	Art. 6quinquies(B)(iii)
Art. 90, Part X	Signs liable to mislead the public	Art. 6quinquies(B)(iii)
Art. 90, Part XI	Signs or indications that may be used in trade to designate the origin of goods	Art. 6quinquies(B)(ii)
Art.90, Part XII	Signs liable to affect rights acquired by third parties	Art. 6quinquies(B)(i)
Art. 90, Part XIII	Signs liable to affect rights acquired by third parties	Art. 6quinquies(B)(i)
Art. 90, Part XIV	Signs liable to mislead the public	Art. 6quinquies(B)(iii)
Art. 90, Part XV	Signs that constitute a reproduction, imitation or translation, which is likely to create confusion, of a mark which the competent national authority for registration or use considers to be well known in the country	Art. 6bis
Art. 90, Part XVbis	Signs that constitute a reproduction, imitation or translation, which is likely to create confusion, of a mark which the competent national authority for registration or use considers to be well known in the country	Art. 6bis
Art. 90, Part XVI	Signs liable to affect rights acquired by third parties	Art. 6quinquies(B)(i)
Art. 90, Part XVII	Signs liable to affect rights acquired by third parties	Art. 6quinquies(B)(i)

Prepared by WIPO

The examination carried out by IMPI might conclude that the designation does not meet legal or regulatory requirements; that there is some obstacle to registration; or that there is prior art. In this case, Article 122 of the Law on Industrial Property stipulates that IMPI shall inform the applicant in writing of its decision, granting him a period of two months to rectify any errors.

In the latter case, in accordance with Article 5(1) of the Protocol and Rule 17 of the Common Regulations, IMPI must forward the said communication to the IB, together with the notification of provisional refusal. It is this notification which, in conformity with Article 5(2)(b) of the Protocol, will be subject to the period of 18 months computed from the date on which the designated Office, in this case IMPI, received the corresponding notification from the WIPO International Bureau. In turn, the IB sends the holder of the international registration notification of the provisional refusal contained in the Bureau's decision.

It should be noted that, once the holder of the international registration has been notified of provisional refusal, if he wishes to continue processing in the country which was the subject of the designation, such processing shall be subject to all provisions of domestic law.

In other words, the holder of an international registration who, having designated Mexico, has received a provisional refusal from IMPI, wishes to assert his right to continue processing as provided for by Article 122 of the Law on Industrial Property, must contact the Institute and indicate, in accordance with Article 183 of the said Law, a domicile for legal service on the national territory. Likewise, he must comply with the provisions of Article 181, if he wishes to act through an agent.

In this case, if after notification of provisional refusal is sent the holder of the international registration continues with the corresponding procedure, once processing of the application is concluded, IMPI will take a final decision with respect to protection of the mark, it shall

notify the international Bureau accordingly, sending the statements envisaged in Rules 18^{ter}(2) or 18^{ter}(3) of the Common Regulations. It should be noted that the legal framework of the Madrid system does not stipulate a period for sending such statements, although these will depend on the decision adopted by the competent national Office in strict compliance with applicable domestic legislation.

On the other hand, if, the processing of the application is concluded with no notification of provisional refusal, IMPI may deem that the legal and regulatory requirements which apply in respect of Mexico's designation in an international registration have been met and shall send, in accordance with Article 125 of the Law on Industrial Property, the corresponding title; publish the corresponding decision in conformity with Article 127 of the Law; and send to the IB a statement of grant of protection, in accordance with Rule 18^{ter} of the Common Regulations, within 18 months computed from the date on which IMPI received the corresponding notification from the IB. In turn, the IB will send the holder of the international registration the statement of grant of protection contained in the Bureau's decision.

3.2.5 TERM AND RENEWAL OF INTERNATIONAL REGISTRATIONS

In accordance with Article 7(1) of the Protocol, international registrations shall be valid for ten years and may be renewed indefinitely for 10-year periods, computed from the expiry of the previous period.

There is consistency in this respect with the Law on Industrial Property, Article 95 of which stipulates that trademark registrations shall be valid for 10 years, computed from the date on which the application is filed.

As we have seen, the date of international registration, which is used as a basis for calculating the term of protection, has the effect, as per Article 4(1)(a) of the Protocol, of the

date of filing provided for in Article 121 of the Law on Industrial Property. It should be noted that the requirement for filing the request for renewal and the six-month grace period covered in Article 133 of the Law on Industrial Property correspond to similar notions set out in Article 7(3) and (4) of the Protocol.

As per Article 7(1) of the Protocol, international registrations are renewed upon payment of the corresponding fees. Article 133 of the Law on Industrial Property requires presentation of proof of payment corresponding to the fee set for renewal as well as a written sworn statement indicating use of the mark.

IMPI could consider the possibility of requiring the presentation of a sworn statement for renewing the validity of the title issued in conformity with Article 126 of the Law on Industrial Property, independently of the renewal of the international registration.

Such a provision would be similar to the provision contained in the United States Trademark Act, which requires the presentation of a sworn statement attesting to continuous use in trade, signed by the holder or his duly accredited representative to the Office of the said country, for international registrations which have designated the United States of America. This presentation must be made directly with the Office in question, not the International Bureau.⁶

Another alternative could be the introduction of the presumption of said presentation via mere renewal of the international registration, similar to the presumption of use in relation to designations of Ireland, Singapore and the United Kingdom, or the elimination of the said requirement.

⁶ Please see Notice 16/2010 available at http://www.wipo.int/edocs/madrdocs/es/2010/madrid_2010_16.pdf

3.2.6 CHANGES TO INTERNATIONAL REGISTRATIONS

One of the most appreciated characteristics of the Protocol (Article 9 and *9bis*) is the system of centralized administration whereby, upon the filing of an application with the International Bureau, changes can be made to the international registration which shall be binding on the designated Contracting Parties that have been granted protection.

The changes that may be made to a registration, under Rule 25(1)(a) of the Common Regulations, are as follows:

- i. total or partial change of ownership;
- ii. limitation of the list of goods or services in respect of one or all of the designated Contracting Parties;
- iii. renunciation in respect of any designated Contracting Party in relation to all goods and services;
- iv. cancellation of registration, in respect of all designated Contracting Parties, in relation to some or all of the goods and services; and
- v. a change in the holder's name or address.

Strictly speaking, it is for applicable national legislation to determine the scope that these recordings shall have in each Contracting Party. In any event, in cases involving a change of ownership and a limitation, the Offices of the Contracting Parties may send a declaration to the WIPO IB indicating that the recordings are not binding on the territory of the Contracting Party in question.

In the case of Mexico, changes of ownership are regulated by Article 143 of the Law on Industrial Property, which merely stipulates that such changes must be recorded to be

binding on third parties. The rule does not require that applications for transfers be filed directly with the national Office or regulate in detail the content of applications. In this respect, when the WIPO IB notifies IMPI of a transfer in respect of a designation of Mexico, IMPI will record the transfer. Said change of ownership will only be binding on third parties on the territory of Mexico, once registration has been made.

By means of a limitation of the list of goods and services contained in an international registration, the holder of said registration may request a more reduced scope of protection, by eliminating indications or by specifying goods or services, in relation to certain designated Contracting Parties.

A limitation may be requested when the international application is filed. In this case, as far as the Office of the Contracting Party affected by the limitation is concerned, the notification that it receives shall contain only the list of goods and services as they stand once the said limitation has been made.

A limitation may also be made once the international registration has been made. In this respect, said application would be equivalent to the limitation of a national application, if the designation has not yet been the subject of protection in the designated Contracting Party, or to limitation of a national registration, if the designation has already been the subject of protection in the said Contracting Party.

In the former instance, it is for IMPI to decide on the origin and on a reduction in the list of goods and services for a pending application, and to notify the IB accordingly. In the latter case, a reduction in the list of goods and services could lead to the partial cancellation of a national registration, in accordance with Article 154 of the Law on Industrial Property, so it would be up to IMPI to take the corresponding decision and provide notification in due time.

The latter case would also apply to the cancellation of part of the list of goods and services of an international registration in relation to a designation of Mexico.

Renunciation of an international registration and cancellation in relation to all of the goods and services pertaining to the said registration, in respect of a designated Contracting Party, could have the effect of the withdrawal of a national application, if the said registration has not yet been the subject of protection, or a request for total cancellation, to be handled in accordance with Article 154 of the National Law on Trademarks, if the said registration has been the subject of protection.

With regard to changes of name or address, such notifications would be transmitted with a request to take note of the change of address or a request to enter the change of name, business name or company name.

It can be seen that, in the case of changes to registrations, the Protocol is not incompatible with applicable domestic industrial property legislation.

The point should be made that the WIPO International Bureau is the body responsible for setting a single rate for recording changes to the International Register. The fees collected in this way form part of the operating funds of the Madrid Union, with surpluses divided up among the Contracting Parties at the end of every WIPO financial year. If it accedes to the Protocol, Mexico would form part of the Madrid Union, and would have a say in decisions concerning the administration of its funds.

4.2.7 RESTRICTIONS AND LICENSES

Rules 20 and 20*bis* of the Common Regulation provide for the recording in the International Register of limitations on the exercise of the right in a mark, or in practical terms, limitations on the right to dispose of the mark and licenses.

The Law on Industrial Property does not regulate the encumbrance of rights in a mark, but specifically envisages this in Article 143. In this respect, notification of a limitation on the right to dispose of the mark in relation to an international registration shall follow the processing of an application for the recording of the encumbrance of an industrial property right.

With regard to the recording of licenses, Article 136 of the Law on Industrial Property draws a parallel with the provisions stipulated in the case of a transfer of marks, stating that such transfers must be recorded with IMPI to be binding on third parties. As with the case of transfers, the rule does not stipulate that an application for the registration of a license must be filed directly with the national Office or regulate in detail the contents of the application.

In this respect, when the IB notifies IMPI that a license has been granted in respect of a designation of Mexico, IMPI may evaluate whether or not to proceed with its recording. If, for any reason whatsoever, the license is not binding on Mexican territory, IMPI must notify the International Bureau accordingly. Otherwise, if everything is in order, IMPI shall record the license. This license shall only be binding on third parties, on the territory of Mexico, once this recording has been made. Similar reasoning applies in the case of cancellation of such licenses.

It should be noted that Mexico could, upon acceding to the Protocol, make a general declaration to the effect that the licenses recorded in the International Register are not

binding on the national territory. Ten Contracting Parties to the Protocol have made such a declaration,⁷ in addition to two other Contracting Parties which have declared that their legislation makes no provision for the recording of licenses.⁸

4 INSTITUTIONAL CAPACITY TO IMPLEMENT THE PROTOCOL

4.1 REGULATORY CONSIDERATIONS CONCERNING IMPLEMENTATION OF THE PROTOCOL

As the Protocol is a procedural treaty which does not contain any obligations of a substantive nature, it could be implemented directly without any need for the incorporation of implementing rules in domestic legislation.

Some of the Contracting Parties to the Protocol, such as Australia and Singapore, have introduced rules into their legislation which simply delegate implementation of the provisions contained in the Protocol to the corresponding regulations. Others, such as Israel, have taken advantage of the process of accession to the Madrid system to introduce improvements to applicable legislation, when they include some definitions and eliminate some provisions which are incompatible with the Protocol. Still other Contracting Parties, such as Japan and the United States of America, have introduced sections into their legislation which take up and develop, in painstaking detail, some of the provisions of the Protocol.

The point should be made that the national Law on Industrial Property is not a detailed instrument; rather, it delegates to regulations and the practices of the administration the particulars of the implementation of its provisions. In this respect, if an introduction to the

⁷ China, Georgia, Greece, Japan, Kyrgyzstan, Lithuania, Republic of Korea, Republic of Moldova, Russian Federation and Singapore.

Protocol in terms of legislation is deemed necessary, a provision like the ones adopted by Australia and Singapore would be the most compatible with applicable national legislation. However, we do not believe that this is the case. We consider that the Protocol could be implemented with changes of a regulatory nature and guidelines from IMPI, without the need for legislative amendments.

The Protocol contains some provisions of an administrative nature which the Offices of the Contracting Parties to the Protocol would be responsible for implementing, as either Offices of origin or designated Offices. Similarly, the Protocol introduces legal processes arising from international procedure, such as replacement or transformation. On this point, it is suggested to consider the model provisions for the implementation of the Protocol, which have been developed by the WIPO International Bureau and are attached to this document.

From a regulatory standpoint, for example, it might be appropriate to include some definitions which are particular to international procedure, such as international application, International Bureau, International Register, basic application or basic registration.

With regard to IMPI's actions as Office of origin, it would be appropriate to indicate the language in which IMPI shall receive the international application, the procedures relating to the filing and examination of the international application, certification of the international application, and its transmittal to the WIPO International Bureau, the possibility of changing previous procedures with the payment of a fee, and the cases in which IMPI will send notification of the cessation of the effects of the basic application or registration.

As for IMPI's intervention as designated Office, a reference should be made to the application of the national procedure, which incorporates provisions relating to the transmittal of the communications relating to the Office's decisions and to the notification to the holder of

⁸ Australia and Germany.

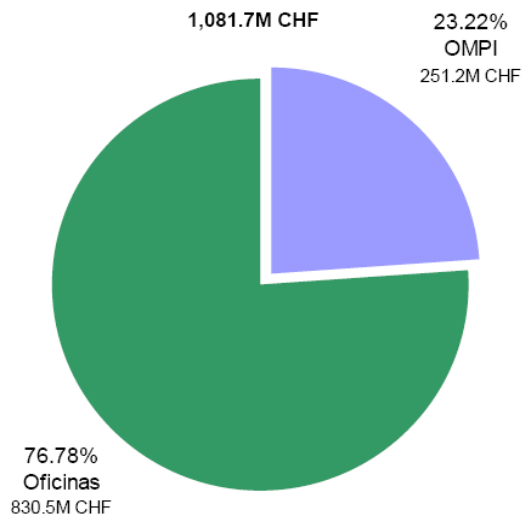
other actions and decisions which may affect or affect the scope of the protection which is the subject of the international registration.

Finally, it would be fitting to develop, at the regulatory level, procedures applicable to the replacement of an international registration by a pre-existing national registration and to the transformation of an international registration into a national application, where such a registration has been cancelled owing to the cessation of the effects of the basic mark during the period of dependency.

4.2 *CONSIDERATIONS CONCERNING THE POSSIBLE IMPACT ON THE ADMINISTRATION'S FINANCES*

First of all, it should be said that Mexico's accession to the Protocol will not affect the interests of the Mexican public administration. The Protocol authorizes the Offices of the Contracting Parties to receive, for each designation made in an international registration and for its renewal, an amount similar to that which would have been received if the protection had been applied for directly with the Office. Thus, between 2005 and 2010, the WIPO International Bureau collected more than CHF 1.081 billion, distributing CHF 850.5 million, or 76.78 per cent of the total amount collected (see Graph XX), to the Offices of the Contracting Parties.

Graph XX – Distribution of income collected via the Madrid Union (2006 – 2010).



23.22% WIPO 251.2M CHF
 76.78% Offices 830.5M CHF

Source: WIPO

It should be noted that, as mentioned previously, with regard to changes to the international registrations where Mexico would be designated, the International Bureau would be responsible for collecting a single fee for its recording, an amount which would increase the funding of the Madrid Union, to which Mexico, upon acceding to the Protocol, would be entitled, sharing in the distribution of any surpluses. It could be argued that even so, IMPI would lose the direct income it receives for recording and taking note of such changes. However, it is necessary to view this alleged impairment in perspective.

As can be seen below, it is estimated that designations of Mexico in international registrations would amount to some 10 per cent of all applications which IMPI receives. This means that the alleged impairment only refers to possible changes concerning these latter designations. Second, while it is true that, as demonstrated by the experience of other countries, we cannot anticipate that Mexico's accession to the Protocol would imply a significant increase in the number of applications received by IMPI, we can anticipate that the Protocol will have a slight positive impact on the number of applications which IMPI receives from small and medium-sized companies, as a result of which the reduced transaction costs

that the Madrid system is supposed to bring might encourage trademark holders to apply for protection of their marks on Mexican territory. Each application would generate income for IMPI: for registration, 2,303.33 pesos for each class, and for renewal, 2,433.41 pesos, also for each class. On the other hand, for changes made to registrations granted, IMPI only receives 317.37 pesos for each entry and 82.33 pesos for each annotation. Consequently, it is easy to deduce that it is quite probable that, *ceteris paribus*, IMPI's revenue would increase slightly as a result of Mexico's accession to the Protocol.

Notwithstanding the above, in a cost-benefit analysis, one should not forget that, regardless of the fact that Mexico's accession to the Protocol would at least be neutral for IMPI from a financial perspective, the main reason for Mexico to accede is to offer national firms, primarily small and medium-sized enterprises, a simple, rapid and economical option for protecting their marks abroad.

4.3 CONSIDERATIONS CONCERNING THE POSSIBLE IMPACT ON THE WORKLOAD

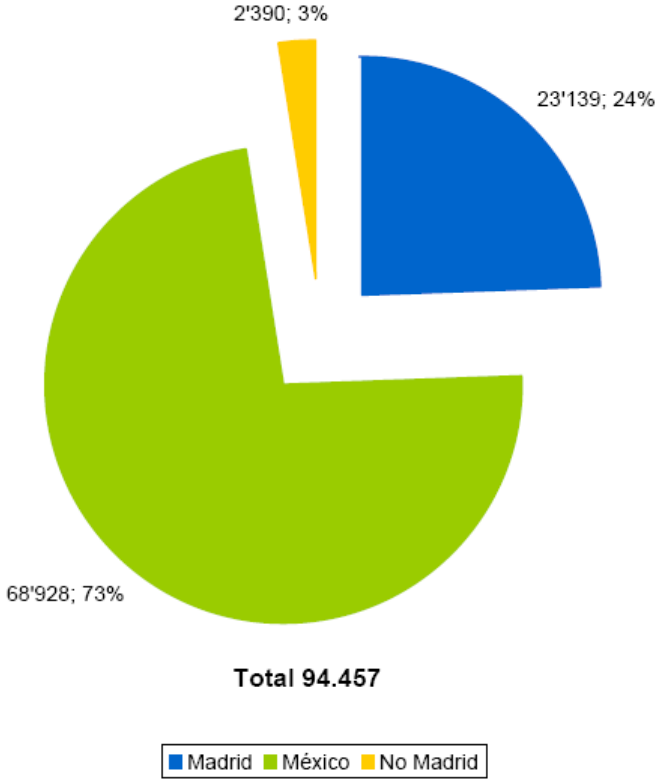
It is clear that the Protocol would only cover applications filed by non-residents. Applications filed by Mexican residents with IMPI do not fall within the purview of the Protocol. Consequently, it would have no impact on the latter category of applications.

Recent experience shows that Offices in countries which have acceded to the Protocol have not seen a huge increase in the total number of applications received. These Offices continue to display the same historical trends with regard to growth, positive or negative, even after implementation of the Protocol. What changes is the way in which applications from non-residents are filed with the national Offices of the Madrid Contracting Parties. Some applications from non-residents will be filed under the Madrid system, whereas the

balance of applications from non-residents and all applications from residents will continue to be filed directly with the competent national Office.

According to available information, in 2010, 73 per cent of the applications received by IMPI were filed by Mexican residents. These applications would continue to be filed directly with IMPI, as they do not fall within the purview of the Protocol. Moreover, three per cent of all applications received by IMPI were filed by residents of countries which are non-members of the Madrid system. It is therefore reasonable to assume that these applications would continue to be filed directly with the Institute. That means in 2010, 24 per cent of the applications received by IMPI, or 23,139 applications, were filed by residents of member countries of the Madrid system. Accordingly, if Mexico were to accede to the Protocol, they could opt for this route to seek protection of their marks in this country (see Graph XXI).

Graph XXI – Applications received by IMPI in 2010 by applicant’s place of residence (Mexico, member countries of the Madrid Protocol, non-member countries of the Madrid Protocol)



2,390; 3%
 23,139; 24%
 68,928; 73%

Source: IMPI
 Prepared by WIPO

It is not reasonable to assume that all applications from residents of countries which are members of the Protocol will be filed in Mexico using this option. Indeed, the intensity with which nationals of various countries use the international route as an option for requesting protection of their marks varies. There are various reasons why the holder of a mark might prefer the national or regional approach to the international route, depending on the various protection strategies, of which the Protocol is one among others. Two trends have been identified with regard to the intensity of use of the Madrid system. Residents of countries which originally belonged to the Agreement, in general European countries with many years

inside the Madrid system, use it with greater intensity than residents of countries which are only members of the Protocol and which are therefore relatively new users of the system.

By way of example, we could mention the cases of France, Germany and Switzerland, long-standing members of the system. The shares of trademark holders who are residents of these countries and who used the Madrid system in 2010 to protect their marks abroad were, respectively, 56.31, 51.60 and 58.98 per cent (see Graph XXII, Graph XXIII and Graph XXIV).

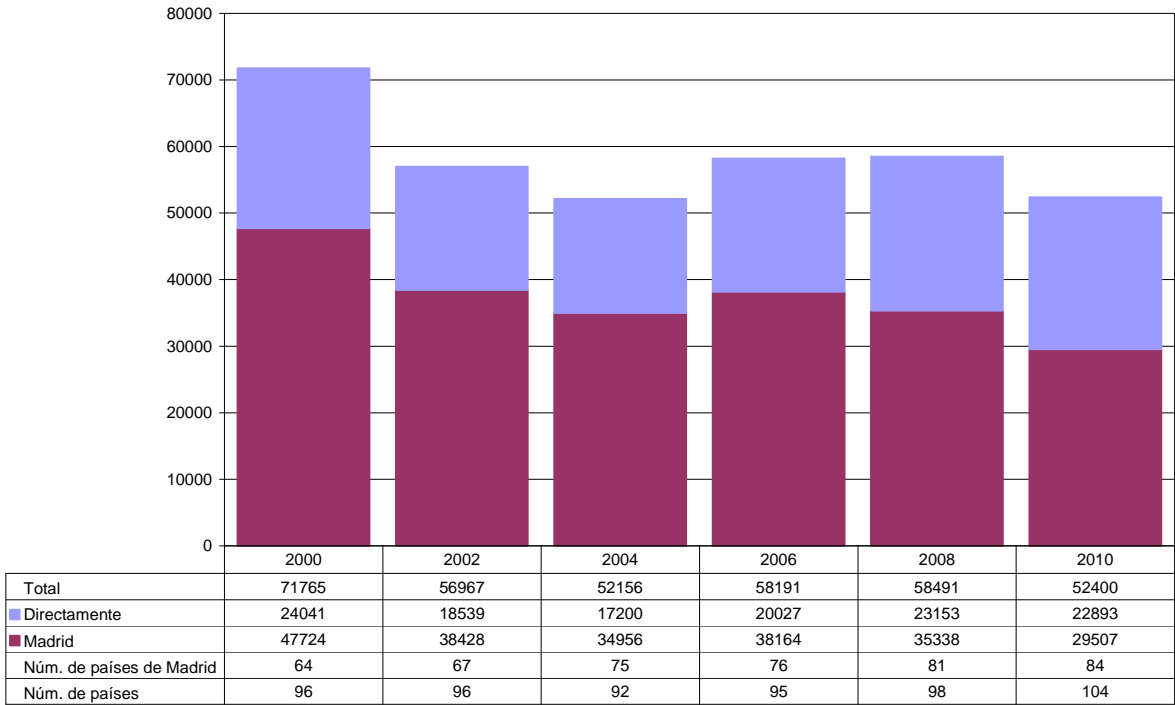
Graph XXII – Applications filed by German residents abroad (2000 -2010)



Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

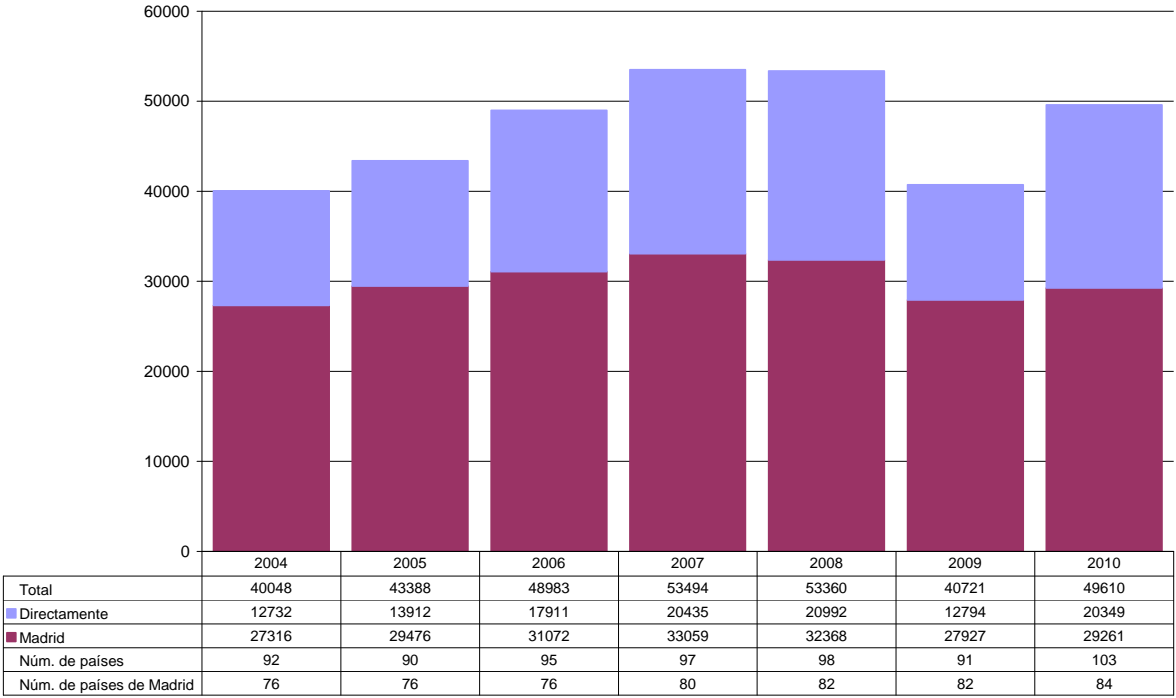
Graph XXIII – Applications filed by French residents abroad (2000 – 2010)



Total
 Directly
 Madrid
 No. of Madrid countries
 No. of countries

Source: WIPO

Graph XXIV – Applications filed by Swiss residents abroad (2004 – 2010)

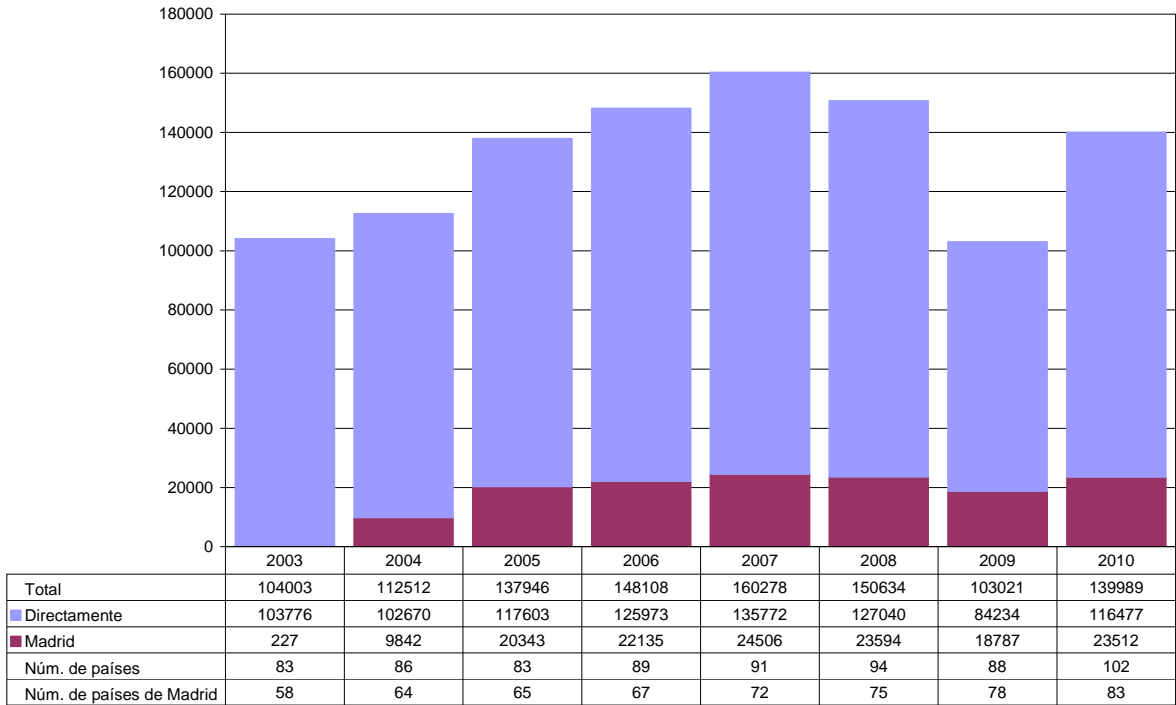


Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

On the other hand, countries like Japan, Republic of Korea and the United States of America, which are exclusively members of the Protocol and which are therefore relatively new to the Madrid system, make considerably less use of the Madrid system. The shares of trademark holders who are residents of these countries and who used the Madrid system in 2010 to protect their marks abroad were, respectively, 15.86 per cent, 17.81 per cent and 16.79 per cent (see Graph XXV, Graph XVI and Graph XXVII).

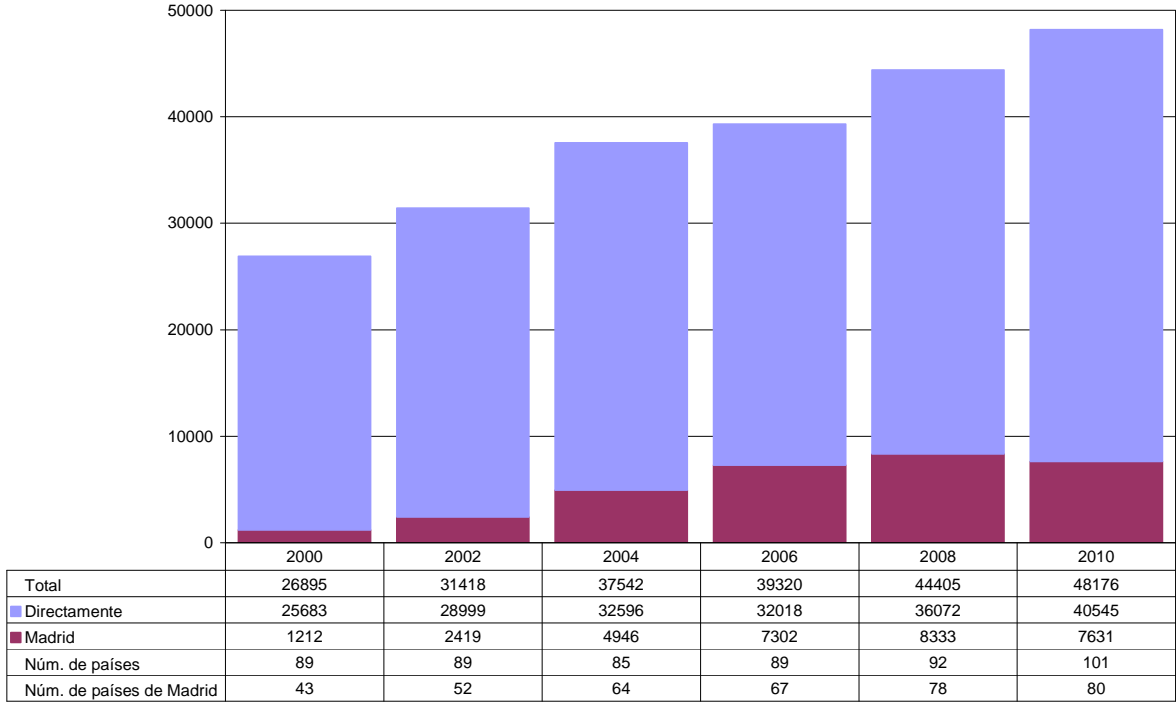
Graph XXV – Applications filed by residents of the United States of America abroad (2003 – 2010)



Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

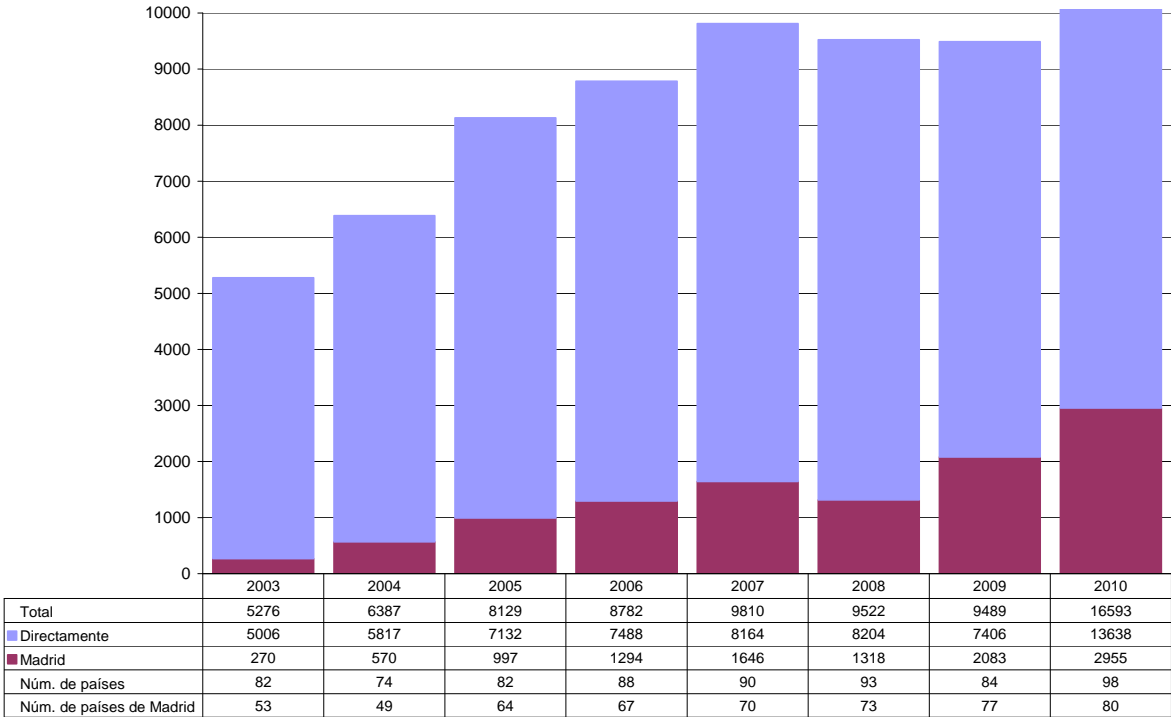
Graph XXVI – Applications filed by residents of Japan abroad (2000 – 2010)



Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

Graph XXVII – Applications filed by residents of the Republic of Korea abroad (2003 – 2010)

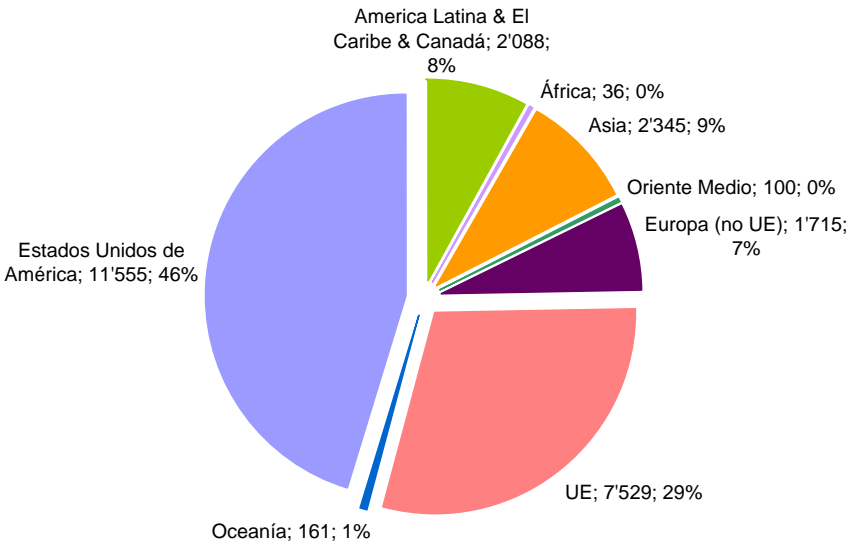


Total
 Directly
 Madrid
 No. of countries
 No. of Madrid countries

Source: WIPO

The foregoing is particularly relevant for Mexico, given that 46 per cent of all applications filed by non-residents with IMPI in 2010 were filed by residents of the United States of America, whereas only 36 per of this total were filed by residents of European countries (see Graph XXVIII).

Graph XXVIII – Applications filed with IMPI by non-residents in 2010 by applicant’s country/region of residence



Total 25.529

United States of America; 11,555; 46%
 Latin America and Caribbean and Canada; 2,088; 8%
 Africa; 36; 0%
 Asia; 2,345; 9%
 Middle East; 100; 0%
 Europe (non-EU); 1,715; 7%
 EU; 7,529; 29%
 Oceania; 161; 1%

Total 25,529

Source: WIPO

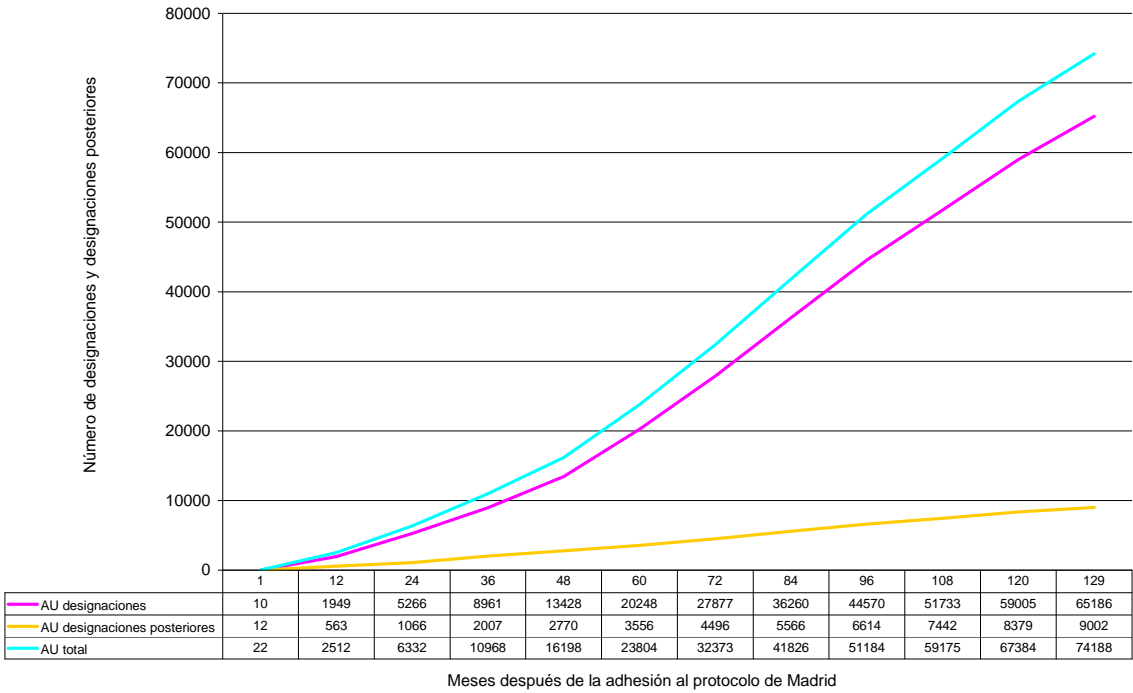
It is reasonable to assume that as far as Mexico is concerned, the same intensity of use of the Madrid system will continue in respect of the applications which IMPI receives after Mexico’s accession to the Protocol. It is also reasonable to consider that, as a consequence of accession, some 10 per cent of all applications received by IMPI (between 8,000 and 9,000) will be filed using the Madrid system, which would be equivalent to one-third of all

applications filed by non-residents. If the above assumption were applied to the year 2010, Mexico would have been among the 10 most frequently designated Contracting Parties in the Madrid system, with a level of designations comparable to the number of designations received by Australia, Republic of Korea or Turkey.

Nor should we forget to mention that one of the recurrent hypotheses regarding the possible effects of Mexico's accession to the Protocol is the possibility that national Offices would face an avalanche of applications. It can be said that this would be a consequence of the case of subsequent designation, whereby it is possible to designate new Contracting Parties for any of the over 500,000 international registrations in force. Yet experience shows that over time, the effect of subsequent designations is equivalent to only 12 to 15 per cent of all designations received by a country.

Thus, for example, in the case of Australia, in the 129 months during which it has been a party to the Protocol, that is, 10 years and nine months, it has received 74,188 designations, of which only 9,002, or 12.13 per cent of the total, were subsequent designations (see Graph XXIX). In the case of the Republic of Korea, in 106 months, that is, eight years and 10 months, it has received 60,037 designations, of which only 9,112, or 15.18 per cent of the total, were subsequent designations (see Graph XXX). In the case of Turkey, in 162 months, that is, 13 years and six months, it has received 87,853 designations, of which only 13,303, or 15.14 per cent of the total, were subsequent designations (see Graph XXXI).

Graph XXIX – Designations and subsequent designations received by Australia



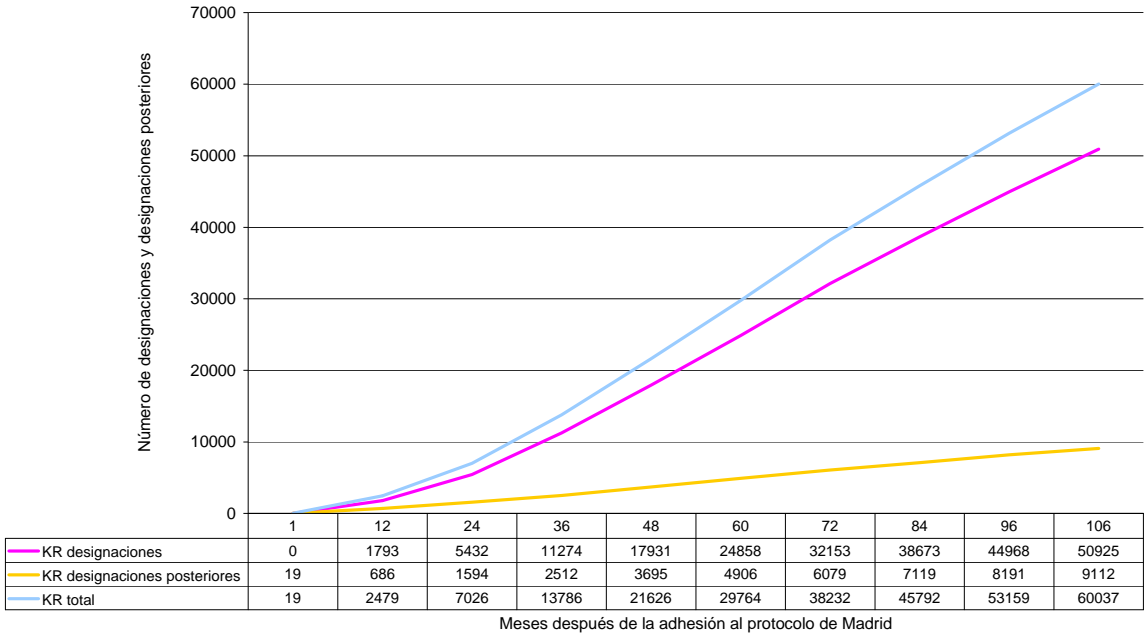
Number of designations and subsequent designations

- AU designaciones
- AU subsequent designations
- AU total

Months since accession to the Madrid Protocol

Source: WIPO

Graph XXX – Designations and subsequent designations received by the Republic of Korea



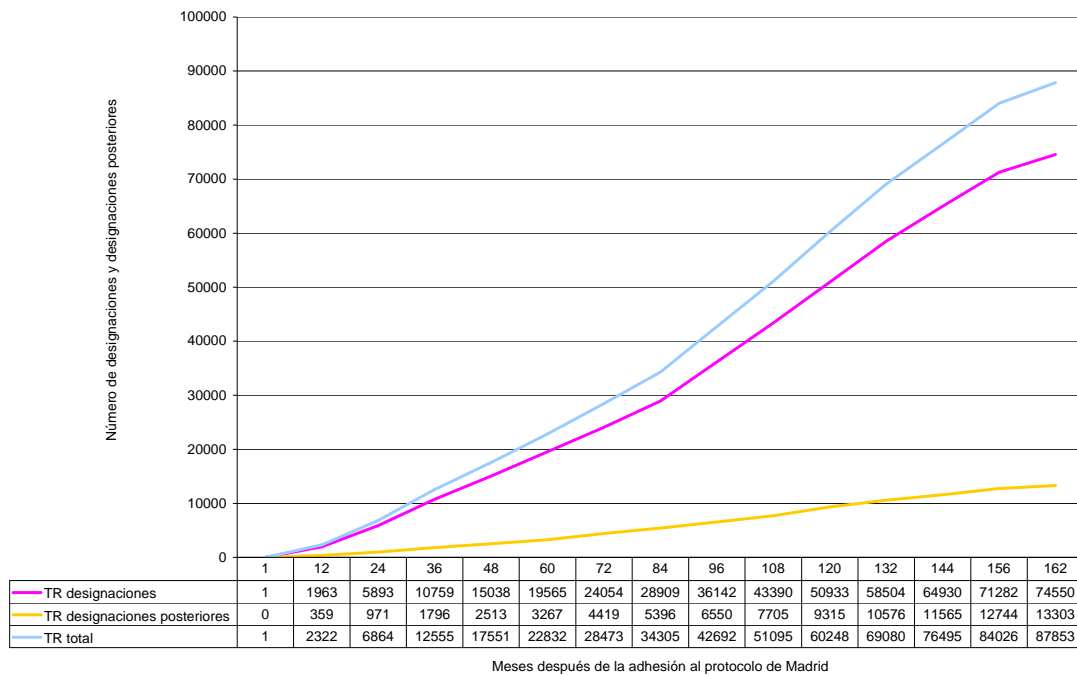
Number of designations and subsequent designations

- KR designations
- KR subsequent designations
- KR total

Months since accession to the Madrid Protocol

Source: WIPO

Graph XXXI – Designations and subsequent designations received by Turkey



Meses después de la adhesión al protocolo de Madrid

Number of designations and subsequent designations

TR designaciones

TR subsequent designations

TR total

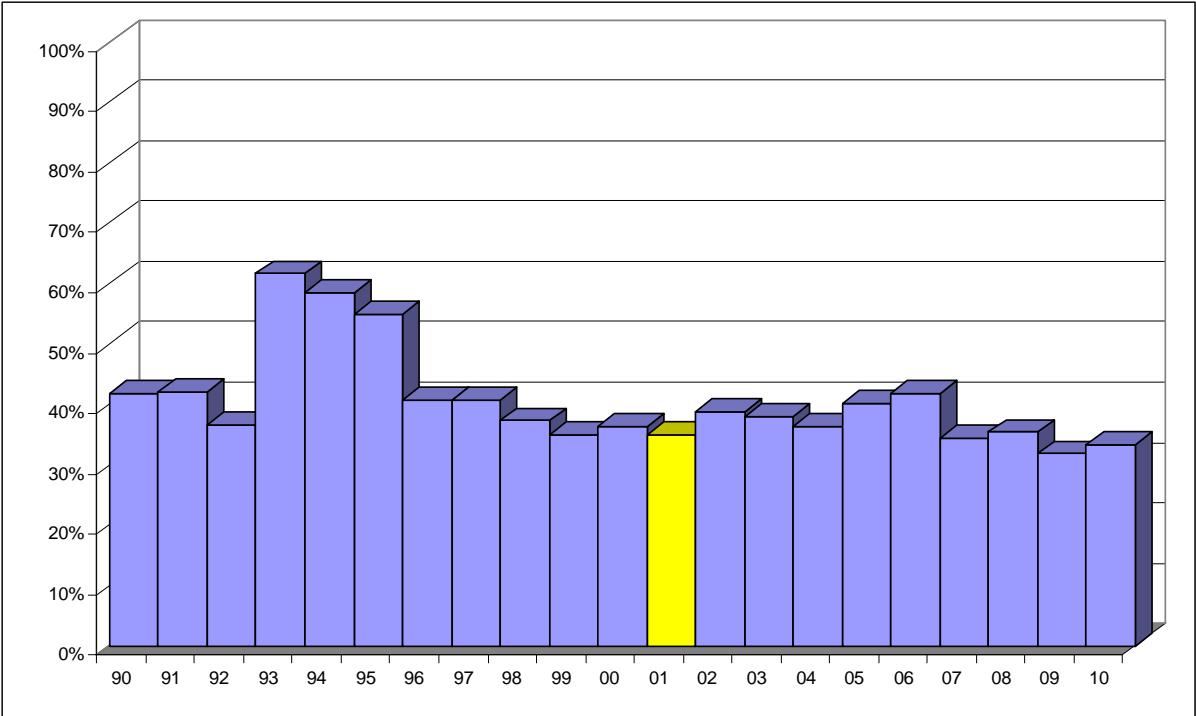
Months since accession to the Madrid Protocol

Source: WIPO

Another of the hypotheses concerning the possible impact of accession to the Protocol is an invasion by non-resident applicants. This argument could be valid in a closed economy with a highly inefficient administration and an industrial property system that does not offer legal security. However, this argument has no logical basis in the case of Mexico. In reality, experience shows that non-residents' share of the total number of applications received by the Offices of the Contracting Parties to the Protocol does not change. What does change, as we have said, is the route used by non-residents to obtain protection. In some cases, applicants will continue to file their applications directly, whereas in other cases, they will opt

to file their applications using the international alternative. Thus, for example, in the cases of Australia, Republic of Korea and Turkey, non-residents' share of the total number of applications filed in these countries did not increase after their accession to the Protocol, and continued to follow historic trends (see Graph XXXII, Graph XXXIII and Graph XXXIV).

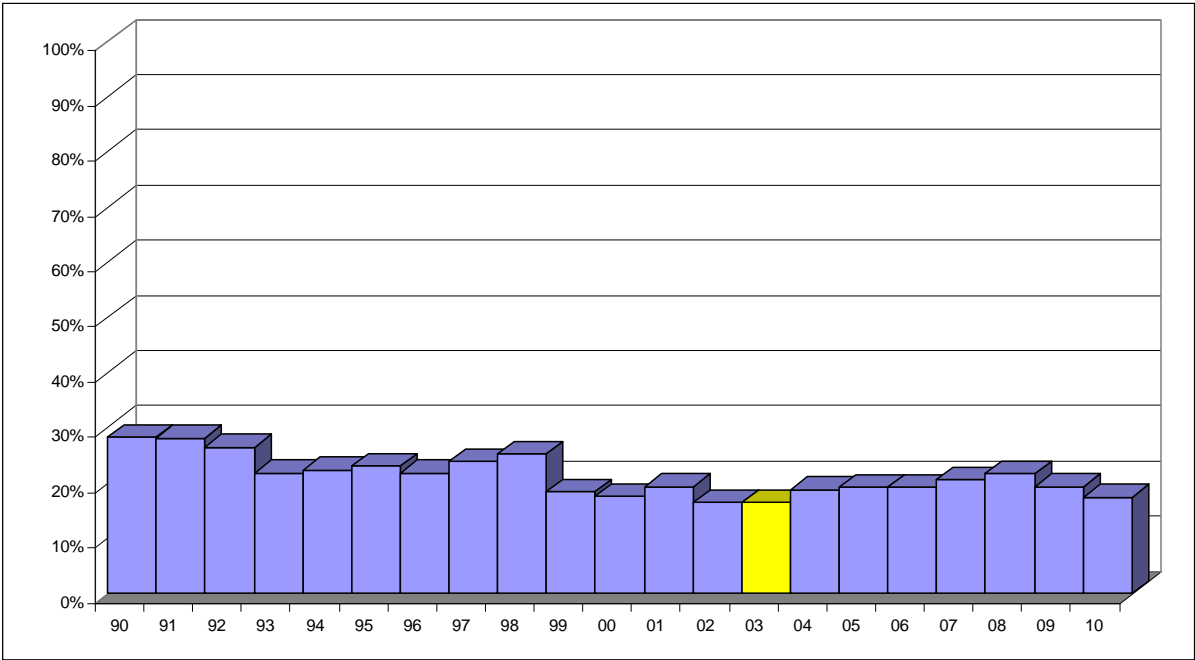
Graph XXXII – Non-residents' share of trademark applications out of the total number of applications filed in Australia (1990 – 2010)



Source: WIPO

The yellow bar indicates the year in which Australia acceded to the Protocol.

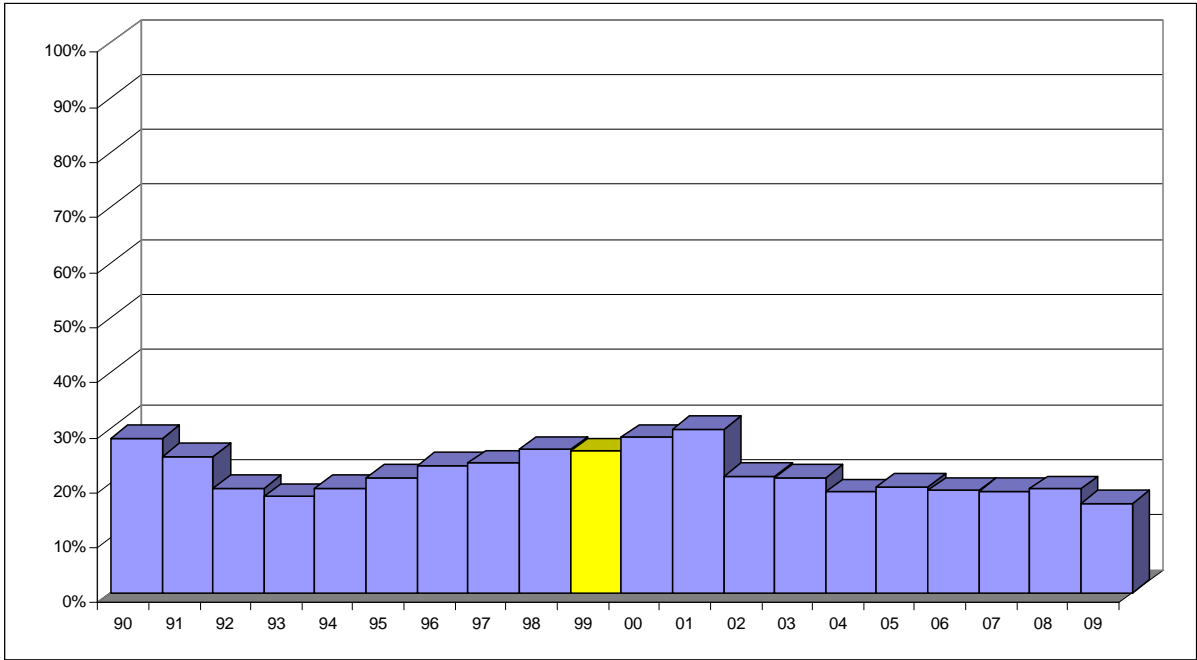
Graph XXXIII – Non-residents’ share of trademark applications out of the total number of applications filed in the Republic of Korea (1990 – 2010)



Source: WIPO

The yellow bar indicates the year in which the Republic of Korea acceded to the Protocol.

Graph XXXIV – Non-residents’ share of trademark applications out of the total number of applications filed in Turkey (1990 – 2009)



Source: WIPO

The yellow bar indicates the year in which Turkey acceded to the Protocol.

As already mentioned, it is hoped that, if Mexico accedes to the Protocol, the share of non-resident applicants who opt for the international route will be relatively low. What is perfectly clear is the fact that, if Mexico does accede to the Protocol, non-residents’ share of total applications received by IMPI will continue to follow present trends rather than increasing.

4.4 CONSIDERATIONS CONCERNING INSTITUTIONAL CAPACITY

From an institutional perspective, there are three minimum requirements for ensuring the successful implementation of the Madrid system. The first condition is that, above and beyond the regulatory framework, there must be a procedure compatible with the procedure for the granting of rights in Contracting Parties designated in an international registration. Second, if such a procedure exists, there must also be a competent institution which is capable of administering this procedure. Finally, this institution, in accordance with the

procedures established and in strict compliance with its national regulatory framework, must also be capable of assuming the obligations flowing from possible accession to the Protocol within the time limits established by this instrument.

In the case of Mexico, these conditions are more than fulfilled. IMPI is a robust institution with administrative procedures which are consistent with its domestic legislation, backed by a modern infrastructure of information systems and trained staff which allow it to handle its heavy workload efficiently with regard to trademarks and manage the procedures for which it is responsible within a very reasonable time frame and with a high level of quality.

By way of reference, it may be noted that between 2003 and 2011, IMPI received 708,154 applications for trademark registration and processed 705,592 applications during this same period, which means that, during the period under review, IMPI successfully processed the equivalent of 99.64 per cent of all applications received. Accordingly, it is clear that IMPI is not lagging behind when it comes to procedures for trademark registration with the Bureau (see Table V and Table VI).

Table V – Applications for trademark registration received (2003 – 2011)

2003	2004	2005	2006	2007	2008	2009	2010	2011
57,613	62,595	68,805	74,376	83,216	84,287	81,937	95,044	100,281

Source: WIPO

Table VI – Trademark applications processed (2003 – 2011)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Registrations	45,871	45,802	54,154	59,673	54,449	63,063	63,015	62,989	68,234
Abandoned	10,921	4,890	18,994	9,926	15,997	14,859	16,534	13,446	11,859
Withdrawn	412	329	331	312	253	280	238	207	212
Refused	92	3,813	9,417	11,882	9,073	8,324	9,557	7,787	7,718
Rejected	N/A	N/A	N/A	68	48	35	71	171	286
Total	57,296	54,834	82,896	81,861	79,820	86,561	89,415	84,600	88,309

Source: IMPI

Indeed, if no requirements are set, IMPI can grant trademark registration within an average of six months. If requirements are introduced, this time frame could be extended to nine months.

It should be noted that the period for sending notification of provisional refusal does not refer to the Office's final decision in the first administrative authority but rather to the sending of a first official action which, in the case of IMPI, could be a notification for a formal defect, which is sent within an average of three months, or to notification for a material defect, which is sent within an average of four months. In the case of Mexico, the sending of notification of provisional refusal based on an opposition would not apply, as this case is not covered by domestic legislation. The point should be made that the Protocol envisages a period of 18 months for sending notification with the Bureau's first action, so that current workloads would not be an obstacle to its implementation in Mexico.

In view of the regulatory framework, the procedures in force, the absence of a backlog and the time to process trademark registration applications filed with IMPI, it can be said that

under the present circumstances, the said institution would not have any problem shouldering the obligations flowing from Mexico's possible accession to the Protocol.

There are other considerations which lead us to state that not only do the necessary institutional conditions exist for Mexico's possible accession to the Protocol, but the said conditions are propitious for ensuring that the implementation referred to constitutes a model to be followed by the administrations of other countries with characteristics similar to those of Mexico, which are in the process of acceding to the Protocol.

The first of these considerations is the infrastructure of IMPI's information systems. It should be noted that the level of sophistication with which each Office operates within the Madrid system will match its internal possibilities. Offices at various stages of technological development have managed to implement the Madrid system. Implementation of the Protocol does not imply changing existing procedures or developing an additional infrastructure to administer the procedures derived therefrom. For example, whereas some Offices have introduced sophisticated mechanisms for electronic communication with the International Bureau, others are still communicating via paper-based correspondence. In the particular case of IMPI, the infrastructure and the Institute's own information systems would allow real-time data exchange with the International Bureau, thereby boosting efficiency and considerably reducing operating costs for the benefit of users of the Madrid system.

The second consideration allowing us to assert that IMPI displays solid conditions for the successful institutional implementation of the Protocol lies in its human capital. IMPI's Divisional Trademarks Directorate has an organizational structure that matches the roles assigned to it by the regulatory framework, namely, granting rights, processing changes and challenges involving these rights, notifying system users of the scope of its decisions as an administrative authority, administering a register recording these acts, and storing the

resulting body of documents. To this end, the Directorate is made up of 163 persons, who work in four subdirectorates and eight coordination units.

With regard to the examination of applications received, the Divisional Trademarks Directorate has 17 examiners of form, nine employees specialized in searches for figurative elements of prior art, and 40 substantive examiners. Those in the latter category have on average 15 years' professional experience and 80% are legal professionals. The level of professionalism of IMPI examiners is reflected *inter alia* by the continuous participation of experts from the Institution in activities carried out in the region in cooperation with WIPO and other regional and international organizations.

Finally, it should be recalled that, in the majority of cases, implementation of the Protocol does not imply changes of a substantive nature to the organizational structure of the Institution.

4.5 CONSIDERATIONS CONCERNING THE IMPACT ON THE ORGANIZATION

In some countries where the official language is not one of the working languages of the Madrid system, it would make sense to set up a specialized unit on linguistic grounds. This would not be the case with Mexico, given that, as we have seen, IMPI could work entirely in Spanish, as this is one of the working languages of the Madrid system. Without the linguistic consideration, the rare specialized field of knowledge of the cases linked to the Madrid system *per se* would not require the establishment of a unit for such purposes.

As we have seen, except with regard to the sending of communications to the WIPO International Bureau, the processing and granting of rights to designations made in international registrations would continue as before. Consequently, the specialized body of knowledge of topics related to the Madrid system is minimal and purely administrative rather

than substantive in nature. Even so, during a brief initial phase, it might be appropriate to assign a few examiners to studying these cases while efforts were made to disseminate and consolidate knowledge of the few administrative steps flowing from the implementation of the Protocol.

Over the medium and long term, the formal establishment of a specialized unit for knowledge of cases linked to the Madrid system is an internal decision which could be envisaged provided that the volume of work so justifies, sufficient human resources are available, and knowledge of questions not linked to the Madrid system is not diminished.

It is clear that from an institutional perspective, Mexico has the best conditions for ensuring successful implementation of the provisions contained in the Protocol. In other words, there is a domestic regulatory framework, a procedure that is consistent therewith, and a robust institution, IMPI, which grants high-quality rights within time frames compatible with the most rigorous international standards, backed by a modern infrastructure and highly qualified professionals.

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⁹ Information on trademark applications and registrations is based on data supplied to the WIPO International Bureau by the national and regional Industrial Property Offices.

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