The U.S. Dairy Export Council (USDEC), National Milk Producers Federation (NMPF) and the Consortium for Common Food Names (CCFN) appreciate this opportunity to provide input to the Administration regarding proposals for how Mexico could best translate its USMCA commitments in respect to the two side letters outlining protections for common food names into practice to ensure that the US reaps the full rewards of the investments made through negotiations. We reiterate that although the common names side letter provides market access assurances, additional steps are necessary in the intellectual property (IP) realm for the commitments to take effect and impact our market access in a positive way.

I. Overview

The Intellectual Property system in Mexico is divided into three main disciplines, Industrial Property, Copyright (nationally called Authors' right) and Plant Varieties.

The Industrial Property Law (IPL)¹ and its Implementing Regulations, develop the main legal provisions in the area of industrial property, such as trademarks (collective and certification marks), patents, industrial designs, geographical indications and appellations of origin, among others.

On November 12th, 2019, Senator Ernesto Perez Astorga (Morena) formally presented for discussion a draft Bill to repeal and totally replace the current Intellectual Property Law (IPL).

The draft Bill was explicitly developed by the current Mexican administration (Mexican Institute of Industrial Property or “IMPI”) and then informally passed to Senator Pérez Astorga who introduced the corresponding Initiative to the Senate as a draft Bill. In the Presentation of the draft Bill (called in Spanish as “Exposición de Motivos”), among other things, the author recognizes as one of the primary objectives for the new bill, to fulfill the recent commitments acquired by Mexico under international trade agreements, such as the United States, Mexico, and Canada Agreement (USMCA).

¹ The current Mexican IPL was published in Mexico’s Official Gazette back in June 27th, 1991 and has been subject to more than 15 amendments: the last one on May 18th, 2018.
At the present time, the proposal is being studied by the united commissions of Economy and Legal Studies of the Senate, and therefore it can still be subject to changes through the Commissions’ opinion. Hence, the following draft proposal intends to use such a draft bill to implement in Mexico’s domestic legal system the Understandings between Mexico and the United States on “cheese names” and “prior users”, also known as Side Letters, negotiated and signed in the margins of the USMCA negotiations. These changes may be introduced by IMPI itself with the help of Morena’s friendly Senators belonging to any of the Senate’s commissions previously mentioned.

II. Implementation of Cheese Names Side Letter.

Mexico recognized a list of cheese terms that are being commercialized in Mexico by US producers and provided a commitment that market access for products using those terms would be preserved, provided that the products are compliant with the other relevant Mexico regulations unrelated to the use of product names. USTR has rightfully touted this accomplishment as one of the key deliverables in USMCA. In order to implement such a commitment, the following amendments to Mexico’s draft legislation under consideration of the Mexican Senate are proposed:

* Addition to a third, fourth and fifth paragraphs in article 268

**Article 268.- The common or generic name of a product could be included as an element of the appellation of origin or geographical indication.**

**Notwithstanding what is mentioned in the previous paragraph, the common or generic name shall be considered of free use in all the cases.**

**In determining whether a term is a common name for the purposes of this provision, the administrative authorities shall take into account how the consumers understands the term subject to registration. For this purpose, the Institute shall consider as relevant factors:**

i. whether the term is used to refer to the type of good in question, as indicated by competent sources such as dictionaries, newspapers, and relevant websites;

ii. how the good referenced by the term is marketed and used in trade;

iii. whether the term is used, as appropriate, in national regulation or international standards recognized by Mexico to refer to a type or class of good; and

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2 https://www.senado.gob.mx/64/gaceta_del_senado/documento/101812
4 Text in bold reflects additional drafting with respect to the text of the Draft Bill to repeal and replace the current IPL, presented by Senator Pérez Astorga on November 12th, 2020.
5 Article 162 of the current IPL.
iv. whether the good in question is imported into the territory, after being produced and marketed in the territory of trading partners using the relevant term.

The Institute shall recognize as common or generic those food and beverage terms that have been listed in international agreements to which Mexico is a Party, including its side letters, as being produced and marketed by Mexico or the trading partner.

The Institute shall also make available in an official website the list of food and beverage terms recognized through this process, as well as other terms that Mexico has determined as common or generic during the course of procedures for the protection or recognition of geographical indications or appellations of origin.

* Addition of subparagraph (II) in Article 269:

Article 269. The following may not be protected as appellations of origin or geographical indications:

(...)

(II) The technical, generic or commonly used names of the products that are intended to be protected, as well as the terms that, in current language or in commercial practices has become a usual or generic element thereof.

This prohibition shall apply also whenever the generic or commonly used name is part of a multi-component term that is protected as an appellation of origin or geographical indication by the administrative authorities of another country and also when the translation or transliteration of an appellation of origin or geographical indication is a generic or commonly used name.

Addition of a final paragraph to Article 361:

Article 361.- The following are administrative infringements:

I.- to XXVII...

XXVIII.- To use without the corresponding authorization a protected appellation of origin or geographical indication;

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6 Article 163 of the current IPL.
7 Article 213 IPL.
XXIX.- To use an identical or confusingly similar appellation or indication to a national or foreign appellation of origin or geographical indication, protected or recognized by the Institute respectively, to refer to the same or similar products. The use of the appellation or indication in services is included in this provision;

XXX.- To use the translation or transliteration of a national or foreign appellation of origin or geographical indication, protected or recognized by the Institute, respectively, to refer to the same or similar products. The use of the appellation or indication in services is included in this provision;

XXXI.- To produce, storage, transport, distribute or sell identical or similar products to the ones protected by a national or foreign appellation of origin or geographical indication, protected or recognized by the Institute, respectively, utilizing any kind of indication or element creating confusion in the consumer with respect to its origin or quality, such as “gender”, “type”, “manner”, “imitation”, “produced in”, “with fabrication in” or other similar, and

XXXII.- Other violations to the provisions of this Law that does not constitute felonies.

The investigation of the administrative infringements shall be performed by the Institute ex officio or at the request of an interested party.

*For greater clarity and for purposes of application of sections XXVIII to XXXII, the Institute shall not consider an infringement if the violation involves the use of a common or generic name of a product included as an element of the appellation of origin or geographical indication pursuant article 268.*

III. Implementation of Prior Users Side letter.

The following amendments to Mexico’s draft legislation are proposed in order to implement the understanding in this side letter:

Amendment of article 4 to include a new section with the definition of “prior user”

Article 4.- For the purposes of this Law the following definitions apply:

VII.- *Prior user, any natural or legal person, including their successors and assignees, who have used an appellation of origin or a geographical indication protected abroad, in a continued manner and in good faith, in the territory of Mexico, in any of the*

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8 Mexico confirms that it understands the term “prior users” to include any natural or legal person, including their successors and assignees, who have used the corresponding term in good faith, in the territory of Mexico, in any of the following activities: production, distribution, marketing, importation and exportation to Mexico of cheeses. Mexico also confirms that with respect to some terms, “prior users” only refers to persons having used the term in a continues manner, prior to the agreement in principle between Mexico and the European Union.

9 Article 3 IPL.
following activities: production, distribution, marketing, importation or exportation of the relevant product, and pursuant the provisions of international agreements.

Amendment of article 314\textsuperscript{10} to add a section ii:

Article 314.- The recognition of an appellation of origin or geographical indication protected abroad shall not produce any effect

i) against any person that commercializes, distribute, acquire or use a product to which the appellation or indication is applied, after the product has been introduced lawfully in the market by its right holder or the licensee.

This provision includes the importation of legitimate products to which the appellation of origin or geographical indication protected abroad is applied that a person performs for its own use, distribution or commercialization in Mexico, and

ii) against any prior user that, directly or indirectly manufactures, produces, distributes, markets, imports or exports products to which the appellation or indication is applied.

The performance of any activity described in this provision shall not constitute administrative infringement pursuant this Law.

\textsuperscript{10} Article 177 IPL.