

Kluwer Patent Blog

Compulsory Licensing Mexico

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Legal basis

Chapter VI, Licensing and the Transfer of Rights, of the Industrial Property Law (IPL) of Mexico, establishes the legal basis for compulsory licenses. Articles 70 to 77, under Chapter VI, discuss in more detail the issuance of compulsory licenses.

- Article 70
 - Any person may apply to the Mexican Institute of Industrial Property (the Institute) for the grant of a compulsory license to use for an invention where the invention has not been used and there is a justified reason for non-use. The application for a grant of a compulsory license for inventions, will occur after three years from the date of grant of the patent or four years from the filing of the application, whichever period elapses later. A compulsory license will not be granted when the patent owner or holder of a license under contract is importing the patented product or product obtained through a patented process.
- Article 71
 - Whoever applies for a compulsory license must have the technical and economic ability to use the patented invention efficiently.
- Article 72
 - Prior to granting the first compulsory license, the Institute may give the patent owner the opportunity to make use of the patent within a year from the date of the notification. The Institute has the authority to grant a compulsory license and will decide the terms, duration, scope, and royalties payable to the owner of the patent. If there is an earlier compulsory license, the owner of the earlier license will be notified and heard.
- Article 73
 - Two years after the date of the first compulsory license granted, the Institute may, for administrative purposes declare the patent lapse. The payment of royalties under a compulsory license shall end when the patent lapses, is invalidated, or for other reasons under the IPL.
- Article 74
 - At the request of the patent owner or of the holder of the compulsory license, the conditions of the license may be modified by the Institute when

circumstances require and when the patent owner has granted contractual licenses that are more favorable than a compulsory license. The Institute shall rule on the modification of the compulsory license conditions after hearing the parties.

- Article 75
 - Whoever holds a compulsory license shall start making use of the patent within two years from the date which the patent was granted. Failure to comply, unless the reasons are justified by the Institute, will constitute grounds for the revocation of the license either *ex officio* or by the patent owner.
- Article 76
 - Compulsory licenses are not exclusive. The person who is granted a license may assign their rights but with the authorization of the Institute. Additionally, it must be transferred together with the part of the production unit which the license patent is used.
- Article 77
 - Certain patents issued by the Institute shall be granted as licenses for reasons of national security, national emergency, or the outbreak of serious diseases as declared by the General Health Council (Council). The Institute shall, in a declaration published in the Office Journal, determine that the use of certain patent by the grant of a license of public utility in instances where if the licenses were not granted, the production, supply, or distribution to the public of the goods, medicine, or services would be prevented, hindered, or made more expensive.
 - Where there is a serious disease causing an emergency or threatening national security, the Council, shall issue the declaration of priority attention either on its own or in response to a written request by national institution specialized in disease accredited by the Council. Once the declaration is published in the Official Journal, pharmaceutical firms may request the Institute to grant a license of public utility after hearing the parties within 90 days. The start date will be from the time which the request is submitted to the Institute.
 - The Ministry of Health determines the conditions of production, quality, and scope of the application of such license as well as the classification of the applicant's technical ability. The Institute shall establish a reasonable total for royalties for the owner of the patent.
 - Except for a public utility grant in this Article, all other licenses may be exclusive or transferable.

Requirements for obtaining a Compulsory License

Any person may apply to the Institute for the grant of a compulsory license. The application for a grant of a compulsory license for inventions will occur after 3 years from the date of grant of the patent or four years from the filing of the application, whichever period elapses later. A compulsory license will not be granted where the patent owner or holder of a license under contract is importing the patented product or product obtained through a patented process.

Procedure for Granting a Compulsory License

The Institute has the authority to grant a compulsory license and prior to granting the

first compulsory license, the Institute may give the patent owner the opportunity to make use of the patent within a year from the date of notification. The Institute has the authority to grant a compulsory license and will decide the terms, duration, scope, and royalties payable to the owner of the patent. A person who is granted a license may assign their rights but only with the authorization of the Institute.

Appeal/Review

An appeal for reconsideration may be made against a decision refusing a compulsory license. An appeal shall be filed with the Institute in writing within 30 days from the date notice is given on the relevant ruling and accompanied by documentation attesting its legal basis.

Jurisprudence

To date, there is not any current case law that provides guidance on the issuance of compulsory licenses in Mexico.

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