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GETTING THE DEAL THROUGH - COPYRIGHT 2010

LEGISLATION AND ENFORCEMENT

1. WHAT IS THE RELEVANT LEGISLATION?

The legislation affecting copyright in Mexico includes:

- the Copyright Act 1996;
- the 1998 Regulations to the Copyright Act;
- the Industrial Property Act 1991 and reforms of 1994;
- the Federal Penal Code 1931 and amendments of 1996.
- the Federal Code of Administrative Proceedings 1994 and subsequent amendments;
- the Federal Code of Civil Proceedings 1943; and
- the Federal Code of Penal Proceedings 1931.

2. WHO ENFORCES IT?

Copyright enforcers include:

- the Copyright Office (INDAUTOR);
- the Patent and Trademark Office (IMPI);
- the civil and commercial courts; and
- the General Attorney's Office.

AGENCY

3. IS THERE A CENTRALISED COPYRIGHT AGENCY? WHAT DOES THIS AGENCY DO?

The Copyright Office is in charge of:

- registering works of authorship, contracts and related documentation;
- organising and maintaining the copyright register;
- documenting collection management organisations that have met the legal requirements to operate by collecting from users of works;
- 'reservas' to protect titles, characters or names of artists;
- providing the legal means for enforcing certain forms of copyright infringement;
- acting as an arbitral institution regarding disputes on copyright and neighbouring rights; and
- acting as a conciliator for disputes through special proceedings.

SUBJECT MATTER AND SCOPE OF COPYRIGHT

4. WHAT TYPES OF WORKS ARE COPYRIGHTABLE?

The following types of works are copyrightable:

- literary;
- musical (with or without lyrics);
- dramatic;
- dance;
- pictorial or drawing;
- sculpture or plastic work;
- caricature and cartoons;
- architectural;
- cinematographic and other audio-visual works;
- radio and television programmes;
- computer programs;
- photographic works;
- decorative art works which include graphic and textile design; and
- compilations such as encyclopedias, anthologies, and other works such as databases, but only if such works are considered to be an intellectual creation.

5. WHAT TYPES OF RIGHTS ARE COVERED BY COPYRIGHT?

The following types of rights are covered by copyright:

- patrimonial rights (ie, reproduction, distribution, public performance and transformation);
- moral rights (ie, ownership and integrity); and
- remuneration rights (ie, the resale right known as *droit de suite*; exploitation of audio-visual works; and public performance of works of authorship when patrimonial rights have been assigned).

6. WHAT MAY NOT BE PROTECTED BY COPYRIGHT?

The following may not be protected by copyright:

- ideas, formulae, solutions, concepts, methods, systems, principles, discoveries, processes or inventions of any kind;
- industrial or commercial exploitation of the ideas contained in works;
- schemes, plans or rules for the making of mental acts, games or business;
- letters, digits or isolated colours, except where they are stylized to such an extent that they become original designs;
- names and titles or isolated phrases;
- blank formats or formulae containing any type of information, as well as their instructions;
- reproduction or imitations, without authorisation, of shields, flags or emblems of any country, state, municipality or equivalent political division, denominations, initials, symbols or emblems of international government organisations, or any government or other organisation officially recognised, as well as the verbal description of them;
- legislative, regulatory, administrative or judicial texts, as well as their official translations;
- informative content of news; and
- information in common use such as proverbs, sayings, legends, facts, calendars and metric scales.

7. DO THE DOCTRINES OF 'FAIR USE' OR 'FAIR DEALING' EXIST ?

The doctrines of 'fair use' or 'fair dealing' do not exist as such in Mexican law. The comparable provisions for copyright limitations are as follows:

LIMITATIONS FOR REPRODUCTION RIGHTS

Limitations for reproductive rights cover:

- quotation of texts, provided that the amount quoted is not considered to be a simulated and substantial reproduction of the contents of the work;
- reproduction of articles, photographs, illustrations and comment referring to current events, published in the press or communicated by radio or television, or any other medium of communication, if this has not been expressly prohibited by the owner of the rights;
- reproduction of parts of the work for the purposes of scientific, literary or artistic criticism or research;
- reproduction of a literary or artistic work, in a single copy, for the personal and private use of the person doing it, and without a financial purpose. Legal entities may not benefit from this provision unless they are an educational or research establishment or their work is not for commercial purposes;
- production of a single copy by an archive or a library, for reasons of security and preservation, if the work is out of circulation, no longer catalogued and there is a possibility that it will disappear;
- reproduction for use as evidence in judicial or administrative proceedings; and
- reproduction, communication and distribution by means of drawings, paintings, photographs and audio-visual processes of works that are on display or visible in public places.

LIMITATIONS FOR PUBLIC PERFORMANCE AND OTHER RIGHTS

Limitations for public performance cover use of literary and artistic works in shops or establishments open to the public, trading copies of the said works, provided that there is no admission fee and that the performance does not extend outside the place where the sale is made and serves the sole purpose of promoting the sale of copies of the works.

Ephemeral recordings are subject to the following conditions:

- transmission shall take place within an agreed period;
- for the purposes of the recording, it will not be possible to make a related or simultaneous broadcast or communication; and
- the recording may only be broadcast once.

ARCHITECTURAL WORKS AND WORKS OF APPLIED ART

The author of a work of architecture may not prevent the owner of the said work from making alterations, but he or she shall have the right to prohibit his or her name from being associated with the altered work.

OTHER

The rights of artists, interpreters and performers, audio and video producers, or broadcasting organisations, are not infringed by the use of their acts, recordings or broadcasts, when such works are reproduced, communicated and distributed by drawings, paintings, photographs and audio-visual means, visible from public places provided that:

- no direct economic advantage is pursued; and
- only brief fragments are used as information for current events.

8. WHAT ARE THE STANDARDS USED IN DETERMINING WHETHER A PARTICULAR USE IS FAIR?

The law does not define any standards to determine fair use. Limitations are listed and interpreted literally.

9. ARE ARCHITECTURAL WORKS PROTECTED BY COPYRIGHT? HOW?

Architectural works are copyrightable under the law. Plans are protected together with the physical constructions arising from the plans. The architectural works protected include all aspects that can be attributed as original to the author or architect designer. The law imposes one restriction: the author of an architectural work may not prevent the owner of the physical construction from making modifications to it. However, the author will have the

right to refuse his or her name being associated with the modified work.

10. ARE PERFORMANCE RIGHTS COVERED BY COPYRIGHT? HOW?

Public performance rights are covered by the Copyright Act. They are part of the bundle of patrimonial copyright rights, and if transferred, they may also be a remuneration right.

11. ARE OTHER 'NEIGHBOURING RIGHTS' RECOGNISED? HOW?

Mexico is a member of the Rome Convention and accordingly protects the rights of artistic performers, audio recording producers and broadcast entities. In addition, book publishers and video producers are entitled to related rights as well.

12. ARE MORAL RIGHTS RECOGNISED?

The Copyright Act protects moral rights of paternity, integrity, divulgation and withdrawal. Moral rights are personal rights that cannot be renounced, pledged or transmitted and that are imprescriptible.

COPYRIGHT FORMALITIES

13. IS THERE A REQUIREMENT OF COPYRIGHT NOTICE?

There is no requirement of copyright notice.

14. WHAT ARE THE CONSEQUENCES FOR FAILURE TO DISPLAY A COPYRIGHT NOTICE?

There are no consequences for failure to display a copyright notice although the copyright law indicates that some sort of administrative infringements could

arise.

15. IS THERE A REQUIREMENT OF COPYRIGHT DEPOSIT?

There is no requirement of copyright deposit.

16. WHAT ARE THE CONSEQUENCES FOR FAILURE TO MAKE A COPYRIGHT DEPOSIT?

There are no consequences for failure to make a copyright notice. Ownership in copyright disputes can be proved by documentary or other evidence showing that the author created the work.

17. IS THERE A SYSTEM FOR COPYRIGHT REGISTRATION?

Works can be registered with the Copyright Office. Registration is not compulsory and copyright protection does not depend on registration. However, registration can represent reliable evidence in court since it represents prima facie evidence of copyright ownership.

18. IS COPYRIGHT REGISTRATION MANDATORY?

Copyright registration is not mandatory.

19. HOW DO YOU APPLY FOR A COPYRIGHT REGISTRATION?

To register a copyright, a person must file a simple application with two samples of the work and a fee. Particular information about contributors or creators is normally requested by the Copyright Office for commissioned works.

20. WHAT ARE THE FEES TO APPLY FOR A COPYRIGHT REGISTRATION?

The application fee for copyright registration is approximately US\$13.

21. *WHAT ARE THE CONSEQUENCES FOR FAILURE TO REGISTER A COPYRIGHTED WORK?*

There are no consequences for failure to register a copyrighted work. Ownership in copyright disputes may be proved by something else showing that the author created the work.

OWNERSHIP AND TRANSFER

22. *WHO IS THE OWNER OF A COPYRIGHTED WORK?*

Generally, an author would be the first owner of the copyrighted work.

Exceptions include:

- commissioned works – the entity asking for the work becomes the owner *ab initio*; and
- audio-visual works – the law regards the producer as the copyright owner.

23. *MAY AN EMPLOYER OWN A COPYRIGHTED WORK MADE BY AN EMPLOYEE?*

Copyright ownership shall vest in the employer when parties have executed a labour agreement in writing and the same has a special work-for-hire clause. If the parties have signed a labour agreement without this special clause, copyright shall be split in equal shares. If parties have not signed a labour agreement, rights shall vest in the employee.

24. *MAY A HIRING PARTY OWN A COPYRIGHTED WORK MADE BY AN INDEPENDENT CONTRACTOR?*

A hiring party may own the rights on a copyrighted work made by an independent contractor. Requirements are less strict than in the case of an employee's works. It would be sufficient to show that a work has been commissioned and that there has been remuneration. If the two conditions are met, copyright ownership shall revert to the party that hired the work.

25. MAY A COPYRIGHTED WORK BE CO-OWNED?

Works can be co-authored if they are jointly created by two or more authors, or else co-owned.

The Copyright Law sets forth rules in connection with the coauthorship of works, to distinguish between 'collaborative' works (authored jointly by two or more individuals) and 'collective' works (authored jointly by two or more individuals under the initiative of another individual or a corporation). Rules state as well that the rights of co-authors shall be shared in equal parts unless otherwise agreed.

Likewise, the Copyright Law sets forth rules in connection with co-ownership of works, including initial ownership rules, whether by authorship or work for hire or ownership by transfer. In keeping with this, physical individuals or corporations can be patrimonial rights-owners or co-owners.

26. MAY RIGHTS BE TRANSFERRED?

Patrimonial rights can be transferred. Generally, transfers are not permanent. The law provides for limitations on transfers.

27. MAY RIGHTS BE LICENSED?

Patrimonial rights may be licensed.

28. ARE THERE COMPULSORY LICENCES? WHAT ARE THEY?

The publication and translation of literary or artistic works, which are required for the development of science and culture and national education, may be the subject of a compulsory licence. This process is theoretically possible, but has never been done and a system would need to be put in place to do it.

29. ARE LICENCES ADMINISTERED BY PERFORMING RIGHTS SOCIETIES? HOW?

In principle, licences are administered by the copyright or related rightsholders. Performing rights societies can administer them if copyright or related

rightsholders become members thereof and grant a formal mandate to them to collect royalties or remuneration from users, by virtue of licences or otherwise.

30. IS THERE ANY PROVISION FOR THE TERMINATION OF TRANSFERS OF RIGHTS?

There is provision for the termination of the transfer of copyright rights. Under the law, transfers are temporary and are subject to certain rules. Transfers are only valid for periods ranging between five and 15 years. A transfer in excess of 15 years is only valid in particular circumstances relating to the investment in the production of a work.

31. CAN DOCUMENTS EVIDENCING TRANSFERS AND OTHER TRANSACTIONS BE RECORDED WITH A GOVERNMENT AGENCY?

Documents evidencing transfers and other transactions can be recorded with the Copyright Office by way of an application or request.

DURATION OF COPYRIGHT

32. WHEN DOES COPYRIGHT PROTECTION BEGIN?

Copyright protection begins from the moment the work is created.

33. HOW LONG DOES COPYRIGHT PROTECTION LAST?

Protection for patrimonial rights lasts throughout the lifetime of the author (or contributor) and for 100 years following the author's death.

34. DOES COPYRIGHT DURATION DEPEND ON WHEN A PARTICULAR WORK WAS CREATED OR PUBLISHED?

Copyright duration depends on when the work was authored and fixed into a

tangible form of expression.

35. DO TERMS OF COPYRIGHT HAVE TO BE RENEWED? HOW?

Terms of copyright do not have to be renewed.

COPYRIGHT INFRINGEMENT AND REMEDIES

36. WHAT CONSTITUTES COPYRIGHT INFRINGEMENT?

The law categorises infringement into the following:

COPYRIGHT INFRINGEMENTS

The following behaviour constitutes an infringement of copyright:

- an editor, entrepreneur, producer, employer, broadcasting organisation or licensee entering into a contract with the objective of transmitting copyright in violation of the present law;
- infringement by the licensee of the terms of the compulsory licensing that would have been declared in article 146 of the Copyright Act;
- presenting oneself as a collective representation society without having obtained the corresponding registration with the Copyright Office;
- being the administrator of a collective representation society and failing without just cause to provide the Copyright Office with the reports and documents referred to in the law;
- not inserting in a published work the requirements referred to in the law;
- falsely omitting or inserting the data referred to in the law in an edition;
- falsely omitting or inserting the requirements referred to in the law in an edition;
- not inserting in an audio recording the requirements referred to in the law;
- publishing a work, while being authorised to do so, without mentioning in it the name of the author, translator, compiler, adapter or arranger;

- publishing a work, while being authorised to do so, which damages the reputation of the author as such and, if applicable, of the translator, compiler, arranger or adapter;
- publishing works performed in official service without authorization of the federation, states or municipality;
- using fraudulently in a work a title that induces confusion with another work published earlier;
- fixing, representing, publishing or performing any communication or using in any form, a literary and artistic work, protected in the law, without mentioning the community or ethnicity, or the region of Mexico where it originates; and
- any other infringement derived from the interpretation of the Copyright Act and its rules.

COMMERCIAL COPYRIGHT INFRINGEMENTS

The following behaviour constitutes an infringement in trade when performed with direct or indirect commercial purposes:

- communicating or publicly using a work protected by any means and in any form without the previous and explicit authorization of the author, their legitimate heirs or the holder of the author's proprietary equity;
- using the image of a person without his or her authorisation or that of his or her successors;
- producing, reproducing, storing, distributing, transporting or commercialising copies of works, audio or video recordings, or books, protected by copyright or related rights, without the authorisation of the respective holders in terms of this law;
- offering for sale, storing, transporting or making available works protected by this law that have been deformed, modified or mutilated without authorisation of the holder of the copyright;
- importing, selling, leasing or performing any act that allows or facilitates possession of a device or system the purpose of which is to deactivate the protective electronic devices of a computer program;
- rebroadcasting, fixing, reproducing and disseminating to the public the programmes of a broadcasting organisation without the organisation's authorisation;
- using, reproducing or exploiting a protected reservation of rights or a

computer program without the consent of the holder;

- using or exploiting a name, title, denomination, physical or psychological characteristics or operation characteristics in such a way that they induce error or confusion with a protected reservation of rights;
- using literary and artistic works protected by chapter III, title VII of the Copyright Law in violation of that contained in article 158; and
- all other infringements as provided for by the law that imply a commercial or industrial behaviour relating to the works protected by this law.

37. DOES SECONDARY LIABILITY EXIST FOR INDIRECT COPYRIGHT INFRINGEMENT? WHAT ACTIONS INCUR SUCH LIABILITY?

The Copyright Law of Mexico does not safe harbour site operators and service providers for any of their online intermediary communication and reproduction activities. Likewise, the law dictates that exceptions to patrimonial rights shall be viewed literally and narrowly, to the extent that it could be questioned if the Berne and WCT/WPPT three-step rule is materially applicable. Accordingly, site operators and service providers cannot take any defensive position against infringement claims by copyright holders, based on mere conduit, caching, hosting or search engine arguments. By contrast, they seem not to be required to adopt policy rules to prevent their subscribers to respect IP rights.

Mexican laws do not recognise the theories of contributory infringement or vicarious liability as such. Criminal laws provide rules that can only be proximate to contributory infringement. For example, the Federal Penal Code gives the circumstances under which anybody can participate in crimes. However, they are restricted to situations when participants knowingly take positive steps to assist who has ultimately perpetrated the crime (article 13, Federal Penal Code). Likewise, the Penal Code recognises specific secondary liability when third parties supply the 'raw materials' or 'consumables' for reproducing works (article 424 bis(1), second paragraph, Federal Penal Law). P2P service providers do not supply to the public anything like that, making it difficult for them to be regarded secondary infringers. Under the Penal Code, third parties unrelated to copyright holders would not be hold secondarily liable for inducing others to commit infringement. However, copyright holders might not need to invoke indirect or secondary liability indeed, since under the Copyright Law plaintiffs can support their copyright infringement claims on direct infringement of rights,

namely public performance and making available rights. In the end, the intermediary and not only the public at large can be directly liable for copyright infringement.

38. WHAT REMEDIES ARE AVAILABLE AGAINST A COPYRIGHT INFRINGER?

The following remedies are available for copyright infringement:

- injunctive relief;
- administrative orders (time, shutdown of establishments or premises);
- civil remedies (damages); and
- criminal sanctions (imprisonment or fines).

39. IS THERE A TIME LIMIT FOR SEEKING REMEDIES?

There is a statute of limitations for civil and criminal remedies.

40. ARE MONETARY DAMAGES AVAILABLE FOR COPYRIGHT INFRINGEMENT?

Monetary damages are available for copyright infringement. The applicable rule is that 40 per cent of the value of the infringing products will be awarded. The 40 per cent rule represents a minimum standard provision.

41. CAN ATTORNEYS' FEES AND COSTS BE CLAIMED IN AN ACTION FOR COPYRIGHT INFRINGEMENT?

Attorneys' fees and costs are available for copyright infringement but they are seldom recovered.

42. ARE THERE CRIMINAL COPYRIGHT PROVISIONS? WHAT ARE THEY?

Imprisonment of between six months and six years, and a fine, will be imposed on:

- any person that deals in any form with free textbooks distributed by the Public Education Department;

- an editor, producer or recorder that knowingly produces more copies of a work protected by federal copyright law than authorized by the holder of the rights; or
- any person that uses in a fraudulent manner, with commercial purposes and without the corresponding authorisation, works protected by federal copyright law.

Up to 10 years' imprisonment and a fine will be imposed on:

- any person that produces, reproduces, introduces to the country, stores, transports, distributes, sells or leases copies of works, audio or video recordings, or books protected by federal copyright law, in a fraudulent way, for commercial purposes, and without the authorisation from the holder of the copyright or related rights;
- any person that knowingly contributes in any way to or provides raw materials or consumables destined for the production or reproduction of works, audio or video recordings, or books referred to in the previous paragraph; or
- any person that manufactures for commercial purposes a device or system whose purpose is to deactivate the protective electronic devices of a computer program.

Imprisonment of between six months and six years, and a fine, will be imposed on any person that sells copies of works, audio or video recordings or books to any final consumer in a public place and in a fraudulent manner for commercial purposes. If the sale takes place in a commercial establishment or in a permanent and organised manner, the infringer will be subject to sanction under the penal code.

Imprisonment of between six months and two years, or a fine will be imposed on whoever, knowingly and without right, exploits an artistic performance for commercial purposes.

Imprisonment of between six months and four years, and a fine will be imposed on:

- any person that manufactures, imports, sells or leases a device or system to decode a coded satellite signal or programme-carrier, without authorisation of the legitimate distributor of said signal;
- and
- any person that performs any act for commercial purposes with the intention of decoding a coded satellite signal or programme-carrier, without authorisation

of the legitimate distributor of said signal.

43. IS ONLINE COPYRIGHT INFRINGEMENT ACTIONABLE?

Methods exist for pursuing online copyright infringement. The law provides copyright owners with a general right to pursue infringers regardless of the medium they employ. Although not expressly provided for in the law, the internet is certainly included. Likewise the principles of the WIPO treaties, including a right of access and the redefinition of the terms 'fixation' and 'reproduction' in a digital environment, have been implemented in law.

44. HOW MAY COPYRIGHT INFRINGEMENT BE PREVENTED?

Copyright infringement is always hard to prevent. However, copyright law recognises and protects against infringements relating to technology protection.

RELATIONSHIP TO FOREIGN RIGHTS

45. WHICH INTERNATIONAL COPYRIGHT CONVENTIONS DOES YOUR COUNTRY BELONG TO?

Mexico belongs to most multinational treaties on copyright and neighbouring rights. It is also a member of a number of bilateral agreements, in particular on free trade and those dealing with copyright and neighbouring rights issues.

46. WHAT OBLIGATIONS ARE IMPOSED BY YOUR COUNTRY'S MEMBERSHIP OF INTERNATIONAL COPYRIGHT CONVENTIONS?

The nature of the obligations imposed depends on the type of treaty. For example, a treaty may be based on the principles of reciprocity, minimum standards, national treatment, etc. Mexico has executed copyright treaties without reservation or restrictions and, on the whole, has implemented them into domestic law. In any event, treaties are self-applicable under the Mexican Constitution and would not strictly require implementation. Accordingly, treaty

provisions are valid to fill the gaps in local law. Treaty provisions prevail in the event of conflict with provisions in local laws.

UPDATE AND TRENDS

BILL TO AMEND THE COPYRIGHT LAW TO INTRODUCE A PRIVATE COPY LEVY SYSTEM

The bill was filed on 27 April 2010 and published in the gazette of the House of Representatives (in Mexico called the Chamber of Deputies). In general terms, the bill very broadly advocates for levies for the manufacture and sale (including importation or other sorts of distribution) of media used for reproducing copyrighted works. The bill proposes collecting societies with the right to collect the levy from the manufacturers or distributors for distribution among copyright and neighbouring right holders. The system has been clearly inspired by the German/Spanish theory of copyright compensation for authors and in some way has been backed by the European Copyright Directive (there are fundamental differences though, as the Spanish statute has proved to have according to the opinion of the general attorney of the European Tribunal in *SGAE v Padawan*). The bill triggered immediate response and opposition by the electronic and computer industries as well by consumer groups and society at large. It has been planned for analysis and discussion by the Chamber of Deputies in September this year.

BILL TO AMEND THE COPYRIGHT LAW TO INTRODUCE A REGIME TO PREVENT ILLEGAL COPYING ON THE INTERNET

This bill was also filed and published on 27 April 2010. The purpose of the bill is to implement a three-strikes system that resembles HADOPI 2. However, instead of creating a body similar to French HADOPI, it has empowered IMPI (Mexican Institute of Industrial Property) with competence to request ISPs to render warnings to customers that allegedly infringe copyright rights by copying works or making them available to the public on the internet. Every other provision in the bill essentially repeats HADOPI 2. As in France, the Mexican bill

has immediately attracted the attention of internet groups, not to say the large ISP Mexican and international corporations established in Mexico, which includes Carlos Slim's Telmex. Their position is awaited. As with the private copy bill, this bill has been planned for review and discussion by the Chamber of Deputies in September this year.