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PRINCIPLES OF MEXICAN COPYRIGHT LAW

Mexican Copyright Law has been framed over the concept of author's rights. This is due to the fact that it has followed the principles developed earlier in continental European countries, such as France and Spain.¹ A copyright system developed from the idea that the author and his or her creation are the central object of protection. And for 'Author' it would be understood the flesh and blood person or individual having created a work-of- authorship'.² This notion is fully consistent with the principle of moral rights, which plays a crucial role in the system of author's rights, as they can only be vested in a natural person or individual'.³

Copyright Law has constantly been challenged by the developments of new technologies, which have triggered different forms of reproducing, communicating and in general, using material that is copyrightable. The foregoing has forced copyright systems world wide to evolve by improving existing forms of protection. The author's rights system, and in particular Mexican system, have made all efforts not to fall behind and at the same time remain loyal to its roots and principles.

DERIVATIVE OWNERSHIP OF COPYRIGHT RIGHTS

Mexican Copyright Law has viewed the author as the 'original' owner of copyrights'.⁴ Accordingly, rights whether moral or patrimonial, are vested in the author at first. Authors are legally entitled to make transfer of patrimonial rights to third parties, who will then come the owners of said rights'.⁵ These latter are 'secondary' or 'derivative' owners of rights or 'causahabientes' as known in Spanish. The difference between 'original' and 'secondary' or 'derivative' serves the purpose of making clear that there can be owners that acquire the title by having created the work and others by virtue of a transfer or assignment of the 'original' rights.

The concept of transfer has matured from the lesser-developed notions of

earlier copyright statutes and civil codes, to the newer and more modern rules of the law of 1996. However, there has always been the right of transfer in the different Copyright Laws in Mexico.

In general terms, transfers can be made through either assignment - which implies a full transfer of the copyright rights having been assigned expressly, and subject to the imitations in the law - or licenses - responding to a partial or limited transmission of rights, where the author would keep control over the use or exploitation of the work made by the licensee.

In accordance with the Mexican system of Copyright Law corporations can definitively be owners of copyrights.

They are not really 'original' owners excepting as for works made-for-hire. However, the different Copyright Laws of Mexico have allowed them to own 'secondary' rights as assignees or licensees.

This is something that has prevailed for over hundred years and that can be observed, in practice, in many registrations where works are registered in the name of the author and the corresponding rights then assigned to third parties, whose names are recorded as assignees.

COPYRIGHT LAW BEFORE 1948

As mentioned above, the criterion of ownership is probably as old as the Mexican copyright system itself. It was used for the first time in a decree of the Mexican Government going back to the mid 19th Century. And the concept was not only employed in connection with the transfer of rights *mortis causa*, but also in cases when the author would dispose of his rights during his lifetime.

Accordingly, the first statute referring to assignments or in general to copyright pertaining to someone different than the author, is the Government Decree on Literary Property of December 3, 1846,⁶ which had the following set of rules:

- Article 4. The simple editor of a work shall have the literary property therein only for the time it takes for the work to be published and for one additional year. This right shall not be extended to publications made abroad.
- Article 12. Works published by corporations shall be of their property for ten years, once this period expires, anyone shall have the right to publish them.

The provisions of the decree were improved in the Civil Codes of 1870, 1884 and 1928. Copyright protection rules were contemplated in the three Civil Codes until 1948, year when a special statute for copyrights was adopted. The Civil

Codes contained the following:

Civil Code of 1870.7

Article 1254. The author and his heirs have the right to transfer this property as any other, and the assignee shall acquire all of the author's rights subject to the stipulations made in the contract.

Civil Code of 1884. 8

Article 1139. This article is identical to the provision of the Civil Code of 1870.

Civil Code of 1928.9

Article 1205. 1The author and his heirs have the right to transfer the rights conferred by the privilege.

In 1939 the government published certain regulations applicable to the provisions of the Civil Code of 1928¹⁰. Said regulations were intended to impose requirements for the registration of works-of-authorship. In addition, they dealt with the issues of assignments and ownership, the following being of special interest:

Article 7. It will be also possible to grant the recognition of exclusive rights in favor of the assignees of such rights, in terms of and under the requirements set forth in the following articles, as long as they show the evidence of the assignment.

It shall be prohibited that these rights and privileges are assigned in total. The author or translator shall keep always a share therein. Any agreement attempting against the foregoing shall be regarded as null.

Article 8. Assignments of copyrights having been recognized already shall be registered as well subject to the showing of the respective registration certificate and the evidence of the assignment.

Once the recognition of the assignment has been made a margin annotation shall be made of the corresponding original document.

The regulations of 1939 were in force during at least the effective life of the laws of 1948 and 1956 (including the major reform of 1963 of this latter), and in concrete, until the date of publication of the regulations of 1998 to the law of 1996¹¹. Accordingly, most of the provisions of the regulations of 1939, and in special those in articles 7 and 8, continued to apply while the 1948 and 1956 laws were in force. The foregoing represents that among others, assignments were subject to recordal with the Copyright Office, and this has been working in practice ever since.

COPYRIGHT LAW OF 1948¹²

This statute was the first of a special kind approved by Mexican Congress. It significantly improved former laws in many aspects, as it was made with the purpose of implementing the Washington Inter American Convention of the same year.¹³

A Commentator has stated that the Mexican Law of 1948, became at the time of publication the most advanced legal instrument dealing with Copyright Law in the American Continent.¹⁴ Among others, the law of 1948 defined the nature of publishing agreements by incorporating *sui generis* rules applicable to this type of contracts.¹⁵ It also set rules for collecting societies, which was made for the first time in Mexican Copyrights history.¹⁶ The rationale employed by Congress was that corporations had started to take control of the exploitation of rights in this country, a situation requiring a proper counter balance which Congress thought the new law would produce. The legislative history of the statute reads as follows in the pertinent portion:

In the majority of cases the author does not use the work directly, and rather transfers it in different forms to corporations users of the right. Said corporations, having an economic power that is superior to that of the author, sometimes obtain disproportional benefits of the author's work. It therefore will be convenient regulating the publishing agreement and other forms of reproduction, so that without putting obstacles to the right to enter into contracts, the author bears minimum warranties, as it is the nullity of a contract, for those cases when the future productions of the author are compromised integrally, and certain other warranties for when the agreement is silent in regard to important subjects, which the author is generally not in conditions to foresee.¹⁷

In line with the foregoing, under the law of 1948 authors had the alternative of assigning or 'disposing of' their copyright rights, as established in article 1st of the law, or granting a publication or reproduction right to a publisher by virtue of a publishing agreement as governed by the law. Articles 7 and 8 of the 1939 Regulations were applicable in cases where the author would have assigned his or her rights, and accordingly, the corresponding agreement had to be recorded and a so-called 'margin annotation had to be made at the register.

From the foregoing, it is clear that before and under the 1948 law, third parties other than the authors could at least be the owners of patrimonial rights not in an 'original' but in 'secondary' or 'derivative' form, by virtue of a transfer of

rights, or by virtue of a publishing or reproduction agreement. Accordingly, any authors who had sought for registration of the literary works that they wrote, were the 'original' owners therein, having had the choice to transfer their rights to a third party, including corporations.

LAW OF 1996

The current law of 1996¹⁸ in various of its provisions, states that author, as the individual having created a work-of authorship,¹⁹ is owner of the copyright rights in said work.²⁰ Article 26 of the 1996 indeed states that the author is the 'original' holder of patrimonial rights, and his heirs or assignees, shall be regarded 'derivative' owners.

The 1996 statute establishes as well that the holder of patrimonial rights is entitled to make assignments of said rights or grant licenses on an exclusive or non-exclusive basis.²¹ It also states that transmissions²² are onerous²³ and temporary, have to be made in writing²⁴ and the corresponding agreement recorded with the Copyright Office.²⁵

One important point is that regarded in article 33 of the 1996 law, in which it is stated that:

*Article 33. In the absence of express provisions, any transfer of patrimonial rights is considered to have a term of 5 years. Terms over 15 years may be agreed upon only when the nature of the work or the magnitude of the investment required justify it.*²⁶

From the above, it can be obtained that the law of 1996 became more restrictive than its predecessors. Different sectors of industry have strongly complained to that. Some of them have even filed constitutional actions, which are pending still, and which are aimed at destroying the validity of said provision. However, for the time being companies doing business in Mexico, need to ponder the limitation imposed by the law and seek the proper counseling so that the assignment agreements that they enter into with authors and copyright holders reflect in an adequate form, a balance between the rights of both parties in said agreements.

WORK-FOR-HIRE

The concept of work-for-hire was for the first time introduced into Mexican Copyright Law with the implementation of the law of 1956. Legally speaking, work-for-hire became an exception to the traditional view of the author as the 'original' owner of patrimonial rights. In keeping with this, whoever commissions the creation of a work or a part thereof to an author, under employment or as freelance, and makes a retribution to the author for his contribution, can be regarded as the 'original' owner of the rights.²⁷ The meaning of this is that commissioner or employer become the owner of rights *ab initio* and without the need of a transfer. On the other hand, the author or 'intellectual creator' (in Spanish 'creador intelectual' or 'colaborador remunerado'), as the law and doctrine refers to the individual contributing to the creation of the work", is not entitled to any patrimonial rights, and shall keep the moral right of paternity²⁹. As to the moral right of integrity, the newer statute of 1996 made clear that the author would not have control over the modifications of the work, which implicitly would represent that he surrenders his right 'to oppose' to modifications made by the person or entity having commissioned the work³⁰. The foregoing does not mean that the moral right in itself would have been transferred to this latter party or that it may have the right to own it. If that happened, the 1996 law would have attempted against one of the most sacred principles of the Mexican author's right system, which is that moral rights are not subject to transfer or assignment as they are personal rights.

In conclusion, those commissioning works are not authors or cannot be called authors. Again, they will be 'original' owners of copyrights of patrimonial nature exclusively, this due to a fiction imposed by the law and limited to work-for-hire situations.

Likewise, in a work-for-hire relationship, corporations and other parties commissioning works will not be called assignees and will not be owners of 'secondary' rights.

1 Obón León, Ramón. Los Derechos de Autor en México. Published by 1CISAC, Buenos Aires, Arg., 1974. 1Mr. Obón finds that due to the influence of Spanish law in Mexico, concretely the "Recopilación de Leyes de Indias" (Recompilation of Indian Laws), the laws and statues of said country would be applicable in Mexico in a supplemental form. During the colonial times there were no

precedents in the field of Copyright Law, and there was indeed not a "Colonial" copyright statute, but should the need have arisen Spanish law (leyes del Toro or any other specific for copyrights) would have applied. Similar ideas as Obón can be found at Farell Cubillas Arsenio. *El Sistema Mexicano de Derechos de Autor*. Ignacio Vado Editor, Mexico, 1966.

2 There is a consensus among the doctrine in Mexico. Obón León speaks in favor of this statement in his book at pages 60 and subsequent, and Farell does the same at page 89 and subsequent. The author of this notes explains the notion of "author" in one of his articles: Schmidt, Luis C. *Computer Software and the North American Free Trade Agreement: Will Mexican Law Represent a Trade Barrier?* *Idea, the Journal of Law and Technology, FPLC, Volume 34 —Number 1, 1993, opus cit at p. 40.*

3 The readers may consult about Mexican Copyright Law and its principles in the many articles published in English language by the author. Concerning moral and patrimonial rights refer to the article cited above, *Computer Software and the North American Free Trade Agreement ...*, opus cit., at page 41.

4 The expression "original" owner has been used in Mexico by both, Obón and Farell. Obón, opus cit at p. 61 and Farell, opus cit, at p. 91. In other countries pertaining to the author's rights system, commentators such as Satanowsky in Argentina, have also made use of the concept. Satanowsky, Isidro. *Derecho Intelectual. Tomo I*, Tipográfica Editora Argentina. Buenos Aires, Argentina. 1954. p. 91. Normally, the idea of "original" owners has been used to distinguish between the owners of "preexisting" and "derivative" works, but also has served the purpose to differentiate between authors who are first owners of rights and other entities —such as corporations- who acquire "secondary" or "derivative" rights. In Spanish they are called "causahabientes", which in English could be roughly translated as "assignees". Farell, opus cit. at 91 and Obón, opus cit. at 64.

5 The concept of assignment cannot only be found in statutes after 1956 but in earlier as well. This will be discussed later in full detail.

6 *Legislación Mexicana. Colección Completa de las Disposiciones Legislativas Expedidas desde la Independencia de la República*. Manuel Duolán y José María Lozano. Tomo V. Pp. 227-228. Taken from *Revista Mexicana del Derecho de Autor, Evolución Legislativa, Número Especial, SEP, México, 1991, p. 13.*

7 Id. p. 17.

8 Id. p. 45.

9 Id. p. 73.

10 Regulations for the Recognition of Exclusive Rights of Authors, Translators or Editors, Published at Official Gazette of October 17, 1939.

11 Published at Official Gazette of May 22, 1998.

12 Promulgated on December 31, 1947. Published in Official Gazette of January 14, 1948.

13 Convención Interamericana sobre Derechos de Autor en Obras Literarias, Científicas y Artísticas, of Washington, D. C., published at the Official Gazette of October 24, 1947.

14 Obón León, opus cit., p. 40.

15 1948 law. Art 37 et seq..

16 1948 law. Art 66 et seq.

17 Farell, opus cit, pp. 24-25.

18 Published at Federal Gazette of December 24, 1996 and in force since March 25, 1997.

19 1996 Law, article 12.

20 1996 Law, articles 4, 11, 18, 24, 25 and 26.

21 1996 Law, Title III Transfer of Patrimonial Rights, Article 30.

22 It is not clear if for "transmissions" the law would understand the assignment of rights only or assignments and licenses. The 1996 law refers individually to assignments (articles 30 and subsequent) and licenses (article 35 and subsequent). The word "transfers" or "transmissions" should then be used as a common designation for both. It is thus misleading when article 30 refers to "transfers" as a synonym of assignments.

23 Article 21 of the 1996 states that transmission agreements shall prevent in favor of the holder a "proportional participation" in the income obtained from the exploitation of the work of a "fixed and determined" remunerations.

24 1996 Law, article 30.

25 1996 Law, article 32.

26 The regulations of the law of 1996 states some rules for when to consider that by the nature of the work or the magnitude of the investment as assignment can be made for a period longer than 15 years. Among others it considers that when investment is superior to what is normally invested in the market for the type of work, or when they require a period of publication or diffusion which is longer than normal. Additionally, it regards works used for multimedia productions.

27 Schmidt, Luis C. Authors Under Employment and Works Under Commission in Copyright Law. Professional Thesis, UNAM 1997. Conclusions published at

Revista Mexicana del Derecho de Autor, Año 1, Número 3, Julio- Septiembre 1990, México, 1990, p. 63.

28 id p. 63 et seq. Copyright Law of 1956/1963 art 59 and of 1996, articles 83 (freelance) and 84 (under labor). There are differences between the treatment that articles 83 and 84 imprint upon the work-for-hire figure. While a freelance creator does not have any rights over the work made for-hire, and employee could share the ownership of rights, under certain circumstances expressly stated in article 84 of the 1996 law.

29 Articles 59 of 1956/1963 law and 83 and 84 of 1996.

30 This can be perceived in article 83 but not in article 84.