Enforcement of Intellectual Property Protection Between Mexico and the United States: A Precursor of Criminal Enforcement for Western Hemispheric Integration?

Bruce Zagaris  
*Cameron & Hornbostel*

Alvaro J. Aguilar  
*Fabrega, Barsallo, Molino & Mulino*

Follow this and additional works at: [https://ir.lawnet.fordham.edu/iplj](https://ir.lawnet.fordham.edu/iplj)

Part of the [Entertainment, Arts, and Sports Law Commons](https://ir.lawnet.fordham.edu/iplj) and the [Intellectual Property Law Commons](https://ir.lawnet.fordham.edu/iplj)

**Recommended Citation**

Available at: [https://ir.lawnet.fordham.edu/iplj/vol5/iss1/2](https://ir.lawnet.fordham.edu/iplj/vol5/iss1/2)

This Article is brought to you for free and open access by FLASH: The Fordham Law Archive of Scholarship and History. It has been accepted for inclusion in Fordham Intellectual Property, Media and Entertainment Law Journal by an authorized editor of FLASH: The Fordham Law Archive of Scholarship and History. For more information, please contact tmelnick@law.fordham.edu.
Enforcement of Intellectual Property Protection Between Mexico and the United States: A Precursor of Criminal Enforcement for Western Hemispheric Integration?

Bruce Zagaris* and Alvaro J. Aguilar**

TABLE OF CONTENTS

INTRODUCTION 43

I. INTERNATIONALIZATION OF CRIMINAL LAW ENFORCEMENT AND ECONOMIC INTEGRATION 45
   A. New Foreign Policy Considerations 47
   B. The Emergence of and Need to Facilitate Non-State Actors 48
   C. International Regimes: A Framework for Cooperation 50

II. INTERNATIONAL CRIMINAL LAW AS A FRAMEWORK FOR INTELLECTUAL PROPERTY LAW ENFORCEMENT 51
   A. The Status of Intellectual Property Law Enforcement Within International Criminal Law 51
   B. Types of Criminal and Quasi-Criminal Violations 53

* Partner, Cameron & Hornbostel, Washington, D.C.; George Washington University, B.A., J.D., LL.M.; adjunct professor, Washington College of Law, American University, and Fordham University School of Law; chair, Committee on International Criminal Law, Section of Criminal Law, American Bar Association; editor, INTERNATIONAL ENFORCEMENT LAW REPORTER.

** Associate, Fábrega, Barsallo, Molino & Mulino, Panama City, Panama; Universidad Santa Marfa la Antigua (Panama), LL.B. 1991; Washington College of Law, American University, LL.M. 1992.
C. Types of Intellectual Property Violators 60
D. The Impact of Liberalized Trade and Investment 63
E. New Industries and Services Impacted by Intellectual Property 66

III. Domestic Laws of the United States and Mexico 67
A. Extraterritorial Effects of U.S. and Mexican Law 69
B. Administrative Penal Law 70
C. Overview of Mexican and U.S. Intellectual Property Laws 72
D. Copyright 73
E. Patents 77
F. Trademarks and Trade Secrets 81
G. Enforcement in General 82
H. Enforcement Developments 87

IV. International Cooperation 95
A. Bilateral Cooperation 95
B. Multilateral Cooperation 98

V. Prospects for Future Enforcement Cooperation in Intellectual Property 111
A. Interaction of Domestic Laws and NAFTA 111
B. The Creation of a Regional Intellectual Property Law Regime 117
C. European Union Supranational Institutions as a Model for North American Regional Cooperation 118
D. Supranational Future of North America 120

Conclusion 123
INTRODUCTION

The increase in trade liberalization and the negotiation of the North American Free Trade Agreement ("NAFTA") have focused attention on legal relations between the United States and Mexico. At the same time, the worldwide awareness of intellectual property as an asset worthy of protection by governments has given this subject an importance not usually seen in international trade and investment. The advancing economic and cultural integration of Mexico and the United States has exposed the underlying inequalities and economic losses resulting from inadequate enforcement of intellectual property rights. The critical need for vigorous enforcement of intellectual property rights has led to the promulgation of new legislation in Mexico, the enactment of innovative criminal and injunctive remedies within NAFTA against intellectual property violations, and the initiation of new enforcement actions against violators in Mexico. Despite protests from members of the U.S. intellectual property community, the recent Mexican resolve to address the problems of intellectual property rights may serve as a model for criminal enforcement in the post-NAFTA period.


2. Intellectual property includes the rights relating to: (1) literary, scientific, and artistic works; (2) performances of performing artists, phonograms and broadcasts; (3) inventions in all fields of human endeavor; (4) scientific discoveries; (5) industrial designs; (6) trademarks, service marks, and commercial names and designations; (7) protection against unfair competition; and (8) all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields. Convention Establishing the World Intellectual Property Organization, opened for signature, July 14, 1967, art. 2(viii), 21 U.S.T. 1770, 828 U.N.T.S. 3.

3. See Hearings on Fast Track, supra note 1, at 11 (testimony of U.S. Trade Representative Carla A. Hills) (noting that the U.S. Trade Representative was urged to place intellectual property high on the agenda for multilateral trade negotiations). Intellectual property issues have been on the U.S.-Mexican trade agenda since 1982. Id. at 17.
The development of an effective, comprehensive body of law
designed to provide protection to international intellectual property
rights poses enormous challenges. The ability of a country to insti-
tute adequate statutory protections is inextricably linked to its abili-
ty to respond to continuous refinements of technology and the so-
phistication of offenders in evading the law.

The internationalization of criminal law enforcement—particu-
larly intellectual property law enforcement—is among the most
understudied dimensions of global and regional trends toward inter-
dependence and integration. While criminals and criminal activities
cross borders with increasing frequency and ease in their search for
opportunities and profits, police, prosecutors, and criminal justice
systems have tended to respond slowly and in more restricted ways
in their efforts to internationalize.\(^4\) The relationship between eco-
nomic integration and criminal justice integration is complex. Both
involve state responses to transnational interactions among mostly
non-state actors. Both endeavor to reduce the frictions and barriers
that prevent efficient cross-border interactions. While economic
integration is designed primarily to facilitate desirable transnational
interactions, criminal justice integration is designed primarily to
detect and deter undesirable transnational interactions.\(^5\)

This article discusses the differences and similarities in the
policies and enforcement activities of the United States and Mexico
in intellectual property matters. Part I provides a general overview
of the transformations in criminal law due to the emergence of
non-state actors and movements toward global economic integra-
tion. It suggests that the difficulties governments face in combat-
ting transnational criminal activity can be remedied through greater
reliance on international regimes. Part II addresses specific prob-
lems of international intellectual property law enforcement in the
United States and Mexico. It describes the value of intellectual
property to a country's overall economy, and the damage caused by

\(^4\) For background on the issues of criminal justice and economic integration, see
Ethan A. Nadelmann, *Harmonization of Criminal Justice Systems*, in *The Challenge of

\(^5\) *Id.* at 248.
ineffective enforcement of these rights. Part III presents an overview of domestic intellectual property laws in the United States and Mexico, as well as the interaction of each country’s national administrative and criminal laws. Part IV discusses the role of international intellectual property treaties and conventions such as NAFTA. This part demonstrates that the implementation of agreements such as NAFTA is intended to avoid the limitations that have plagued past accords—namely, conflicts between the requirements of treaties and signatories’ domestic laws. Part V suggests alternate mechanisms for applying the intellectual property regime of NAFTA to the rest of the Western Hemisphere as free trade and economic integration proceed. This article concludes that NAFTA presents an opportunity for more vigorous enforcement of intellectual property rights between the United States and Mexico, and it could serve as a model for future Western hemispheric, as well as global, economic integration.

I. INTERNATIONALIZATION OF CRIMINAL LAW ENFORCEMENT AND ECONOMIC INTEGRATION

The frictions that complicate international law enforcement are primarily a result of asymmetries among criminal justice systems. For instance, in the intellectual property area, differences in the United States and Mexican legal systems render conduct that is criminal in the United States noncriminal in Mexico. Conduct that is considered criminal in the United States may not be subject, therefore, to injunctive and provisional relief in Mexico. In addition to criminal law asymmetries, procedural, cultural and institutional asymmetries can impede law enforcement cooperation between governments that share the same criminal laws. U.S. law enforcement agents operating in Mexico face different methods of criminal investigation, alien bureaucracies, and language barriers. When dealing with federal and state officials in the United States, Mexican law enforcement officials must confront similar asymmetries, including a lack of sensitivity to the Mexican historical concern for sovereignty.⁶

⁶ The Mexican Constitution embodies a historical concern for Mexican sovereignty
As the United States and Mexico engage in more transnational economic transactions as a result of NAFTA, the need for close bilateral and multilateral law enforcement relations will become acute. The United States and Mexico will increasingly evolve towards harmonization, which will entail three processes: (1) regularization of relations among law enforcement officials of different states; (2) accommodation of differing legal systems that nonetheless retain their essential differences; and (3) homogenization of systems toward common norms. The process of harmonization should not be limited to law enforcement efforts between the United States and Mexico. Rather, it should be fostered as a desirable component of hemispheric and global relations. At the same time, it is important to recognize that the technology protected under intellectual property laws is fluid. These laws, therefore, can remain neither static nor localized if they are to achieve adequate protection of intellectual property.

The elimination of border controls contemplated by NAFTA requires more systematic and proactive law enforcement measures within and between each of the states. Nevertheless, national sovereignty, cultural and legal differences, and human rights requirements limit the extent of harmonization. The United States and Mexico will succeed in cooperative enforcement efforts as economic integration nears fruition. Intellectual property law enforcement cannot be viewed outside the context of economic integration in the Western Hemisphere generally, and NAFTA in particular, and should be compared with other economic integration


movements, such as the European Union ("EU"), in order to chart potential future courses.¹⁰

A. New Foreign Policy Considerations

International law enforcement cooperation between Mexico and the United States is in a process of transformation as the territorial state is being eclipsed by non-territorial actors, such as multinational corporations, transnational social movements, and intergovernmental organizations.¹¹ The politics of global interdependence are inescapable and raise new foreign policy considerations.¹² In acknowledging the important role of law enforcement, criminal issues have attained priority status as a foreign policy issue.¹³ Transnational criminal activities, such as drug trading, arms trafficking, illegal migration (including the involvement of third-country migrants from Central America and Asia), kidnapping, stolen cultural property, and environmental crimes, have assumed tremendous importance not only in relations between the United States and Mexico, but in bilateral and hemispheric relations as well.¹⁴

Multinational declarations, such as those emerging from the G-7 summits,¹⁵ have expanded their scope and include talks concerning

---

9. As of January 1, 1994, the European Community ("EC") was redesignated the European Union. This change is reflected throughout this article except when referring to laws or publications published under the aegis of the EC.

10. For a comparison of criminal justice harmonization in Europe and the Americas, see Nadelmann, supra note 4, at 247, 270-74.

11. For an application of the concepts of this subsection to criminal enforcement cooperation in Western Europe, see Carlson & Zagaris, supra note 8.


15. The G-7 Summit is an annual meeting of the heads of government of the leading seven industrial nations—the United States, Italy, France, the United Kingdom, Japan, Canada and Germany. Its agenda is predominantly economic, and is prepared by representatives of the several governments. Traditionally, a statement is released at the end of the summits which contains the agreements reached on policies.
terrorism, the drug trade, and recently, money laundering.\textsuperscript{16} These criminal problems are often the by-product of international networks operating outside the control of any single sovereign country.\textsuperscript{17} The fluid nature of international networks makes it difficult for a single country, acting independently, to combat criminal problems. Accordingly, modern foreign policy has increasingly shifted away from unilateral displays of force, since traditional instruments of power cannot deal with new, furtive threats to international political stability.

International cooperation represents a valuable new resource in the foreign policy arsenal, offering new solutions to cross-border problems. Countries such as the United States, that have wielded power through the application of force and other "hard powers" are finding increased success through the use of persuasion and other "soft powers."\textsuperscript{18} In this context, international cooperation represents a valuable new resource in the foreign policy arsenal and offers international solutions to international problems. If successful, nations can foster an ongoing cooperative spirit that ultimately enhances the use of these "soft powers."\textsuperscript{19}

\textbf{B. The Emergence of and Need to Facilitate Non-State Actors}

At the same time that nations are re-examining their methods of achieving their foreign policy goals, non-state actors have emerged as potent forces in international intellectual property enforcement efforts.\textsuperscript{20} This phenomenon requires reconsideration of the state-centric model, which views international politics primarily as the interaction of nation-states.\textsuperscript{21} A direct result of these changes-
es is the concurrent emergence of intergovernmental police organizations, such as Interpol, Europol, the European Committee on Crime Problems and the Inter-American Drug Abuse Control, and non-state criminal actors such as organized crime groups and terrorist factions.\(^2\)

In this new milieu, fears of international encroachment on a nation’s sovereignty, coupled with imprecise drafting in treaties and national laws, have provided criminal groups with the ability to use new technologies to conduct transnational crimes and exploit law enforcement limitations.\(^2\) These weaknesses enable criminals—by conducting their activities extraterritorially—to circumvent individual countries’ attempts to control crime within their borders. The increasing regional integration in the Western Hemisphere offers new opportunities for law enforcement to reorganize and overcome the traditional limitations of state actors in battling crime. NAFTA presents an initial opportunity for regional integration, a substantial challenge to a state’s autonomy and to the normal operation of foreign policy. It remains to be seen whether states can seize the new opportunities quickly enough to succeed in developing effective international enforcement regimes\(^2\) and particularly a regime of intellectual property enforcement.

An important variable in the design and implementation of

---

For background on the need to depart from the state-centric paradigm in international politics generally, and in U.S. foreign policy specifically, see Robert O. Keohane & Joseph S. Nye, Jr., Transnational Relations and World Politics: An Introduction, in TRANSNATIONAL RELATIONS AND WORLD POLITICS ix-xxix (Robert O. Keohane and Joseph S. Nye, Jr. eds., 1981) [hereinafter TRANSNATIONAL RELATIONS]; KEOHANE & NYE, POWER, supra note 12, at 1-60.


\(^3\) See Carlson & Zagaris, supra note 8, at 551-52.

\(^4\) “International regime” is a term frequently utilized in international politics and international organization theory. International regimes are defined as “principles, norms, rules, and decision-making procedures around which actor expectations converge in a given issue-area.” Stephen D. Krasner, Structural Causes and Regime Consequences: Regimes as Intervening Variables, in INTERNATIONAL REGIMES 1 (Stephen D. Krasner ed., 1983).
approaches geared toward combatting international intellectual property crimes between Mexico and the United States—and in the Western Hemisphere generally—will be the role of international, and ultimately, supranational organizations. Of particular importance will be their relationships and interactions with national governments, nongovernmental organizations, and other actors. In order to measure and predict the efficacy of transnational interactions and organizations in transnational economic and intellectual property relations, nations must be proactive and not rely on traditional, institutional, and organizational needs and developments.

C. International Regimes: A Framework for Cooperation

International regimes affect such diverse areas as international trade, telecommunications, and intellectual property protection. A regime may be formal, such as the General Agreement on Tariffs and Trade ("GATT"), or informal, as where the regime’s existence is merely implied from the actions of the states involved. Generally, the purpose of international regimes is to regulate and control certain transnational relations and activities by establishing international procedures, rules, and institutions.

International regimes are goal-oriented enterprises whose participating members seek benefits through explicit or tacit cooperation based on common concerns. In the case of intellectual property


26. Transnational interactions are defined as "the movement of tangible or intangible items across state boundaries when at least one actor is not an agent of a government or an intergovernmental organization." Robert O. Keohane & Joseph S. Nye, Jr., Transnational Relations and World Politics: An Introduction, in TRANSNATIONAL RELATIONS, supra note 21, at xii.

27. Transnational organizations have been defined as institutionalized transnational interactions. See Kjell Skjelsbaek, The Growth of International Nongovernmental Organization in the Twentieth Century, in TRANSNATIONAL RELATIONS, supra note 21, at 70.


29. Id. at 5.

protection, these concerns may focus on reducing such crimes as the counterfeiting of patented or trademarked products, as well as the pirating of video and audio cassettes. Use of regimes to protect intellectual property rights will encourage the creators of designs, the inventors of medicines, artists, entertainers, and production companies to invest their time and money in new products and performances. Although international regimes often enjoy the sponsorship of intergovernmental organizations ("IGOs") such as the United Nations and the World Intellectual Property Organization ("WIPO"), the issues addressed by international regimes are usually more specific than the general interests of the sponsoring IGO. Since the emphasis of a regime is on achieving a particular objective, international regimes are viewed as more flexible in nature and more likely to undergo evolutionary change than IGOs.\textsuperscript{31}

If an international regime is successful, it maintains or reduces the cost of legitimate transactions while increasing the costs of illegitimate transactions such as the selling of pirated cassettes and counterfeit products, or intercepting satellite signals.\textsuperscript{32} In the rapidly changing global marketplace, a premium will be placed on an international regime's ability to meet new developments as they arise. Accordingly, it is an important function of the international regime to facilitate ongoing negotiations between governments.\textsuperscript{33}

II. INTERNATIONAL CRIMINAL LAW AS A FRAMEWORK FOR INTELLECTUAL PROPERTY LAW ENFORCEMENT

A. The Status of Intellectual Property Law Enforcement Within International Criminal Law

Within international criminal law, the enforcement of intellectual property laws is largely classified as "administrative penal law." This term connotes a non-penal system whose philosophical foun-

\begin{itemize}
\item [\textsuperscript{31}] FELD & JORDAN, supra note 25, at 40.
\item [\textsuperscript{32}] ROBERT O. KEOHANE, AFTER HEGEMONY: COOPERATION AND DISCORD IN THE WORLD POLITICAL ECONOMY 107 (1984) [hereinafter KEOHANE, AFTER HEGEMONY].
\item [\textsuperscript{33}] For additional background on the importance of international regimes to governmental actors such as the United States, see id.; see also Robert O. Keohane, The Demand for International Regimes, in INTERNATIONAL REGIMES, supra note 24, at 141-71.
\end{itemize}
To properly examine the role of intellectual property law in the context of international criminal law, the relationship between intellectual property law enforcement and other systems of sanctions must be considered. As a recent Congress of International Penal Law Association observed, the connections between administrative penal law and international penal law are a source of practical and legal difficulties.35

Legal problems posed by an international system of penal sanctions include the risk that such laws will be ineffective, as well as that a multiplicity of proceedings will be conducted, with sanctions imposed for the same act.36 The "movement towards individualization within penal law [has led] to a diversification of sanctions."37 This diversification makes it more difficult to demarcate each of the systems of sanctions, since the penal sanction is no longer the sole instrument for the deprivation of liberty.38 Similarly, the philosophical foundations of penal sanctions—as opposed to those of administrative sanctions—have become equally difficult to identify.39

Depenalization has resulted in the emergence of administrative law as a possible alternative to traditional penal law, and the general principles of penal law and of penal procedure now need to be transplanted into the administrative field.40 Practical difficulties arise, in part, from "profoundly different traditions and [from] closed and largely uncoordinated institutional structures."41 Prosecutors may fear dispossession of penal jurisdiction.42

35. Id.
36. Id. at 22.
37. Id.
38. Id.
39. Id.
41. Delmas-Marty, supra note 34, at 22.
42. Id.
neously, they may fear an overburdening of the criminal justice system in cases where the penal infraction is merely non-compliance with a ruling or a sanction imposed by an agency.\textsuperscript{43} Additionally, an agency may fear being dispossessed of its monopoly over regulating its particular area.\textsuperscript{44} This monopoly may, in some cases, be predated by the establishment of the criminal justice system.\textsuperscript{45}

Administrative agencies enforcing intellectual property laws may believe that a criminal court will not extend sufficient consideration to an administrative decision. Administrative agencies may likewise be criticized for not appreciating the legal subtleties of criminal law and procedure.\textsuperscript{46} Concerns held by both administrative and judicial officials regarding the appropriate degree of comity that should be extended to their respective decisions, coupled with the seeming mutual distrust that each entity has for the adjudicatory ability employed by the other, inevitably leads to difficulties in achieving the desired integration of enforcement remedies. Protecting intellectual property rights through an integrated enforcement scheme demands consideration of the various types of criminal and quasi-criminal violations that such statutes contemplate. It is to this need that we now turn.\textsuperscript{47}

\section*{B. Types of Criminal and Quasi-Criminal Violations}

Transnational criminality may be segregated into two divisions: (1) transnational interactions in which the crime happens at the border crossing point; and (2) transnational interactions in which the crossing of the border is relatively incidental to the crime. As countries and economic integration organizations relax border con-

\begin{footnotesize}
\begin{enumerate}
\item Id.
\item Id.
\item Id.
\item Id.
\item Id.
\item The particular character of administrative penal law and its treatment in international criminal cooperation and supranational law apply to many other areas of law enforcement cooperation and economic integration between the United States and Mexico. See generally Zagaris, supra note 40, at 65-66; Bruce Zagaris & David R. Stepp, Criminal and Quasi-Criminal Customs Enforcement Among the United States, Canada, and Mexico, 2 IND. INT'L & COMP. L. REV. 337, 341-42 (1992).
\end{enumerate}
\end{footnotesize}
trols, it becomes easier to move people, goods, and capital—legitimate as well as illegitimate—across borders. At the same time interactions that are criminal based on the movements of people, goods, or capital across borders may no longer be criminal. An understanding of traditional and current mechanisms for intellectual property protection—especially the means of enforcing these mechanisms—requires a discussion of the types of criminal and quasi-criminal violations.

The international dimension of intellectual property infringement is evidenced by the seizure of videocassettes, software, pharmaceuticals, electronic goods, and consumer goods in the United States and Mexico from other Caribbean and Far East countries. Pirated goods regularly reach markets in Mexico and the United States from a haven country where intellectual property rights are not enforced, through transshipment centers. The flow

---

48. Nadelmann, supra note 4, at 248.
50. The largest pirate in El Salvador, Super Sonido, produces 100,000 sound recordings per month, and even advertises its products in the media. See Hearings on Fast Track, supra note 1, at 292 (app. A to Letter from Eric H. Smith, Executive Director and General Counsel, International Intellectual Property Alliance (“IIPA”), to Senator DeConcini). Its products enter the United States through Los Angeles and Miami via the Salvadoran passenger airline. Id. Reproductions of English- and Spanish-language works have been seized in Detroit, Chicago, Washington, D.C., and virtually all other major Hispanic population centers. Id. The IIPA was formed in 1984 and consists of the following trade associations—the Recording Industry Association of America (“RIAA”), the Association of American Publishers (“AAP”), the American Film Marketing Association (“AFMA”), the Computer Software and Services Industry Association (“ADAPSO”), the Computer and Business Equipment Manufacturers Association (“CBEMA”), the Motion Picture Association of America (“MPAA”), the Business Software Alliance (“BSA”), the Information Technology Association of America (“ITAA”) and the National Music Publishers’ Association (“NMPA”).
51. Free trade zones in the Caribbean are major transshipment centers for pirated goods. Intellectual Property Rights, supra note 49, at *2. The traffic in videotapes illustrates the varied aspects of international organized piracy. From Panama and Miami,
of such pirated goods that are protected in the United States and Mexico will continue unabated so long as inadequate enforcement permits these transnational criminal organizations to continue in all their locations.

1. Piracy of Videos

The development of new technologies often highlights the inability of a nation's legal system to react to rapid change. This leads to inadequate protection of intellectual property, and typically results in piracy, counterfeiting, and other illegalities.\(^5\) Piracy of motion pictures, videos, or television shows can occur, for example, when the signals of satellites or the images in a magnetic recording are taken without consent.\(^5\) U.S. television broadcasters have continually voiced their opposition to the unauthorized interception and retransmission of satellite signals containing cable programming.\(^5\) Mexican cable operators and microwave multipoint distribution systems ("MMDS")\(^5\) retransmit the programming to television viewers in Mexico for a fee, with U.S. broadcasters receiving no payment for the use of their signals.\(^5\) The Mexican legitimate copies are imported without authorization into Venezuela's gray market and compete against legitimate domestic video companies and theaters. INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE, COPYRIGHT PIRACY IN LATIN AMERICA: TRADE LOSSES DUE TO PIRACY AND THE ADEQUACY OF COPYRIGHT PROTECTION IN 16 CENTRAL AND SOUTH AMERICAN COUNTRIES 167 (1992) [hereinafter IIPA, COPYRIGHT PIRACY]. Venezuelan large-scale reproduction facilities export to countries such as Chile and Colombia, and even the United States. \(\text{id. at } 49, 59, 167.\) Puerto Rican, U.S., and Panamanian pirates also ship illegal copies to South America. \(\text{id.}\)

52. Piracy, in the intellectual property context, refers to the illegal reproduction of protected matter. Counterfeiting refers to the unauthorized imitation of goods for the purpose of passing off the copy as an original.


54. See INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE, TRADE LOSSES DUE TO PIRACY AND OTHER MARKET ACCESS BARRIERS AFFECTING THE U.S. COPYRIGHT INDUSTRY 111 (1993) [hereinafter IIPA, TRADE LOSSES].

55. Unlike cable TV operators, microwave systems reach their viewers through signals emitted to individual antennas.

56. IIPA, TRADE LOSSES, supra note 54, at 122. See also GARY CLYDE HUFBAUER &
actions are not illegal, in fact, because Mexican law permits re-transmission of international satellite signals for public performance.57

Piracy also occurs through the illegal copying of motion pictures for future sale to consumers, rental by video stores,58 or export to other countries.59 The source of the stolen images can be a videocassette sold legally in retail stores, programming intercepted by a satellite receiver, or copies illegally obtained from producers.60 This type of piracy is exacerbated by asymmetric copyright protection regimes in the United States and Mexico. Under the laws of the two countries, for example, films produced before the 1960s may still be protected in Mexico even though they have entered the public domain in the United States. Such works can easily and legally be obtained in the United States, and serve as source material for pirated copies of the work in Mexico.61


57. Id.


59. For examples of transnational traffic of pirated goods, see infra part II.C.2.

60. For background information on worldwide piracy of motion pictures, see James J. Merriman, Note, Battling Motion Picture Pirates in Turbid International Waters, 23 CASE W. RES. J. INT’L L. 623, 635-38 (1991). The six major methods utilized by motion picture pirates are: (1) illegal duplication of theatrical prints; (2) back-to-back video copying; (3) counterfeit labels and packaging of illegal videotapes; (4) signal theft; (5) unauthorized public performances; and (6) parallel imports. Id. at 635-36.

61. See Hearings on Fast Track, supra note 1, at 26 (statement of Sen. Dennis DeConcini) (attesting to the popularity of such films in the Southwestern United States); id. at 37 (statement of U.S. Trade Representative Carla Hills) (stating that many classic Mexican films failed to meet the re-registration requirement of pre-1976 U.S. law, resulting in their entering the public domain); see also id. at 111 (statement of Ralph Oman, Register of Copyrights and Associate Librarian of Congress) (stating that Mexican authors and producers do not earn royalties from Mexican video products in the United States). Mexican copyright officials have raised the theory that these public domain films deserve retroactive protection under art. 18 of the Berne Convention following accession by the United States to Berne. Id. at 112. In 1994, Congress passed the Uruguay Round Agreements Act, Pub. L. No. 103-465, 108 Stat. 4809 (1994), which granted public domain films some retroactive protection. Section 514 amended 17 U.S.C.A. § 104A (1994) so that a “restored work” would automatically regain copyright status. Pub. L. No. 103-465, § 514, 108 Stat. 4809, 4976 (1994). Section 514(h) (6) defines a “restored work” as, inter alia,
2. Sound Recordings and Musical Compositions

Mexican and U.S. recording and music publishing industries suffer heavy losses as a result of the piracy of their works. Mexico, for example, has the largest volume of pirated cassettes sold annually of any country in the world—more than 120 million units per year.\(^6\) Local and international industries estimate that total losses are about \$250 million annually.\(^6\) Half of these losses today are borne by U.S. industry, up from an estimated \$75 million in 1991.\(^6\) Mexican performers struggling to maintain a following are especially vulnerable to such piracy because their main audience is in the domestic market, where they can least afford to lose opportunities.\(^6\) As with videocassettes, pirated sound recordings are sold and publicly displayed by street vendors and small enterprises.\(^6\) Additionally, U.S. cities with high concentrations of Hispanic inhabitants provide a burgeoning market for Mexican artists and a

\*an original work of authorship that . . . is not in the public domain in its source country through expiration of term of protection; [or] is in the public domain in the United States due to noncompliance with formalities imposed at any time by United States copyright law, including failure of renewal, lack of proper notice, or failure to comply with any manufacturing requirements. . . .\*  


62. For additional background, see Eric H. Smith, Executive Director and General Counsel of the IIPA, Intellectual Property Protection and the NAFTA Agreement, Remarks Before the San Antonio Conference on Mexico 3 (May 24, 1993) [hereinafter Smith, Intellectual Property and NAFTA].

63. See also Hearings on Fast Track, supra note 1, at 51 (testimony of Jason S. Berman, President of the RIAA) (estimating that piracy costs the recording industry in excess of \$250 million annually).

64. See Smith, Intellectual Property and NAFTA, supra note 62. But see id. at 45 (testimony of Jason S. Berman, President of the RIAA) (stating that the brunt of the costs of piracy are borne by Mexican industry).

65. See Hearings on Fast Track, supra note 1, at 45 (statement of Jason S. Berman, President of the RIAA) (reciting the effects of illegal copying of sound recordings on Mexican and U.S. performers and producers). Of the \$250 million lost due to sales of pirated sound recordings, \$75 million represents the losses of U.S. companies, while the rest is primarily borne by Mexican companies. Id. at 51.

66. See Scott & Belsie, supra note 58 (reporting on street vending of pirated videocassettes and recordings). There are reports of over 4,000 vendors of pirated recordings in Mexico City alone. See Hearings on Fast Track, supra note 1, at 45 (testimony of Jason S. Berman, President of the RIAA) (discussing the sale of sound recordings by street vendors).
piracy industry has developed to serve this audience.\textsuperscript{67} From clandestine factories, distributors mass-produce tapes and disseminate them throughout a network of legal and illegal vendors.\textsuperscript{68} These activities deprive Mexican authors of a potentially lucrative foreign market.

3. Computer Software

The computer software industry is the most vulnerable to suffering huge losses. Anyone with a personal computer and a diskette can illegally copy software that is worth hundreds of dollars.\textsuperscript{69} Software piracy takes place in three forms: (1) copying of software for resale (as with sound recordings and motion pictures); (2) illegal copying of software by end-users for use within their organizations; and (3) software loading by computer vendors as an incentive for the purchase of their computers.\textsuperscript{70} The estimates of losses vary widely. Software publishers claim that their losses total approximately $100 million.\textsuperscript{71} For each legitimate software package sold there may be as many as eight illegal copies made.\textsuperscript{72}

\textsuperscript{67} Music by Mexican authors or from Mexican producers is popular throughout the Spanish speaking world and is the fastest growing sector of the U.S. music market. \textit{Hearings on Fast Track, supra} note 1, at 53 (statement of Jason S. Berman, President of the RIAA). The main markets of Spanish-language music are in Los Angeles and New York City. \textit{See} Ken Baron, \textit{Sinking Pirates}, \textit{Hispanic}, Apr. 1992, at 46 (reporting on seizures of pirated Mexican and other Spanish-language recordings in the U.S.).

\textsuperscript{68} In what was noted as the largest seizure of counterfeit audio tapes in the Northeast, the New York City Police Department found over 155,000 tapes. All of the recordings were by Hispanic artists. Baron, \textit{supra} note 67, at 46.

\textsuperscript{69} It is possible that piracy might have benefitted some leading companies during the early days of the personal computer. John Soat & Martin Garvey, \textit{The Long Arm of the Software Industry}, \textit{Information Week}, June 17, 1991, at 40. Illegal copying helped the rapid proliferation of software that later became standards in the industry, such as Lotus 1-2-3. \textit{Id.} at 41.


\textsuperscript{71} \textit{Id.} at *2 (stating losses in 1991 by members of the BSA). The BSA represents eight major computer software publishers: Aldus, Apple, Ashton-Tate, Autodesk, Lotus Development, Microsoft, Novell, and WordPerfect. \textit{Id.}

\textsuperscript{72} \textit{Id.} This estimate is based on a study conducted by the BSA. For background information on the Mexican market for computers and software, see Javier Flores, \textit{Busi-
Due to high Mexican demand, software from U.S. publishers is readily susceptible to illegal copying. U.S. software is made especially attractive to pirates because its publishers are recognized as leaders in their field, and computers in Mexico are designed under U.S. specifications. However, American software publishers are not alone in being damaged by piracy. Mexican software publishers also have a substantial share of the Mexican market and have to endure losses from piracy as well.

4. Patent and Trademark Counterfeiting

Illegal trademark counterfeiting takes several forms. In Mexico, authorities have found that established companies engage in false labeling of goods with known trademarks from other companies. Some businesses improperly apply to the Mexican Registrar for trademarks which are known to be used abroad by other companies. Once the trademark is granted, the offending businesses use it to label imitations that compete with authentic foreign goods.

Until recently, Mexican law permitted patent and trademark uses that affected brand-name consumer goods, agricultural chemicals, and pharmaceutical products. Although the laws have been
amended, some loopholes still exist. The unrestricted parallel import provision of the Industrial Property Law ("IPL") allows the importation into Mexico of a pharmaceutical product marketed anywhere in the world—including countries with patent protection—by a patentee, legitimate licensee, or others. Pirates are thus free to import into Mexico unpatented foreign products that compete with similar patented goods already in Mexico.

Mexican goods are also subject to increased trademark counterfeiting as Mexican products gain name recognition and exports grow. The highly competitive footwear, publishing and food/beverage industries are the most subject to imitation.

C. Types of Intellectual Property Violators

Intellectual property infringers can be individuals or entities; they may be innocent or willful infringers; and their infringement may be on a large or small scale. Individual violators may be

was infamous for discouraging investment by allowing short patent terms, an unduly restrictive view of the scope of patentability, and a requirement that a trademark registered abroad be used to identify goods manufactured in Mexico only if it was joined "in an equally visible manner." Law on Inventions and Marks, 334 D.O. 7, Feb. 10, 1976 (Mex.).


81. Canada grants automatic compulsory licensing of patents to exporters. See Hearings on Fast Track, supra note 1, at 60-63 (statement of Gerald J. Mossinghoff, President, Pharmaceutical Medical Association ("PMA")) (discussing shortcomings in Mexican and Canadian intellectual property legislation).

82. Id. at 61-62.


84. Id.
engaged in small scale infringement, such as occasional copying of protected works for distribution to friends, or in intentional infringement for commercial purposes. This latter type of infringer is especially problematic in Mexico because of the government's tacit acceptance of this "informal economy" as a partial solution to the lack of legitimate employment opportunities. Infringement by individuals also takes place under the auspices of business entities. Businesses often fail to prevent unauthorized duplication of protected works by their employees, and in the most egregious cases, managers may condone such copying as a method of reducing costs.

Although individuals engage primarily in copyright infringements, entities may also engage in patent and trademark infringements as well. Entities are often capable of producing, reselling and distributing products with fraudulent trademarks or registered patents. Companies are frequently able to conduct their infringing operations overtly because of loopholes in the laws that "legalize" their activities. Some entities operate entirely outside of the law, willfully infringing intellectual property. Using high-speed machines, factories can illegally reproduce thousands of copyrighted works for sale to the public, in addition to counterfeiting and smuggling black market products.

85. See Witoshynsky, supra note 70, at *1 (stating that any computer user is in a position to copy a program); Scott & Belsie, supra note 58 (reporting on small-scale copying in Mexico).

86. Scott & Belsie, supra note 58.


89. See Smith, supra note 49, at *1 (reporting on the high volume of counterfeit trademarks and infringed patents).

90. A New York City operation had machines capable of producing over 700 audio tapes an hour. Baron, supra note 67, at 46.

91. Fifty percent of the Nintendo game cartridges in the Mexican market are smuggled duty-free from the United States. Smith, supra note 49, at *3. In exceptional cases,
A troublesome aspect of Mexico's efforts in controlling piracy has been the ease with which corporations and other entities have been able to escape prosecution. This is in stark contrast to the imposition of heavy fines on small vendors of pirated goods. This disproportionate scheme of remedies employed by Mexican officials raises the issue of the political influence of some violators and the effect they have on the enforcement campaigns.

U.S. intellectual property owners have been skeptical about the willingness of the Mexican government to go after Mexican companies engaged in egregious violations of intellectual property laws. American doubts about Mexican enforcement efforts seem justified in light of reports of leaks of enforcement plans, the failure to prosecute manufacturers aggressively and successfully, and the failure to impose strict penalties, including jail terms. A reversal in the complacent attitude towards intellectual property violations in Mexico, however, is apparent in the increase of pressure by U.S. intellectual property associations and their ability to maintain enforcement actions. Additionally, an increase in media attention is a hopeful sign that more actions will be pursued against major infringers.

Technological advances, as well as government attitudes towards infringement, may determine the degree and the seriousness organized piracy groups have resorted to death threats against publishers' pro-copyright campaigns in countries that are major exporters of illegal copies, such as Colombia, Guatemala and Paraguay. IIPA, COPYRIGHT PIRACY, supra note 51, at 67, 106, 140.

93. Scott & Belsie, supra note 58 (reporting on how the seizure of merchandise represents a more severe loss for street vendors than for corporations).
94. See Robberson, supra note 88 (reporting on how U.S. software manufacturers did not expect much from the new intellectual property laws when they were enacted).
97. See Robberson, supra note 88.
of the infringement. As increasingly sophisticated reproduction
devices have become more readily available, enforcement efforts
have been thwarted.98 These new devices have drastically reduced
the cost of reproductions while increasing the quality of the copies.
Literary and artistic works are especially vulnerable to this kind of
piracy.

Due to the insignificant efforts of the Mexican government to
enforce intellectual property laws, infringement—especially in the
patent and trademark areas—is rampant.99 The latest concerted
enforcement efforts by the Mexican government promise to slow
the trend of widespread piracy, as they force violators to cease their
activities or seek accommodation with intellectual property own-
ers.100 Since the added protection provided to computer programs
in the IPL, the software industry has conducted a number of suc-
cessful raids against retailers and so-called “end-users”—large cor-
porations that buy one copy of a particular software program and
then make sufficient unauthorized copies so as to furnish each
computer in the company with the software.101 Although the raids
had a salutary effect on sales and contributed to educating corpo-
rate users of the rights of software manufacturers and distributors,
as of May 1993 not a single criminal indictment had been brought
against a software infringer in Mexico.102

D. The Impact of Liberalized Trade and Investment

1. Historical Overview of Intellectual Property Enforce-
ment Cooperation

One of the oldest methods of strengthening intellectual property
enforcement cooperation is the bilateral treaty. During the 19th

98. See, e.g., Gabriel García, Economic Development and the Course of Intellectual
99. See generally, Scott & Belsie, supra note 58 (discussing the unprecedented burst
of enforcement activity in halting pirates).
100. See IIPA, TRADE LOSSES, supra note 54 (describing a program by which Mexican
satellite pirates pay fees to U.S. producers).
102. Id.
century, friendship and cooperation treaties contained intellectual property provisions that granted national treatment for intellectual property works from citizens of each party-state. Although they lacked specific enforcement provisions, these treaties were meant to allow foreign citizens to petition local authorities for protection of their works. Bilateral treaties or memoranda of understanding remain useful in establishing copyright relations with countries that are not parties to major international conventions.

International intellectual property conventions have striven to achieve the harmonization of national intellectual property laws. Conventions have increased the number and scope of intellectual property works subject to protection and have provided for national treatment on a worldwide scale. Multilateral intellectual property organizations, such as UNESCO and WIPO, serve as forums for international cooperation. Most member states, however, do not make intellectual property enforcement a priority and, therefore, the

103. Mexico has entered into friendship and cooperation treaties containing intellectual property provisions with Ecuador (1888), Dominican Republic (1890), France (1950), Denmark (1954), Germany (1954) and Paraguay (1958). See Copyright Laws and Treaties of the World, supra note 87. The United States has established bilateral relations with Mexico and other countries by providing national treatment to foreign works. For the text of intellectual property proclamations with respect to Mexico, see Proclamation, 29 Stat. 877 (1896); Proclamation, 36 Stat. 2685 (1910). The United States has signed valid bilateral agreements with forty countries as of November 1993. For a complete list of bilateral treaties to which the United States is a party, see U.S. Copyright Office, Circular 38a, International Copyright Relations of the United States (Nov. 1993) [hereinafter U.S. Copyright Office, International Copyright Relations]. For background information on the beginnings of U.S. copyright proclamations, see U.S. Copyright Office, To Secure Intellectual Property Rights in World Commerce 15-21 (1984) [hereinafter U.S. Copyright Office, To Secure Intellectual Property Rights].

104. See U.S. Copyright Office, Circular 1, Copyright Basics, 7 (July 1994).

105. Such is the case of the People’s Republic of China, Indonesia, and Singapore, with whom the United States has signed bilateral agreements. These agreements were designed to upgrade substantive provisions, but not adequately address enforcement requirements. U.S. Copyright Office, International Copyright Relations, supra note 103, at 4, 5, 8.

106. For examples on how a multilateral convention attempts to bring about a harmonization of national laws, see infra part IV.B.

107. For examples of the administration of multilateral conventions by international organizations, see infra parts IV.B.2 & IV.B.3.
organizations provide little assistance to intellectual property owners.

2. The Protection of Intellectual Property Assets for Foreign Investors

Intellectual property is a valuable asset in foreign investment that benefits both the host and the investing countries. Some of the assets of such a venture might include brand-names, logos, or other proprietary manufacturing products. If investors refuse to invest because of concern about adequate protection of intellectual property rights, or because of fear of ineffective prosecution against infringers, the host country may lose the opportunities that foreign investment represents: the creation of jobs, the training of personnel, and the levying of taxes.108

A new approach to enforcement is needed to address the international character of piracy organizations. In the Western Hemisphere, most copyright enforcement operations are carried out by national authorities. When international participation exists, it occurs as a result of the prodding by, or the assistance of, foreign publishers' associations.109 Unlike the international enforcement of illicit drug trafficking, customs violations, illegal trafficking in cultural property and vehicles, and income tax violations, the intellectual property provisions of no new proposal has brought Mexican and U.S. authorities together to implement intellectual property enforcement operations until the implementation of NAFTA.110


110. Despite the lack of a coordinated response effort regarding intellectual property, Mexico and the United States carry on many cooperative operations in other fields. For example, U.S. and Mexican officials in the National Border Response Force carry on drug crop eradication programs on both sides of the U.S.-Mexican border. Report on the
There are, however, existing national structures that can aid international enforcement of intellectual property rights. U.S. enforcement agencies, for example, are in a position to assist Mexican authorities. The U.S. Customs Service has been successful in seizing counterfeit materials at points of entry in the United States. Through modern detection and registration measures, U.S. authorities have the necessary equipment to verify marks and copyrights. Although Mexican enforcement agencies have organized special intellectual property divisions, they are not as well equipped for this task as their American counterparts. Instead, when faced with new technologies, these agencies must rely heavily on foreign organizations and their expertise in handling the legal issues raised by new technologies.

E. New Industries and Services Impacted by Intellectual Property

Emerging technologies present new challenges to the current methods of enforcement in both the United States and Mexico. Digitalization of information is radically altering the computer, consumer electronics, entertainment, and information industries. Although hardware problems still must be solved, Japanese and U.S. companies are positioning themselves to become leaders in the

---


111. U.S. Customs Service Budget Authorization for Fiscal Year 1993, 102d Cong., 2d Sess. 38 (1992) (statement of Carol B. Hallet, Commissioner, U.S. Customs Service) (commenting on the yearly activities of the Customs Service). Intellectual property related seizures amounted to $170 million for the years 1989-1991; $5.5 million of this total was gained through seizures of computer and electronic hardware. Id.

112. An Automated Communication System (ACS) is fed 15,000 trademarks and copyrights each year. Id.

113. See Zamora, supra note 6, at 417.

114. Kathy Rebello et al., Your Digital Future: Soon, A Host of Gadgets Will Alter Work and Play and Reshape Familiar Industries, BUS. WK., Sept. 7, 1992, at 56 (survey of the current state and prospects of new media technologies). By digitalization, analog signals are encoded into a series of ones and zeros. Id. at 56-57. Digital hardware (e.g., tape recorders or CD players) receives these codes and translates them into sound. Id. at 57.
information digitalization market.\textsuperscript{115}

One area that is typical of these emerging issues is the digital sound reproduction industry typically characterized by competition between digital audio tape ("DAT") and compact discs ("CDs"). Both products can offer sound quality that is identical to the original, but DATs, unlike CDs, are subject to easy manipulation. Unlike CDs and read-only software, works fixed in erasable form, like DAT, are especially vulnerable to unauthorized reproduction. The unauthorized use of works on-line will inevitably increase with the continued conversion of vast libraries of books, films, and databases into digital files that can be copied at the touch of a button with no record of the transaction.

Although Mexico is just joining the latest computer wave, the restructuring of its economy brings more competition and opportunity to its telecommunications industry.\textsuperscript{116} The establishment of Mexican subsidiaries of U.S. electronics companies and U.S. participation in the modernization of Mexico's telephone industry will benefit both countries.\textsuperscript{117} The eventual entry of Mexican companies into the information markets will strengthen Mexico's interest in securing protection for domestic and foreign intellectual property.

III. DOMESTIC LAWS OF THE UNITED STATES AND MEXICO

For many years, Mexican and U.S. intellectual property laws reflected the disparities between developing and developed nations. Developing nations had a concept of intellectual property—then mostly in the hands of developed countries—as an asset to mankind.\textsuperscript{118} Although developing nations required intellectual property

\textsuperscript{115} Id. at 58.

\textsuperscript{116} United States Trade Representative, National Trade Estimate Report on Foreign Trade Barriers 191 (1993) (listing areas in telecommunications where U.S. companies have an interest).

\textsuperscript{117} Id.

\textsuperscript{118} For a discussion of the concepts of intellectual property held by most developing countries, see Marshall A. Leaffer, Protecting United States Intellectual Property Abroad: Toward a New Multilateralism, 76 Iowa L. Rev. 273, 281-84 (1991); see also Geoffrey Kamrondorf, Note, Intellectual Property, Trade, and Technology Transfer Laws: The United States and Mexico, 8 B.C. Third World L.J. 277, 279-283 (1987).
for their development, they did not want to pay for it. The expensive nature of most foreign technology, coupled with the incapacity of developing nations to pay for it, justified the laxity of intellectual property laws in the eyes of Third World governments. As one of the leaders of the Third World, Mexico had embarked on a program of technology transfer that paid scant attention to safeguarding the rights of intellectual property owners. During the years this conception of intellectual property prevailed, companies that made use of the loopholes provided by Mexican law flourished. Because of the low priority given to enforcement of any intellectual property laws, illegal enterprises blossomed in developing countries.

As the preeminent industrial power and home to the owners of valuable industrial property, the United States maintains a very different position. Intellectual property rights serve as an incentive to the rightholder to develop new works or inventions. Thanks to a monopoly that allows rightholders to license the rights to use their work, rightholders can recover the costs incurred by research

---

119. Leaffer, supra note 118, at 281.
120. See id. at 284. For a Mexican point of view, see Véctor García Moreno, La Revisión del Convenio de París y su Relación con la Ley Mexicana de Inversiones y Marcas, 36 REVISTA DE LA FACULTAD DE DERECHO DE MEXICO 132, 133-43 (1986) (discussing how the current world patent system creates an anticompetitive monopoly that works against developing countries).
121. In 1972, President Luis Echeverría’s administration enacted laws that restricted foreign investment and favored local companies. See García, supra note 98, at 703-24. This "Echeverrian Wall" comprised the Use of Patents and Trademarks and Transfer and Technology Law of 1972, the Foreign Investment Law of 1973, and the Patents and Trademark Law of 1976. Id.
122. See Smith, supra note 49, at *3-*4 (reporting on how Mexican companies secure a trademark that is well-known abroad but not yet registered in Mexico, and then proceed to use it to label rival products).
123. See generally Intellectual Property Rights, supra note 49 (highlighting some of the more egregious intellectual property violations in Central and South American countries).
124. See Leaffer, supra note 118, at 279-80 (discussing concept of intellectual property rights that prevails in developed countries). When the United States was still a developing country, however, it permitted its citizens to illegally reproduce works by British authors. This practice may have been carried on to an extent even greater than the illegal copying currently taking place in many developing countries. See U.S. COPYRIGHT OFFICE, TO SECURE INTELLECTUAL PROPERTY RIGHTS, supra note 103, at 14-15 (discussing briefly the period of isolationism in U.S. intellectual property until 1891).
and development.

Although Mexican industries have developed an awareness and an appreciation for intellectual property rights, the mechanisms to protect transfer of technology schemes have failed to ensure that intellectual property industries reap the benefits of their work.125 As Mexico becomes more of a world economic power, its goods will be exported on a more worldwide basis; therefore, its manufacturers have to rely on other governments for intellectual property protection.126 These governments, however, will likely only want to protect Mexican goods to the same extent that their goods are protected in Mexico. Thus, it is imperative that Mexico overhaul its intellectual property laws and stiffen its enforcement of these laws as well as vigorously prosecute intellectual property violators.

A. Extraterritorial Effects of U.S. and Mexican Law

There are a number of different theories under which nations apply their laws and protect their interests. States assert jurisdiction over crimes committed within their borders based on the “territorial principle.”127 Territorial jurisdiction can be subjective (e.g., when a constituent element of a crime occurs within the United States), or objective (e.g., when an offense has occurred abroad but has effects within the United States).128 Another theory providing jurisdiction is the “protective” principle, which is invoked in situations involving extraterritorial offenses that have an effect on a state’s security.129 Under the “nationality” principle, U.S. case law has approved jurisdiction over its nationals even though the law has

125. Leaffer, supra note 118, at 281-82 (describing how patent applications from foreign investors decreased in Latin America due to liberal intellectual property laws).

126. See Julio Télles Valdés, Algunas Consideraciones en Torno a la Política y Legislación de los Programas de Cómputo en México, 74 BOLETÍN MEXICANO DE DERECHO COMPARADO (n.s.) 549, 558-63 (1992) (discussing how stricter laws are a necessary element for the development of the Mexican computer industry).

127. See Zagaris, supra note 40, at 61-62 (discussing the jurisdictional bases for enforcement of U.S. law).

128. Id.

129. Id.
not provided for its extraterritorial application.\textsuperscript{130} "Universal jurisdiction" allows for the prosecution of crimes against the international community, such as sea and air piracy, war crimes, and the slave trade.\textsuperscript{131}

Crimes that are initiated, prepared or committed abroad are subject to the criminal law of Mexico if they have an effect within the country asserting jurisdiction.\textsuperscript{132} This extraterritorial application of domestic law is also used in the prosecution of continuing crimes committed abroad that have an effect in Mexico, irrespective of the defendant's nationality.\textsuperscript{133} Mexican federal law also punishes crimes committed abroad by or against a Mexican citizen.\textsuperscript{134} Mexican courts will only assert jurisdiction in such a case if the accused is in Mexico, the defendant's rights have not been definitively adjudicated in the place of the crime, and the offense is penalized by both Mexican law and the \textit{lex loci delicti}.\textsuperscript{135} Additionally, a crime is considered to have been committed in Mexico if it takes place on ships and airplanes under Mexican registration, except when merchant ships are involved, and when the country where the crime occurs asserts jurisdiction.\textsuperscript{136} Mexico will, nonetheless, assert jurisdiction over offenses committed on board foreign ships and airplanes when they disturb public peace in Mexico.\textsuperscript{137}

\textbf{B. Administrative Penal Law}

In the United States, administrative agencies function as nonjudicial tribunals that cannot impose criminal penalties.\textsuperscript{138} They

\begin{itemize}
  \item \textsuperscript{130} \textit{See} Nadelmann, \textit{supra} note 13.
  \item \textsuperscript{131} \textit{Id.; see also} United States \textit{v. Yunis}, 924 F.2d 1086, 1091 (D.C. Cir. 1991) (air piracy).
  \item \textsuperscript{132} \textit{C.P.D.F.} (\textit{Código Penal para el Distrito Federal}) [\textit{Federal Penal Code of Mexico}], D.O., Aug. 14, 1931, art. 2(I).
  \item \textsuperscript{133} \textit{Id.} art. 3.
  \item \textsuperscript{134} \textit{Id.} art. 4.
  \item \textsuperscript{135} \textit{Id.}
  \item \textsuperscript{136} \textit{Id.} art. 5.
  \item \textsuperscript{137} \textit{Id.}
  \item \textsuperscript{138} \textit{See} \textit{BERNARDO CATALDO ET AL., INTRODUCTION TO THE LAW & THE LEGAL PROCESS} 44 (3d ed. 1980) (discussing administrative law and nonjudicial tribunals).
\end{itemize}
can, however, impose sanctions such as the suspension of licenses, confiscation of goods, denial of benefits, and fines.\textsuperscript{139} Claimants, in most cases, must exhaust all administrative remedies before taking a case to a judicial court.\textsuperscript{140} If an agency decides to institute a criminal proceeding, it will do so in a customary criminal court.\textsuperscript{141}

Mexican executive agencies, on the other hand, have the authority to impose penal sanctions.\textsuperscript{142} For minor offenses, administrative agencies can impose fines or imprisonment for up to thirty-six hours.\textsuperscript{143} Decisions of administrative authorities are subject to reconsideration by their superiors when the law so provides.\textsuperscript{144} The Administrative Chamber of the Supreme Court has final review over administrative decisions.\textsuperscript{145}

For serious criminal offenses the Procuraduría General de la República ("PGR" or "Attorney General’s Office") opens an investigation \textit{ex officio} or following a complaint,\textsuperscript{146} and, if deemed appropriate, prepares a complaint before the criminal courts.\textsuperscript{147} Decisions in these cases are subject to appeal and review before the Criminal Chamber of the Supreme Court.\textsuperscript{148} An \textit{amparo} suit is available to claimants in Mexico that have been wronged by an administrative or a judicial decision.\textsuperscript{149} Five consecutive \textit{amparo} decisions are required before the case law binds judges in inferior courts.\textsuperscript{150}

\begin{thebibliography}{100}
\bibitem{} \textit{Id.} at 45.
\bibitem{} \textit{Id.} at 47.
\bibitem{} \textit{Id.} at 45.
\bibitem{} \textit{Id.} at 45.
\bibitem{} MEX. CONST. art 21.
\bibitem{} \textit{Id.}
\bibitem{} \textit{Id.}
\bibitem{} \textit{Id.} at 104 (establishing the \textit{contentioso-administrativo} chamber for disputes between individuals and administrative agencies).
\bibitem{} \textit{Id.} at 21 (stating that the prosecution of crimes shall be carried out by the \textit{Ministerio Público} (or PGR), which is the Office of the Attorney General, and the \textit{Judiciaria PD consult})
\bibitem{} \textit{Id.} art. 107(VIII).
\bibitem{} \textit{Id.}
\bibitem{} \textit{Id.} art. 107(III). An \textit{amparo} suit is one which attacks resolutions that allegedly infringe a basic constitutional right. \textit{See id.} art. 103.
\bibitem{} \textit{Id.} art. 191. Decisions must be approved by majority vote and are not binding on administrative agencies.
\end{thebibliography}
C. Overview of Mexican and U.S. Intellectual Property Laws

Intellectual property protection in the United States is governed by the Patent and Copyright Clause and the Commerce Clause of the U.S. Constitution. At common law, copyright protection for unpublished works existed along with a federal statutory protection for published and registered works. The 1976 Copyright Act extended statutory protection to works covered by common law and created a unified system. The Copyright Office of the Library of Congress is responsible for the registration of copyrighted works. Patents and trademarks, on the other hand, are under the purview of the Patent and Trademark Office, which examines applications, issues patents and registers trademarks. Trade secrets are generally protected under state law by the Uniform Trade Secrets Act of 1979.

Mexican intellectual property protection is established primarily in article 28 of the Mexican Constitution and has been codified primarily in two laws: the Law on Development and Protection of Industrial Property ("IPL"), which deals with industrial property; and the Federal Law on Authors' Rights ("FLAR"), which protects copyrights. FLAR was originally enacted in 1956 and was

152. U.S. CONST. art. I, § 8, cl. 3.
153. 2 MELVILLE B. NIMMER, NIMMER ON COPYRIGHT § 8C.02 (Supp. 1994).
158. MEX. CONST. art. 28 (providing that no monopolies are legal, except those temporarily granted to authors and artists, and those exclusively granted to inventors).
159. IPL, supra note 80.
160. FLAR, supra note 87.
amended in 1963 and in 1991. The 1991 amendments increased the penalties for piracy of software and recordings and also increased protection for those forms of intellectual property. Copyrighted works are registered by the Author’s Rights Directorate of the Public Education Ministry. The IPL was enacted in 1991 and repealed both the protectionist Inventions and Trademarks Law of 1976 and the Technology Transfer Laws of 1982 and 1990. Administrative enforcement belongs to the Technological Development Directorate of the Ministry of Commerce and Industrial Development.

D. Copyright

Copyright protection in the United States is extended to all original works fixed in a tangible medium of expression from which they can be communicated. The length of the copyright term is the life of the author plus fifty years. Protected works include literary, musical (and accompanying words), dramatic (and accompanying music), choreographic, pictorial, sculptural, audiovisual works, and sound recordings, as well as architectural works and computer programs.

161. Decreto por el que se Reforman y Adicionan Diversas Disposiciones de la Ley Federal de Derechos de Autor (Decree on the Reform and Addition of Various Provisions on the Federal Law on Authors' Rights), 454 D.O. 40, July 17, 1991 (Mex.).
162. FLAR, supra note 87, arts. 118-119.
163. Law on Inventions and Marks, supra note 79.
164. Ley sobre el Registro de la Transferencia de Tecnología y el Uso y Explotación de Patentes y Marcas (The Law on the Registration of the Transfer of Technology and the Use and Exploitation of Patents and Trademarks), 315 D.O. 45, Dec. 30, 1972 (Mex.), reenacted with amendments as Ley sobre el Control y Registro de la Transferencia de Tecnología y el Uso y Explotación de Patentes y Marcas (Law on the Control and Registration of the Transfer of Technology and the Use and Exploitation of Patents and Trademarks), 370 D.O. 15, Jan. 11, 1982 (Mex.). Implementing regulations were enacted as Reglamento de la Ley sobre el Control y Registro de la Transferencia de Tecnología y el Uso y Explotación de Patentes y Marcas (Regulation of the Law on the Control and Registration of the Transfer of Technology and the Use and Exploitation of Patents and Trademarks), 436 D.O. 13, Jan. 9, 1990 (Mex.).
165. IPL, supra note 80, art. 1.
Copyright ownership gives exclusive rights to the owner to reproduce, adapt, distribute, perform and display the work publicly. Rights can be assigned or licensed to third parties who then have the same power to sue for infringement as does the owner. "Moral rights" also are arguably given de facto protection. Compulsory licensing is provided for cable television, mechanical recordings, jukeboxes, and public broadcasting and satellite home viewing. The Copyright Royalty Tribunal administers and distributes fees from licenses.

Copyright infringement occurs whenever someone, intentionally or not, exercises the rights reserved exclusively to a copyright holder without authorization. Liability also extends to vicarious infringement, as when a person maintains control over an infringing performance and profits from the performance.

It can be a criminal offense to willfully infringe a copyright. Representative offenses include the fraudulent use or removal of copyright notices, and the fraudulent representation of facts with respect to copyright registration. Prosecution under criminal statutes has been infrequent, except for recent audiovisual piracy cases.

as a set of statements or instructions to be used in a computer. 17 U.S.C. § 101 (1988).
175. A proprietor of an establishment, such as a night club, who hires a band that infringes on a copyright, is also considered liable. For cases of vicarious infringement, see JOYCE, supra note 154, § 8.01.
178. ARTHUR R. MILLER & MICHAEL H. DAVIS, INTELLECTUAL PROPERTY: PATENTS, TRADE-
Although there are many similarities in copyright protection between the United States and Mexico, the protection of copyrighted works is not identical. Mexican copyright protection is established in article 28 of the Mexican Constitution and protection is extended to literary and scientific works upon their fixation. These works include choreographic, photographic, and architectural works, sculptures, motion pictures, and, since 1991, computer programs.

Mexico, like the United States, provides statutory guarantees to protect public access to copyrighted material. Unlike the United States, however, Mexico uses compulsory licensing to further its policy basis for copyright protection: the protection of the rights of the author of every intellectual or artistic work, and the safeguarding of the "cultural wealth of the nation."

Unlike in the United States, moral rights are formally protected in Mexico. FLAR gives the author the moral right to challenge any deformity or modification of his or her work. The right is personal and is transferrable only upon the death of the author. Economic rights (i.e., publishing, reproduction, performance, modi-
fication), on the other hand, are transferrable by any legal means, including leasing.\textsuperscript{186}

Most unauthorized performance, translation, copying, marketing or appropriation of copyrighted works is punishable as a criminal offense, and can include penalties such as imprisonment or fines.\textsuperscript{187} The intent to profit ("\textit{fin de lucro}"
\textsuperscript{188}) is necessary to punish the unauthorized exploitation of protected works. This intent is also necessary to punish the editing of works, the copying of computer programs,\textsuperscript{189} and the use of composition\textsuperscript{190} and sound recordings destined for private listening.\textsuperscript{191} Many U.S. publishers view this requirement of commercial intent as permitting noncommercial piracy by end-users.\textsuperscript{192} A catch-all provision, however, would punish these users as violators of administrative law (administrative penal offenses).\textsuperscript{193}

Another issue of concern for the United States is that Mexican copyright laws do not clarify whether copyright is a federal matter. Regional jurisdictions, therefore, frequently face cases in which they do not comprehend their responsibilities under international agreements.\textsuperscript{194} While the Mexican government recognizes copyright infringement as a federal issue, Mexican courts have not consistently done so.\textsuperscript{195} Elements within the U.S. motion picture industry have urged the U.S. government to pressure Mexico to change its Constitution to indicate federal jurisdiction of copyright.\textsuperscript{196} An amendment to the Mexican Constitution would elimi-

\textsuperscript{186} Id. art. 4.
\textsuperscript{187} Id. arts. 135-144.
\textsuperscript{188} "\textit{Fin de lucro}" (profit motive) exists whenever one who uses a work intends, directly or indirectly, to earn an economic benefit from its use. Id. art. 75.
\textsuperscript{189} Id. art. 135(I)-(III).
\textsuperscript{190} Id. art. 137.
\textsuperscript{191} Id. arts. 142, 142\textsuperscript{bis}.
\textsuperscript{192} IIPA, \textit{TRADE LOSSES}, supra note 54, at 1-2 (implying that under such a provision, an individual making copies of original software for free would not be violating the law).
\textsuperscript{193} FLAR, \textit{supra} note 87, art. 143.
\textsuperscript{194} \textit{MOTION PICTURE EXPORT ASSOCIATION OF AMERICA, COMMENTS OF THE MOTION PICTURE EXPORT ASSOCIATION OF AMERICA ON THE NORTH AMERICAN FREE TRADE AGREEMENT 2 (1993) [hereinafter MPEAA].}
\textsuperscript{195} Id.
\textsuperscript{196} Id. Article 73(X) currently states that the Mexican Congress has the power to legislate on various issues, including the motion picture industry. \textit{MEX. CONST.} art. 73(X).
nate many of the current "frivolous or unnecessary legal challenges to the law." The motion picture industry has also indicated that "Mexico should amend its copyright laws to clearly indicate that corporate producers of audiovisual works are recognized as copyright holders." Additionally, the motion picture industry has stressed that the U.S. government urge the Mexican government to signal that it has the political will to enforce the laws that exist. The Mexican response to these complaints, however, is that copyright is currently protected under Mexican law and the Mexican Constitution, and therefore no change is needed.

The theft and retransmission of satellite signals by cable and multichannel multipoint distribution systems ("MMDS") is also of great concern to the U.S. motion picture industry. One problem is that the Mexican National Authors' Society Federation ("FEMESAC") has made agreements with many of Mexico's cable and MMDS systems for ancillary rights, although these groups have not obtained licenses for the performances of the works shown. FEMESAC has also confirmed that this broader license was intended. The U.S. motion picture industry has encouraged the Mexican government to actively exercise its regulatory and oversight powers to prevent illegal transmission of these signals and to enforce copyright laws.

E. Patents

Under Mexican law, a patent is a grant that gives its owner the exclusive right to exploit an invention, either personally or through

---

197. MPEAA, supra note 194, at 3.
198. Id.
199. Id.
200. Id.
201. Id.
202. Id.
203. Id.
204. Id.
205. Id.
others with the owner’s consent. Mexican law defines an “invention” as any human creation which permits the transformation of matter or energy in nature for human use “through the immediate satisfaction of a specific need.” Mexico follows the “first-to-file” rule, by which a patent is valid from the date of its filing, up to twenty non-extendable years. If the application is rejected, a petition for reconsideration can be filed with the Ministry. Should the rejection be confirmed, an *amparo* suit may be filed with a Federal District Court. This decision is subject to review by the Federal Circuit Courts.

The “first-to-file” rule—typified in the IPL—contains several loopholes that allow infringers to evade enforcement of another’s patent rights. For example, trade-related border enforcement is hampered by an exemption that permits the use of patented goods in commerce within Mexico. This exemption sanctions the parallel importation into Mexico of patented products, such as gray goods manufactured or sold by the patentee, foreign licensees, or pirates in Mexico or abroad.

The IPL allows persons besides the registered patent owner to obtain compulsory licenses. A compulsory license will be extended if the patent has not been worked in Mexico within four years from the filing date of the application or three years from the

---

206. IPL, supra note 80, arts. 9-10.
207. Id. art. 16. Computer programs are not subject to this law. Id. art. 19.
208. Id. art. 23. Under the IPL, patent terms for pharmaceutical processes could be extended for another three years if the owner granted an exploitation license to a corporation with a majority of Mexican capital. Id. Under the 1994 IPL revisions, however, the additional three year term for patents owned by Mexican companies was eliminated. IPL Reforms, supra note 80, art. 23.
209. IPL, supra note 80, arts. 200-202.
211. Id.
212. IPL, supra note 80, art. 22(II). The same applies to utility models (art. 29) and industrial designs (art. 36).
213. Id.
214. Id. art 70.
granting of the patent, or for reasons of public interest where the production, supply, or distribution would be hampered.\textsuperscript{215}

Protection is also extended to utility models. These are objects, utensils, apparatuses or tools that—as a result of a modification in their arrangement, configuration, structure or form—have a different function with respect to the component parts or are used in a novel manner.\textsuperscript{216} The registration of such models does not require the "inventive step" element of invention patents; capability of industrial application is sufficient.\textsuperscript{217} The term of protection for utility models is ten years from the date of the filing of the application.\textsuperscript{218} Industrial designs that are capable of industrial application and are original in Mexico are protected for fifteen years.\textsuperscript{219} These designs include industrial drawings (incorporated into industrial products for ornamentation or appearance) and industrial models (three-dimensional products).\textsuperscript{220}

The sale and use of non-patented products, falsely represented as patented, is punishable as an administrative infringement under Mexican law.\textsuperscript{221} This arises, for example, when a patent has expired or been declared void. In such cases there is a grace period of one year to cease making reference to the patent.\textsuperscript{222} More egregious infringements are punishable as criminal offenses. These can include the unauthorized or unlicensed manufacture of products protected by a patent or registration, use of patented processes, or reproduction of registered industrial designs.\textsuperscript{223}

\textsuperscript{215} Id. On compulsory licensing of patents, see Gretchen A. Pemberton & Mariano Soni, Jr., Mexico's 1991 Industrial Property Law, 25 CORNELL INT'L L.J. 103, 122 (1992) (stating that apparently no compulsory license has ever been issued and most Mexican patent attorneys are not concerned that such licenses will be granted in the future); HUFBAUER & SCHOTT, supra note 56, at 175-76 (stating that despite its restriction of licensing activity, the United States remains concerned). The United States does not grant compulsory licenses for patents.

\textsuperscript{216} IPL, supra note 80, art. 28.

\textsuperscript{217} Compare id. art. 15 with id. art 27.

\textsuperscript{218} Id. art. 29.

\textsuperscript{219} Id. arts. 31, 36.

\textsuperscript{220} Id. art. 32.

\textsuperscript{221} Id. art. 213(I).

\textsuperscript{222} Id.

\textsuperscript{223} Id. art. 223.
In the United States, the standards for patentability are different and a patent can issue for any process, machine, manufacture or composition of matter—as well as their improvements—that satisfies the requirements of novelty, usefulness, and non-obviousness.224 A patent grants the legal right to the patentee to exclude others from making, using, or selling the invention in the United States.225 Due to this broader scope of patent protection, more patents of invention are granted in the United States than in Mexico.226 The length of a U.S. patent lasts for a non-renewable period of twenty years.227

After a patent application is filed, an initial examination is made.228 If the application is rejected, the applicant may request a reexamination.229 Once a claim has been rejected twice, an appeal can be filed with the Patent Office’s Board of Appeals.230 The decision of the Board of Appeals can be appealed to the federal courts.231

Design patents may be granted for manufactured articles that satisfy the requirements of novelty, originality and non-obviousness.232 Plant patents grant an exclusive right to reproduce a distinctively different plant.233 Distinctiveness substitutes for the usefulness requirement in this case, but an applicant still must demonstrate novelty and non-obviousness.234

227. Patents used to issue for seventeen years, but on December 8, 1994, Congress enacted the Uruguay Round Agreement Act, supra note 61, § 532, which amended 35 U.S.C. § 154 (1988) so that patents are now valid for twenty years from the date of filing.
231. The case can be heard either by the U.S. Court of Appeals for the Federal Circuit or the U.S. District Court for the District of Columbia (in which case the parties reserve their right to review by the Court of Appeals, and later by the Supreme Court).
See JOYCE, supra note 154, § 7.10 (describing the judicial review process).
234. 35 U.S.C. § 161 (patent may issue subject to the conditions and requirements of tit. 35).
U.S. patent law recognizes direct, indirect and contributory infringements.\textsuperscript{235} Direct infringement is the unauthorized manufacture, use, or sale of a patented product.\textsuperscript{236} Indirect infringement refers to the inducement of a buyer to make, sell or use a patented product.\textsuperscript{237} Contributory infringement occurs when a person knowingly sells a product which has a patented component.\textsuperscript{238}

F. Trademarks and Trade Secrets

In the United States, a trademark can be a word, symbol or device used in conjunction with a product or service brand to distinguish the goods from those of others.\textsuperscript{239} Prior use,\textsuperscript{240} or an intent to use the mark\textsuperscript{241} is required when applying for a registration.\textsuperscript{242} A trademark is infringed when one uses a mark in a manner likely to cause confusion as to the source of the goods or services.\textsuperscript{243} Intentional deception concerning products that amounts to unfair competition is also actionable and gives rise to claims under section 43(a) of the Lanham Act.\textsuperscript{244} Importation of goods into a “gray market” by an unrelated competitor is also forbidden.\textsuperscript{245}

A Mexican trademark is defined by the IPL as any visible sign that distinguishes products or services from others of the same kind or class in the market.\textsuperscript{246} Registration of a trademark gives the owner the right to its exclusive use after it has been registered with the Ministry.\textsuperscript{247} Items which can be registered as trademarks are figures and names that sufficiently distinguish a product or service from others of the same kind, three-dimensional forms (not in the public domain or descriptive of the product or service they protect),

\begin{footnotes}
\item[246] IPL, supra note 80, art. 88.
\item[247] Id. art. 87.
\end{footnotes}
and corporate or individual names not previously registered as trademarks.  

Unlike U.S. law, Mexican law does not punish the "good faith" use by a third party of a trademark up to three years before the filing of the trademark application, nor does it punish the importation and marketing of a trademark by persons other than the owner. It will, however, be an administrative violation if one uses signs not actually registered as trademarks on products or services, or if one makes an unauthorized use of a trademark to induce confusion in products or services of the same kind as a registered trademark or in a trade name related to the products or services. The use by a licensee of a licensor's trademark as its corporate name is also punishable. Criminal offenses include the unauthorized use of a registered trademark in products similar to those to which the trademark applies. It is also a crime to offer those products and goods with altered, substituted or removed trademarks. Trade secrets are also protected and the unauthorized revelation of, possession of, or use of a trade secret, with the purpose of obtaining a profit, is a criminal offense.

G. Enforcement in General

Unlike other areas of U.S. intellectual property enforcement, copyright infringement is punishable by up to five years imprisonment for a first offense, ten years for a second offense, and a
$250,000 fine.\textsuperscript{256} Criminal penalties are enforced, however, only in cases of willful infringement and when "purposes of commercial advantage or private financial gain" exist.\textsuperscript{257} Seizure, forfeiture and destruction of illegal copies are mandatory upon conviction.\textsuperscript{258} Courts can also issue and modify injunctions in copyright matters to prevent or restrain infringement.\textsuperscript{259} A fair license fee may be ordered instead of a full injunction for innocent infringers who relied upon the absence of a copyright notice.\textsuperscript{260}

Under 17 U.S.C. § 504(a), a copyright holder is entitled to actual damages plus additional profits upon a showing of infringement.\textsuperscript{261} Profits should be added to actual damages only if they were not taken into account in computing the actual damages.\textsuperscript{262} A plaintiff may also claim statutory damages between $500 and $20,000.\textsuperscript{263} Innocent infringers can have the sum reduced to not less than $200, while willful infringement can be penalized by a fine of up to $100,000.\textsuperscript{264} The plaintiff can elect to claim statutory damages in lieu of actual damages.\textsuperscript{265} A preliminary injunction can be granted to impound allegedly infringing copies and the equipment used to produce them, and upon final judgment the infringing copies and the equipment can be destroyed.\textsuperscript{266}

A fertile area of copyright infringement is motion picture piracy, which usually does not end in litigation. When the Federal Bureau of Investigation ("FBI") investigates an infringement claim, the plaintiff requests a cease and desist order, and the copyright

\textsuperscript{257} 17 U.S.C. § 506(a) (1988).
\textsuperscript{258} 17 U.S.C. § 506(b) (1988).
\textsuperscript{261} 17 U.S.C. § 504(a) (1988).
\textsuperscript{262} 17 U.S.C. § 504(b) (1988).
\textsuperscript{264} 17 U.S.C. § 504(c)(2) (1988).
pirates usually pay the fine without objection.267 Should the case be litigated, the plaintiff must first obtain an *ex parte* writ of seizure from a federal district court.268 FBI investigators then send a U.S. Marshall to seize the pirated tapes, conduct an on-site search of the premises, and assess the amount of damages.269

In patent infringement cases, a judge can award damages greater than a reasonable royalty, in addition to interest, for the use made of the invention by the infringer.270 The damages can be trebled in cases of willful infringement,271 but this severe punishment compensates for the lack of criminal penalties in U.S. patent law.272

Judges can grant injunctions when the patent owner proves immediate and irreparable harm, and a substantial likelihood of success on the merits at trial.273 Due to the high standard of proof, however, injunctions are rarely granted in patent infringement cases.274 Injunctive relief and treble damages, on the other hand, are often made available for trademark infringement.275 These damages are meant as compensation for commercial loss, and not as punitive damages.276 In trademark cases, the successful plaintiff is entitled to the infringer's profits and it is the infringer who bears the burden of differentiating profits from income applied against expenses.277 The trademark holder, thus, can recover the profits gained from the unlawful use of the mark by another. A court, however, has discretion to award an amount different from that stated by the

---

268. Id.
269. Id.
271. Id.
277. Id.
parties in order to fully compensate the plaintiff.\textsuperscript{278}

Injunctive relief is also a viable remedy in Mexico, and is often used by the music industry. Performers can petition a court to prevent the unauthorized use, recording or broadcasting of their performances.\textsuperscript{279} Producers of phonograms have similar rights with respect to their productions for a period of fifty years after the original grant.\textsuperscript{280} The copyright holder can also request actual damages when infringement occurs.\textsuperscript{281} Additional measures available include attachment of an “electro-mechanical apparatus” and the right of owners to claim profits from unauthorized performances.\textsuperscript{282}

Willful copyright violations are punishable in Mexico by up to six years imprisonment and a fine of 300 days of minimum wage.\textsuperscript{283} Criminal courts can hear infringement cases and can also order the seizure of instruments used in the violations.\textsuperscript{284} While the prosecution of some offenses against government authors or the enforcement of moral rights are prosecuted \textit{ex officio}, most require a complaint from the affected right holder.\textsuperscript{285}

The Author’s Rights Directorate can impose fines for copyright infringements that are not punished by imprisonment.\textsuperscript{286} Directorate administrative decisions are subject to reconsideration before the Public Education Secretary.\textsuperscript{287} The Directorate also provides for arbitration of copyright controversies, which can be reviewed only by an \textit{amparo} suit.\textsuperscript{288} The Ministry of Commerce and Industrial Development, through its Directorate of Techological Devel-

\textsuperscript{278} Id.
\textsuperscript{279} FLAR, \textit{supra} note 87, arts. 87, 88(I)-(II).
\textsuperscript{280} Id. arts. 87\textsuperscript{280}, 88(I)-(III).
\textsuperscript{281} Id. art. 88. Damages are established according to the C.C.D.F. (Código Civil para el Distrito Federal) [Civil Code of Mexico] art. 1912. \textit{Id.} There is a provision to indemnify such damage if it is proved that the right was exercised merely for the purpose of causing the damage, without profit to the owner of the right.
\textsuperscript{282} FLAR, \textit{supra} note 87, art. 146.
\textsuperscript{283} Minimum wage fines were established because hyperinflation rendered previous fines insignificant in dollar terms. \textit{See} FLAR, \textit{supra} note 87, arts. 135-42.
\textsuperscript{284} FLAR, \textit{supra} note 87, arts. 147, 150.
\textsuperscript{285} Id. art. 144.
\textsuperscript{286} Id. art. 143.
\textsuperscript{287} Id. art. 157.
\textsuperscript{288} Id. art. 133.
opment, is also responsible for the administrative enforcement of industrial property. Pursuant to the 1994 IPL reforms, the Ministry has been renamed the Mexican Institute of Industrial Property. The Institute carries out inspections and imposes reporting requirements upon businesses, the violation of which are punishable with fines, the closing of the infringing establishment, and administrative arrest for a maximum of thirty-six hours. Using a device similar to a preliminary injunction, an inspector can impound items related to violations of industrial property laws as a precautionary measure. If a criminal offense is involved, the Attorney General’s Office takes over the investigation.

In criminal offenses concerning industrial property, the Attorney General’s Office initiates proceedings ex officio and can carry out precautionary measures according to the Criminal Procedure Code. A court can impose up to six years imprisonment or a fine of up to 10,000 times the local minimum wage against a guilty defendant. The injured right holder can also sue for actual damages. Damages can also be obtained against users of products whose patents are still effective, individuals or corporations which illegally leak or obtain industrial secrets, and users of previously registered trademarks. Interested parties can initiate nullity actions to cancel patents that should not have been issued (e.g., because they lack novelty), against registered trademarks that violate the IPL (e.g., fraud in procuring trademark; improper

289. IPL, supra note 80, art. 1. The IPL establishes special rules for an administrative proceeding. Id. arts. 179-186.
290. IPL Reforms, supra note 80, art. 1.
291. IPL, supra note 80, art. 203. Compare id. with CESAR SEPULVEDA, EL SISTEMA MEXICANO DE PROPIEDAD INDUSTRIAL 202-03 (1989) (stating that the inspection can be avoided by filing for an amparo suit).
292. IPL, supra note 80, art. 214.
293. Id. art. 211.
294. Id.
295. Id. art. 225.
296. Id. art. 224.
297. Id. art. 226.
298. Id. art. 24.
299. Id. art. 86.
300. Id. art. 91.
301. Id. arts. 78-79.
use of trademark), and improperly used denominations of origin.

H. Enforcement Developments

In addition to statutory and common law protection of intellectual property, nations have a variety of other avenues available to aid enforcement of intellectual property protection on an international level. Trade sanctions, commerce policy, and most favored nation status are among the available tools.

1. United States

The imposition of trade sanctions has proven to be a powerful tool in achieving additional protection for U.S. intellectual property abroad. Under section 301 of the Trade Act of 1974, the United States Trade Representative ("USTR") has discretion to initiate an investigation into protectionist trade practices of other countries. Once the investigation is initiated, the USTR is obligated to take action against unjustifiable protectionist practices. While this form of retaliatory action is largely discretionary, section 301 requires increases in tariffs or the removal of preferential tariffs granted under the Generalized System of Preferences ("GSP"). Other low-tariff programs of hemispheric relevance contain provisions that require beneficiary countries to give adequate and effective intellectual property protection to U.S. works. Due to the increased priority given to intellectual property protection, the "role of the USTR has now superseded the role of the Department of

302. Id. arts. 151-55.
303. Id. arts. 176-177.
State and the U.S. Customs Service."\textsuperscript{308}

The Special 301 provisions of the 1988 Trade Act require the USTR to identify countries that deny either fair and adequate protection to intellectual property, or market access to U.S. intellectual property holders.\textsuperscript{309} The USTR must then determine which of these countries belong on the annual "Priority Watch List."\textsuperscript{310} In May 1989, Mexico was placed on this list.\textsuperscript{311} Following President Salinas' plan to modernize Mexico's intellectual property laws, Mexico was removed from this list in early 1990.\textsuperscript{312}

Congress enacted section 337 of the Tariff Act of 1930\textsuperscript{313} as an instrument to investigate unfair competition complaints and ban the importation of infringing goods. The 1988 amendments improved the use of the Act as a patent enforcement instrument by easing the burden of establishing an infringement.\textsuperscript{314} Both the U.S. Interna-

\textsuperscript{308} See Leaffer, supra note 118, at 295-96 (discussing the role of the USTR). The Department of State sponsors negotiations covering international agreements on intellectual property. \textit{Id.}


\textsuperscript{310} 19 U.S.C. § 2242(a) (1988 & Supp. IV 1992). 19 U.S.C. § 2411 (1988) provides that if the rights of the United States under any trade agreement are being denied; or if any act, policy, or practice of a foreign country violates or is inconsistent with provisions of, or otherwise denies benefits to the United States under any trade agreement, then the USTR can take appropriate retributive measures. These measures include the suspension, withdrawal, or prevention of the application of, or benefits of, trade agreement concessions; the imposition of duties or import restrictions on the goods of such foreign country for such time as the USTR deems appropriate; and the USTR's ability to enter into binding agreements with such foreign country to phase out such policy or act. 19 U.S.C. § 2411(c)(1)(A)-(C) (1988).

\textsuperscript{311} \textit{Hearings on Fast Track, supra note 1, at 17 (statement of U.S. Trade Representative Carla Hills).}

\textsuperscript{312} \textit{Id.} at 19. In Latin America, Brazil is currently on the Priority Watch List. \textit{Intellectual Property Rights, supra note 49, at *2. Argentina, Chile, Colombia, Ecuador, El Salvador, Guatemala, Paraguay, Peru and Venezuela are on a Watch List for less severe offenders. \textit{Id. The Presidential Advisory Committee for Trade Policy and Negotiations applauded "the unprecedented progress in intellectual property protection that was achieved in regard to Mexico." UNITED STATES TRADE REPRESENTATIVE, supra note 116, at 189.}


\textsuperscript{314} \textit{See Robert G. Krupka et al., Section 337 and the GATT: The Problem or the
tional Trade Commission ("ITC") and the federal district courts have jurisdiction over section 337 cases. ITC proceedings provide injunctive relief through exclusion and cease and desist orders. Under general exclusion orders, the importation of all goods of a particular type can be banned.

Trade associations have been very active in taking initiatives to prevent intellectual property infringement in Mexico and the United States. In the NAFTA negotiations, they linked their support of the agreement to improvements in intellectual property enforcement. Trade associations have persistently complained about the failures of the Mexican enforcement system and, at least in the recent political environment, the Mexican government has been attentive to these complaints.

Through complaints filed with Mexican associations, U.S. groups have requested the enforcement of injunctive measures against copyright pirates. Associations in the United States also have been active in establishing educational programs for Mexican associations and Mexican enforcement officers.

---


317. Id. These blanket exclusions are rarely issued because of the requirement proving that foreign manufacturers are attempting to import infringing products into the United States. See Krupka, supra note 314, at 802-03 (commenting on the practice of section 337 proceedings).


319. See Robberson, supra note 95 (reporting that U.S. companies have presented their complaints about the Mexican intellectual property situation before U.S. Representatives dealing with NAFTA).

320. In 1992, the IIPA requested the inclusion of Mexico in the section 301 Watch List. See Smith, supra note 49.

321. Robberson, supra note 95. Mexican political scientists concluded that the improved enforcement was a desperate effort to win congressional votes for NAFTA. Id. Ronald Brown, U.S. Commerce Secretary, said that it was not inappropriate for Congress to use NAFTA as a lever for Mexican reform. Id.

322. See generally part II (discussing U.S.-Mexican judicial action).

323. For example, the BSA—along with its Mexican counterpart, the Association of the Computer Program Industry ("ANIPCO")—has engaged in a campaign to combat the
Additionally, individual U.S. rightholders can further their interests by energetically marketing their works to less developed countries in a timely manner and at realistic prices. As suggested by U.S. copyright officials, this approach can be achieved by licensing works to domestic publishers. This approach is especially relevant in the computer software field, as technical support and upgrades provide incentives for end-users to use original works instead of low quality pirated copies.

2. Mexico

In spite of broad statutory protection for intellectual property in Mexico, enforcement efforts in Mexico are hampered by the lack of human and technical resources at the agencies responsible for the enforcement of intellectual property protection. Before the 1991 reforms, thirty patent and trademark examiners (compared with 1,500 in the United States) were in charge of processing applications and enforcing Mexican intellectual property laws. In fact, there were only ten trademark examiners in Mexico as compared to 200 in the United States. The cost, duration and uncertainty of proceedings led to few infringement cases being brought and frequent out-of-court settlements.

After the enactment of the IPL in 1991, the Directorate of Technological Development emphasized its heightened awareness

---

324. U.S. COPYRIGHT OFICE, TO SECURE INTELLECTUAL PROPERTY RIGHTS, supra note 103, at 51 (discussing ways of accommodating developing countries within the international copyright system).
325. See supra parts III.C. to III.G.
327. Id. at 6-7.
328. Id. at 6-10.
of intellectual property rights by pointing to a record number of 591 disputes in 1992, as well as a program to remove illicit goods from circulation.\textsuperscript{329} Lack of resources, however, is still a problem for Mexican authorities. For example, trademark searches must still be done manually because filings are not computerized.\textsuperscript{330} In response to criminal complaints filed by Mexican and U.S. copyright owners, the Attorney General’s Office is currently active in the seizure of illegal copies.\textsuperscript{331} In April 1992, a Special Branch for Property and Intellectual Property Crimes of the Attorney General’s Office was created.\textsuperscript{332}

Mexican authorities, however, have been working to reverse Mexico’s perceived status as a persistent violator of intellectual property rights. To demonstrate the authorities’ emphasis on increased legal protection of intellectual property rights, the media has covered raids of businesses engaged in intellectual property violations and the seizure of their illegal products.\textsuperscript{333} The raids involved the inspection of the hardware located on the premises and the seizure of non-original diskettes in order to determine if copyright infringement occurred.\textsuperscript{334} The Attorney General has also designated additional experts in the field of computer science to overcome a lack of expertise in that area.\textsuperscript{335} Smaller vendors of

\textsuperscript{329} See Smith, \textit{supra} note 49, at *2 (statement of Mexican government spokesperson on enforcement advances). Mexican trademark officials claim to have seized $3 million in illegal goods. \textit{Id.}
\textsuperscript{330} \textit{Id.} at *4.
\textsuperscript{331} \textit{BSA and ANIPCO Announce First Legal Action, supra} note 323, at 2 (reporting on a seizure of illegal copies of software at Hoechst company).
\textsuperscript{332} \textit{Id.}
\textsuperscript{333} On March 8, 1993, President Carlos Salinas was present at the destruction of thousands of video and audio tapes. \textit{See Government to Provide Copyright Advice and Prosecute Violators,} \textit{supra} note 96. The Attorney’s General’s Office has conducted raids of the national airline, a German chemical company, and hardware dealers. \textit{See BSA and ANIPCO Announce First Legal Action, supra} note 323, at 1-4 (reporting on the raid at Hoechst company). A fine of $275,000 was imposed on Group Nacional Provincial insurance company. \textit{See Robberson,} \textit{supra} note 88 (reporting on raids of computer dealers).
\textsuperscript{334} \textit{See generally BSA and ANIPCO Announce First Legal Action, supra} note 323, at 2.
\textsuperscript{335} In a raid against Hoechst Chemicals in Mexico City on Oct. 21, 1992, the Attorney General was accompanied by eleven technical experts in computer science. \textit{Id.}
pirated motion pictures and sound recordings have also been targets of Mexican authorities. The seizures have, at the same time, revealed several shortcomings of Mexican enforcement efforts. At times, for example, financial assistance from complainants is necessary to carry out these actions successfully. The seizures, however, are only pre-trial measures to gather evidence; a lengthy trial still follows.

Still, the recent increased enforcement efforts have had several positive results. The increased coverage and publicity of these governmental actions sends a message to less sophisticated and "innocent" infringers that illegal copying will not be tolerated and makes end-users desist from future copying. The copyright owner is also aided by the permanent disposal and destruction of illegal copies, which removes them from the marketplace where they would otherwise deprive intellectual property owners from income.

In 1992, almost eight million pirated units were seized by Mexican law enforcement, primarily by the Attorney General’s Office. This effort represented the highest level of seizures of any country in the world. The Mexican government is determined to stop the piracy of sound recordings, as the government loses $85 million annually in tax revenues to illegal activities.

As a result of encouragement from U.S. officials, U.S. publishers have actively pursued their own enforcement efforts and initiated judicial actions against pirates in Mexican courts. By filing

---

336. See generally Scott & Belsie, supra note 58.
337. See Smith, supra note 49, at *2. Nintendo claims it was rebuffed by the Patent Office in procuring assistance for closing down an operation that secured registration of Nintendo’s Super Mario trademark and produced games under that name. Id. A successful raid was conducted by the Attorney General’s Office after Nintendo gave financial assistance for the enforcement action. Id.
339. Id.
340. Id.
341. See generally BSA and ANIPCO Announce First Legal Action, supra note 323. The BSA has been extremely active in combating illegal copyright infringement, having brought hundreds of suits worldwide on behalf of its members. See Mark Trumbull, Software Piracy Grows, As Do Efforts to Stop It, CHRISTIAN SCIENCE MONITOR, Dec. 7, 1993, at 9.
joint complaints on behalf of their members, publishers' associations from Mexico and the United States have also been active in this area. Due to the slow and burdensome nature of the Mexican legal system, intellectual property owners have emphasized resort to precautionary measures by the Attorney General's Office. As an alternative to litigation, the government has announced the establishment of a special tribunal to handle domestic and international disputes over intellectual property matters.

The leading group in support of educational efforts is ANIPCO. Its activities have resulted in Mexico's stricter penalties for intellectual property violations. ANIPCO offers its expertise in computer matters in order to help companies comply with copyright laws; this usually involves companies regularly auditing their software and developing effective internal controls. This discourages employees from copying company software without authorization. Outside of the corporate environment, ANIPCO reaches individual users by placing advertisements in newspapers to raise awareness about the illegal nature of software copying. Individuals can also report cases of piracy to ANIPCO's piracy hotline.

Another active area where education is used is the mo-

342. Smith, supra note 49, at *2 (comments of Lynn E. Hvalsoe, counsel for Nintendo of America, on Mexico's lack of the means necessary to deal with most intellectual property violations).

343. During 1992, the U.S. Motion Picture Exporters Association of America initiated a criminal action against the main microwave multipoint distribution system in Guadalajara and settlement was reached. IIPA, TRA des, supra note 54, at 112.

344. See Creation of New Foreign Trade Court Suggested, Notimex Mexican News Service, June 28, 1992, available in LEXIS, News Library, Notimex file (reporting on proposal by Mexican Chamber of Commerce of new tribunal); Government to Provide Copyright Advice and Prosecute Violators, supra note 96 (reporting on plans by the Mexican government to install new tribunal).

345. ANIPCO is a Mexican organization which consists of approximately 200 Mexican and foreign manufacturers and distributors of computer software. See BSA and ANIPCO Announce First Legal Action, supra note 323, at 3 (explaining activities of ANIPCO).


347. BSA and ANIPCO Announce First Legal Action, supra note 323, at 3.

348. Id.

349. Id.
tion picture industry. The Motion Picture Exporters Association of America ("MPEAA") conducts educational and training programs for police, prosecutors, and copyright experts.\textsuperscript{350} Through its "Quit-claim" program, the MPEAA collects fees from Mexican cable systems and distributes the funds to U.S. program suppliers.\textsuperscript{351} 

As part of the official campaign against intellectual property violations, the Mexican Institute of Industrial Property was created\textsuperscript{352}. It provides advice to businesses regarding patent and trademark affairs for Mexican businesses and the Commerce and Industrial Development Ministry.\textsuperscript{353}

Even though Mexico has advanced in many areas of intellectual property enforcement, compensation to injured rightholders remains ineffective. Although FLAR provides that the copyright owner should be compensated for no less than forty percent of the sales price to the public for each copy sold, judges have generally awarded very low recoveries, which have subsequently been characterized as ineffective.\textsuperscript{354} Furthermore, current prison sentences are viewed as inadequate because the individual is typically released on probation rather than serving the entire length of the sentence.\textsuperscript{355} The U.S. motion picture industry has expressed support for increased penalties for violations of Mexican copyright law to indicate a heightened commitment to copyright enforcement.\textsuperscript{356} It still remains to be seen, however, whether Mexican law enforce-

\begin{itemize}
\item \textsuperscript{350} IIPA, TRADE LOSSES, supra note 54, at 112.
\item \textsuperscript{351} See IIPA, TRADE LOSSES, supra note 54, at 112 (explaining the Quitclaim program). To eliminate the unauthorized interception and retransmission of programming from U.S. broadcasters by Mexican cable systems, Quitclaim allows cable operators to legally retransmit non-premium programs. \textit{id.} U.S. broadcasters in the program agree not to take legal action for unlicensed use of programming. \textit{id.} Seventy-two percent of Mexican cable systems have signed up for the program, covering more than 350,000 subscribers. \textit{id.}
\item \textsuperscript{352} IPL, supra note 80, art. 7.
\item \textsuperscript{353} See Government to Provide Copyright Advice and Prosecute Violators, supra note 96.
\item \textsuperscript{354} MPEAA, supra note 194, at 4. The law also gives judges the discretion to set an amount of actual damages, based on an estimate by experts, that is lower than the forty percent when the exact number of illegal copies cannot be determined. FLAR, supra note 87, art. 165.
\item \textsuperscript{355} MPEAA, supra note 194, at 4.
\item \textsuperscript{356} \textit{id.}
\end{itemize}
ment and prisons can handle the thousands of street vendors of pirated tapes in Mexico City alone. The difficult economic start of the Zedillo administration, the widespread political malaise in Mexico, and the problems of Mexico in meeting U.S. and global competition may make the Zedillo administration reluctant to crack down too severely on the informal economy of the street vendors selling pirated goods.

IV. INTERNATIONAL COOPERATION

In the international arena, intellectual property enforcement is generally provided in bilateral or multilateral treaties. Bilateral cooperation is most often found in joint activity and education of domestic enforcement agencies. Multilateral cooperation shares these traits, but is further augmented by efforts which seek to solve problems affecting larger geopolitical regions.

A. Bilateral Cooperation

Bilateral cooperation is premised on a wide array of cooperations—both in substantive and in procedural matters—between two sovereign parties. Some of these mechanisms work better than others. For instance, in the area of extradition, countries cooperate through informal methods such as deportation or even kidnapping rather than extradition.

In addition, the training of intellectual property officials is increasingly being used as a means of exchanging...
ing information about intellectual property law, culture and transfer of technology.

For the prosecution and investigation of criminal cases, the United States and Mexico have signed the Mutual Legal Assistance Treaty ("MLAT"). The treaty provides for judicial assistance in the investigation and prosecution of criminal cases in such areas as taking testimony, obtaining documents, and executing searches and seizures. The treaty applies only to criminal matters and does not contain provisions that expressly apply to intellectual property. While only copyright piracy crimes carry criminal penalties in the United States, many intellectual property violations in Mexico can be criminally prosecuted.

The Mexico-United States Extradition Treaty contains a list of offenses considered extraditable, including violations of customs laws. The principle of "double criminality" guides this treaty: offenses are punishable by up to one year of imprisonment in accordance with the domestic laws of both states. This requirement limits the effectiveness of bilateral cooperation because it makes the treaty applicable only to violations of intellectual property law that are prosecuted as crimes, such as copyright piracy.

Article 19 of the treaty provides for the surrender of property to a requesting state. This surrender is conditioned upon the return of the property to the requesting state. In the case of intellectual property, a claimant might find it more desirable to destroy and dispose of illegal copies and the devices used for their manufacture.

The absence of specific enforcement cooperation agreements in the field of intellectual property stands in stark contrast to the exis-
tence of agreements on customs, tax, environmental and narcotics matters. In the environmental area, the 1983 Border Agreement provides a framework for cooperation between the United States and Mexico to control pollution within their common borders.\[^{366}\] The agreement establishes work groups which address different types of pollution and respond to accidents and enforcement.\[^{367}\] The enforcement group focuses on areas essential to any joint enforcement effort: (1) exchange of information; (2) compatibility of data processing systems; (3) new methods used by infringers; (4) training and exchange of personnel; and (5) sharing of facilities.\[^{368}\] A joint initiative on intellectual property enforcement could be based on such methods and carried out between investigative agencies such as the PGR and the FBI.

In a step to increase cross-border enforcement of intellectual property rights, the International Copyright Institute ("ICI") has trained and educated Mexican and other Latin American officials.\[^{369}\] The ICI provides training for high level officials from developing and newly industrialized countries. It also creates contacts for foreign and U.S. government officials and copyright experts, which can later be utilized to resolve bilateral copyright problems.\[^{370}\] The ICI also encourages the development of effective intellectual property laws and enforcement overseas.\[^{371}\] While in Washington, Mexican and other foreign officials learn how the U.S. Copyright Office, the Copyright Royalty Tribunal, and the U.S. Customs Service operate.\[^{372}\] The ICI demonstrates the important roles played by Congress, the courts, and the private sector in building a strong


\[^{367}\] Zagaris, supra note 40, at 69.

\[^{368}\] Id. at 93 (discussing functions of the Mexico-United States Cooperative Enforcement Strategy Working Group).

\[^{369}\] U.S. COPYRIGHT OFFICE, INTERNATIONAL COPYRIGHT INSTITUTE 3 (undated). The ICI was created in 1988 by Congress to promote improved copyright protection for U.S. creative works abroad. Id. at 1.

\[^{370}\] Id.

\[^{371}\] Id.

\[^{372}\] Id. at 3.
The training provided by the ICI may develop both the administrative skills and the technical knowledge necessary for the protection of intellectual property. Past training programs have included discussions on drafting laws, enforcement recommendations, and the philosophy and policy considerations for preparing legislation or amending current laws. The trainees participate in discussions with U.S. copyright experts on current international issues.

The training programs explore many issues including: piracy and enforcement; protection of computer software and databases; balancing the rights of authors and the needs of users; rental rights and parallel imports; collective administration of rights; and international licensing in copyrighted works. Participants in the ICI programs report on current information regarding the copyright systems of their countries, and this discussion increases U.S. awareness of the laws and policies of both government and private industry in other countries. The ICI has jointly sponsored several training programs with the World Intellectual Property Organization in Geneva.

B. Multilateral Cooperation

In addition to bilateral treaties, Mexico and the United States participate in most multilateral conventions on intellectual property protection. Disputes on intellectual property between many of

373. Id.
374. Id.
375. Id. at 3-4.
376. Id. at 4.
377. Id.
378. Id.
379. Id. at 5.
the countries reveal the major shortcomings of a multilateral approach.

Most conventions do not have substantive norms on important areas such as enforcement. Countries often rely solely on an article in a convention that binds contracting states to ensure effective protection, without entering into details of the means to protect owners' rights. Regulation is otherwise subject to local administrative law, which may be slow and cumbersome. While treaties in Mexico are self-executing and their rights readily available, the United States has conditioned its accession to international treaties, including the Berne Convention, on the passage of implementing acts.

New technologies are treated differently in different countries and do not receive uniform protection by convention signatories. The United States, for example, has promptly ratified treaties and passed laws on sophisticated technologies such as biotechnology and semiconductors. Mexico and most developing countries, on

---

acceded to the Rome Convention in May 18, 1964, but the United States still has not. The Rome Convention deals with neighboring rights and permits performers and broadcasters to prevent unauthorized fixation, reproduction, broadcasting, according to local law. Rome Convention, arts. 7, 13. The United States does not recognize neighboring rights. The United States became a party to the Geneva version of the UPOV Convention on November 8, 1981. Mexico is bound by NAFTA to ratify the UPOV Convention. Under the UPOV Convention, art. 30, convention countries will assure legal remedies for intellectual property rights to nationals of other convention parties.

381. See Leaffer, supra note 118, at 281 ("It is hardly surprising that Third World countries see little advantage in developing an elaborate and costly administrative mechanism to enforce the protection of intellectual property . . . . ").

382. Works from authors whose countries are members of the same conventions as Mexico are provided protection by FLAR to the extent not prohibited by those instruments. FLAR, supra note 87, art. 30. The IPL is applicable in Mexico to the extent established in conventions to which Mexico is a member state. IPL, supra note 80, art. 30.


the other hand, have been slow to act, perhaps hoping to achieve some parity with developed countries in those technologies before actively defending rights in those areas.

In the current global setting, developing countries have most of the votes in treaty-making bodies and have exerted their influence in recent revisions of intellectual property treaties. One example of this power is the right to the compulsory licensing of copyrighted works—a right which Mexico has used.\footnote{385} Developed countries, especially the United States, have, for their part, refused to ratify treaties that contradict their present legislation—sometimes making worldwide protection for their own rightholders more difficult. The United States, for example, has not ratified the Rome Convention, which gives rights to performers instead of producers, nor the Madrid Agreement on International Registration of Trademarks,\footnote{386} which establishes a worldwide first-to-file system, unlike the first-to-use system in the United States.\footnote{387}

Part of the weakness in a system of international treaties is that the treaties do not, in and of themselves, grant rights; rather, they obligate member states to ensure adequate and effective protection.\footnote{388} These treaties establish a system of minimum requirements that a country must provide to rightholders of foreign signatory states, but not necessarily to domestic rightholders in their own country.\footnote{389} Enforcement is still at the sole discretion of each individual state, and conventions do not establish any sanctions against

\footnote{385. See Universal Copyright Convention, Sept. 6, 1952, 6 U.S.T. 2731, as last revised, July 24, 1971, 25 U.S.T. 1341 [hereinafter UCC]. It entered into force in Mexico on October 31, 1975, and in the United States on July 10, 1974. Article V\footnote{386} allows for the compulsory licensing of copyrighted works for developing countries.


387. For a discussion on the U.S. reluctance to ratify the Rome Convention, see U.S. COPYRIGHT OFFICE, TO SECURE INTELLECTUAL PROPERTY RIGHTS, supra note 103, at 54-56. By registering a trademark in a Madrid member state, the rightholder can obtain multiple registrations in other member states. See Bruce P. Keller et al., National Laws Play a Role in International Protection, NAT'L. L.J., Dec. 14, 1992, at 19, 21. A rightholder from a non-member state, such as Mexico or the United States, would have to apply for registration in its own country, and then in a Madrid state to obtain international registration. Id.

388. Keller, supra note 387, at 23.

389. Id.
non-compliant members.

The main intellectual property treaties ratified by the United States and Mexico are the Berne Convention, the Universal Copyright Convention ("UCC") and the Paris Convention. The Buenos Aires Convention is a hemispheric intellectual property agreement ratified by both countries and has enforcement provisions. Other notable agreements include the Geneva Phonograms Convention and the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite.

1. Berne Convention for the Protection of Literary and Artistic Works

The Berne Convention is the oldest multilateral copyright convention in force and is currently administered by WIPO. It en-

---


391. UCC, supra note 385.


396. INTERNATIONAL TREATIES ON INTELLECTUAL PROPERTY 339 (Marshall A.
tered into force in 1887 and has since been revised five times. Mexico and the United States are both signatories of the latest text of the Berne Convention—the 1971 Paris revision. The Convention applies to “literary and artistic works” as well as other works such as compilations and derivative works. Article 16 provides that infringing copies of a work shall be subject to seizure in any country that is a party to the Berne Convention. The provision also applies to copies coming from a country where the work is not protected or has ceased to be protected.

Mexico, as a developing country, is given special rights under the Berne Convention. Article II of the Appendix authorizes governments to grant reproduction and translation licenses for educational and research purposes. Non-exclusive and non-transferable licenses can be granted by the Mexican government when the work in question is not readily available in Spanish.

The United States did not become a member of the Berne Convention until 1989. Prior to U.S. accession to Berne, U.S. companies had to publish works simultaneously in the United States and a Berne member country to achieve protection in all Berne


397. Id. at 339-41 (summarizing the basic provisions of the Berne Convention and listing the member states as of 1990).

398. The text states that “every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression.” See Berne Convention, supra note 390, art. 2(1).

399. Id. art. 16(1). The seizure shall take place in accordance with the legislation of the country in which it occurs. Id. art. 16(3).

400. Id. art. 16(2).

401. The Government of Mexico deposited a notification in which it declared that it would avail itself of the faculty provided for in arts. II and III of the Appendix to the 1971 Paris revision of the Convention. COPYRIGHT LAWS AND TREATIES OF THE WORLD, supra note 87. The declaration was effective on Oct. 10, 1974 and expired ten years from that date. Id.

402. Berne Convention, supra note 390, app. art. II.

403. Id. A similar provision exists in domestic Mexican law. See supra notes 183-184 and accompanying text.

countries. To comply with Berne, the United States had to amend domestic law in the area. Prior to acceding to Berne, notice of copyright was a requirement for protection. Failure to include notice no longer forfeits any rights; registration, however, is still necessary for initiating an infringement action under U.S. copyright law.

The WIPO Committee of Experts on a Possible Protocol to the Berne Convention has held three meetings to discuss changes to the Convention. Since its formation in November 1991, the Committee has focused on drafting a proposal to require signatories to the Berne Convention to criminalize commercial-scale copying. Passage of such a protocol would be a step in the direction of greater cooperation in transnational copyright protection.

2. Universal Copyright Convention

Although the Berne Convention is the main multilateral copyright convention, certain major countries objected to its provisions and developed the Universal Copyright Convention ("UCC"). Addressing the concerns of countries like the United States, the UCC requires notice of copyright for protection. Though the United States was a major force in the UCC, it withdrew from the Convention's administering body—UNESCO—and subsequently rescinded the treaty with its accession to Berne.

Like the Berne revision of 1971, the 1971 UCC version allows compulsory licensing for developing countries. Mexico renewed its licensing privilege as a developing country for an additional ten

---

405. This method is also known as "backdoor" protection. For background information on the United States' accession to the Berne Convention, see Joyce, supra note 154, § 11.01[D].
409. Id.
410. See UCC, supra note 385, art. Vbis.
years in August 1985.\textsuperscript{411} Responding to the needs of developing countries, UNESCO has developed programs of education, information and technical legal assistance to build up the intellectual property laws of these countries.

The UCC does not include specific enforcement measures; it states that contracting states must undertake such measures as are necessary to ensure the protection of the rights of authors and copyright owners under the UCC.\textsuperscript{412} The International Court of Justice has jurisdiction to settle inter-governmental disputes arising from the Convention.\textsuperscript{413} The states involved also retain all rights to utilize other methods of settlement.\textsuperscript{414}

When created in 1961, the UCC Intergovernmental Copyright Committee had to deal with piracy, specifically of Spanish books illegally reproduced in certain Latin American countries.\textsuperscript{415} At a subsequent UCC meeting in Washington, D.C., France joined in proposing the maintenance of a record of infringement cases that amounted to a systematic non-application of the copyright provisions.\textsuperscript{416} By 1971, however, the Committee had abandoned all efforts to deal with piracy.\textsuperscript{417}


The Buenos Aires Convention was signed in 1910 within the framework of the Inter-American Conference.\textsuperscript{418} For the purpose

\begin{enumerate}
\item \textsuperscript{411} \textsc{Copyright laws and treaties of the world, supra} note 87. The UCC Intergovernmental Committee ("IGC") decided that it was up to each state to evaluate the meaning of Mexico's notice of renewal. \textit{id}. The IGC also stated that in case of a dispute with another state, they would have to settle it according to the provisions of art. XV of the UCC. \textit{id}. It appears as if the application of the compulsory license renewal is presumed to be valid and subject to challenge by another country.
\item \textsuperscript{412} UCC, \textit{supra} note 385, art. X.
\item \textsuperscript{413} \textit{id}. art. XV.
\item \textsuperscript{414} \textit{id}.
\item \textsuperscript{415} \textsc{U.S. copyright office, to secure intellectual property rights, supra} note 103, at 44-46 (discussing the activities of the Committee).
\item \textsuperscript{416} \textit{id}.
\item \textsuperscript{417} \textit{id}. at 45.
\item \textsuperscript{418} Buenos Aires Convention, \textit{supra} note 393.
\end{enumerate}
of civil liability, the Convention established that the unauthorized appropriation or copying of a work would be considered an illegal reproduction.\textsuperscript{419} The prohibition also applied to the use of the work in literary reviews.\textsuperscript{420} All forged works can be seized in the contracting states where the original work is legally protected.\textsuperscript{421} Additionally, this remedy applies to the damages or criminal sanctions in the country where the forgery occurred.\textsuperscript{422}

A revised text of the Convention was signed in Washington, D.C. in 1946.\textsuperscript{423} The United States did not adhere to the new revision and to this day considers works regulated by the Buenos Aires Convention to have no special status.\textsuperscript{424} Today the Buenos Aires Convention applies to a dwindling number of pre-1950's, pre-UCC works. Eventually the Convention will no longer be useful, since all Latin American countries are members of the Berne Convention or the UCC.\textsuperscript{425} However, it appears as though the UCC does not affect the seizure provisions of the Buenos Aires and other hemispheric conventions.\textsuperscript{426}

\textsuperscript{419} See id. art. 13.
\textsuperscript{420} Id.
\textsuperscript{421} Id. art. 14.
\textsuperscript{422} Id.
\textsuperscript{423} Inter-American Convention on the Rights of the Author in Literary, Scientific and Artistic Works (1946), reprinted in COPYRIGHT LAWS AND TREATIES OF THE WORLD, supra note 87. The Convention allows the seizure of illegal reproductions or publications \textit{ex officio} or upon request of the copyright owner in the contracting state where the offense occurs or where it is imported. \textit{Id.} art. 13(1). Infringing performances will be suspended \textit{ex parte} by the state where the performance is scheduled to take place. \textit{Id.} art. 13(2). The previous measures will be taken in addition to civil and criminal penalties. \textit{Id.} art. 13(3).
\textsuperscript{426} This Convention shall not abrogate multilateral or bilateral copyright conventions or arrangements that are or may not be in effect exclusively between two or more American Republics. In the event of any difference between the provisions of such existing conventions or arrangements and the provisions of this Convention, or between the provisions
4. Paris Convention for the Protection of Industrial Property

The Paris Convention was the first multilateral intellectual property treaty that covered all forms of intellectual property. It has more signatories than any other intellectual property treaty, with Mexico and the United States signing onto the latest revision of the Convention, which was revised at Stockholm in 1967.427

The Convention allows for the seizure of goods unlawfully bearing a trademark upon importation into a contracting state or in a country where the affixation occurred, upon request of the authority or interested party.428 Other remedies include the seizure of imported goods within the country as well as a prohibition against importation.429 However, if national legislation does not permit any of these remedies, claimants have to rely solely on existing local remedies. The same applies to the use of false indications of the source of the goods or the name of the producers.430

The Convention binds contracting states to assure effective protection against any acts of unfair competition.431 These include acts that mislead the public or create confusion about the activities of a competitor.432 All contracting states must endeavor to assure appropriate legal remedies to nationals of other contracting states.433 These remedies can include, for example, trade associations that

of this Convention and those of any new convention or arrangement which may be formulated between two or more American Republics after this Convention comes into force, the convention or arrangement most recently formulated shall prevail between the parties thereto. Rights in works acquired in any Contracting State under existing convention or arrangement before the date of this Convention comes into force in such State shall not be affected.

UCC, supra note 385, art. XVIII. The UCC does not contain any specific provisions on seizures.

427. Paris Convention, supra note 392.
428. Id. art. 9.
429. Id.
430. Id. art. 10.
431. Id. art. 10bis.
432. Id.
433. Id. art 10ter.
bring actions in the courts or before administrative tribunals.\textsuperscript{434}

5. North American Free Trade Agreement

The biggest and most recent breakthrough in multilateral cooperation has been the establishment of the North American Free Trade Agreement ("NAFTA"). NAFTA provides a variety of mechanisms for the enforcement of intellectual property rights, including the criminalization of intellectual property law violations and provisional remedies.\textsuperscript{435} NAFTA contains a chapter dedicated to intellectual property that further improves protection in its member countries. This chapter is considered to embody the highest standards of intellectual property protection existing in a multilateral agreement.\textsuperscript{436} The Agreement also provides protection to modern forms of intellectual property such as computer software,\textsuperscript{437} database compilations,\textsuperscript{438} sound recordings,\textsuperscript{439} layout design of semiconductor integrated circuits,\textsuperscript{440} trade secrets,\textsuperscript{441} satellite signals\textsuperscript{442} and geographical designs.\textsuperscript{443} To provide effective enforcement, the contracting states must ratify the Geneva Phonograms Convention, the Berne Convention, the Paris Convention on Industrial Property, the UPOV Convention,\textsuperscript{444} and the Treaty on Integrated Circuits.\textsuperscript{445}

\begin{itemize}
\item \textsuperscript{434} Id.
\item \textsuperscript{435} NAFTA, \textit{supra} note 1, arts. 1716-1717.
\item \textsuperscript{436} IIPA, TRADE LOSSES, \textit{supra} note 54, at 114.
\item \textsuperscript{437} NAFTA, \textit{supra} note 1, art. 1705(1)(a).
\item \textsuperscript{438} Id. art. 1705(1)(b). Computer programs and compilations of data, by reason of their selection or arrangement, shall be protected as literary works under the Berne Convention. \textit{Id.}
\item \textsuperscript{439} Id. art. 1706.
\item \textsuperscript{440} Id. art. 1710.
\item \textsuperscript{441} Id. art. 1711.
\item \textsuperscript{442} Id. art. 1707. The agreement protects encrypted program-carrying satellite signals, referring to signals altered or "scrambled" for the purpose of preventing the unauthorized reception by a person without the necessary unscrambling equipment. \textit{Id.} art. 1721(2), para. 1. Within one year from the date of entry of the Agreement, each Party shall make the manufacturing and trading of decoding equipment a criminal offense, and the unauthorized reception and distribution of encrypted signals shall be a civil offense. \textit{Id.} arts. 1707(a)-(b).
\item \textsuperscript{443} Id. art. 1712.
\item \textsuperscript{444} Id. art. 1701(2)(a)-(d). The United States is not obligated to recognize the
NAFTA goes beyond the national treatment usually found in international treaties to ensure that improved intellectual property enforcement does not become a barrier to legitimate trade. Contracting states must ensure that domestic law remedies permit effective action to be taken against acts of infringement.

Detailed procedural guidelines are included in NAFTA. The NAFTA signatory countries must provide remedies that are fair and equitable, which are not unnecessarily complicated and costly, or which represent unwarranted delays. Proceedings require written, reasoned decisions of each case, as well as initial judicial review of administrative decisions.

To address the reluctance of Mexican tribunals to grant pretrial measures, NAFTA requires only that judges, before granting provisional measures, determine the possibility of irreparable harm to the claimant or a demonstrable risk of evidence being destroyed. Judicial and administrative authorities also have broad powers, including the authority to:

- make final decisions based on an incomplete record where a party refuses to provide relevant evidence promptly or impedes an enforcement action;
- prevent imminent infringement and exclude importation and entry of allegedly infringing goods on a provisional and ex parte basis;
- require security to protect the interests of the defendant

moral rights provisions of article 6 of the Berne Convention. Id. annex 1701.3(2).

445. Id. art. 1710(1) (referring to the Treaty on Intellectual Property in Respect of Integrated Circuits, opened for signature, May 26, 1989, 28 I.L.M. 1477) [hereinafter Integrated Circuit Treaty]. NAFTA requires, however, that signatories only protect the layout of integrated circuits in accordance with articles 2-6(2), 6(4)-7, 12, and 16(3) of the Integrated Circuit Treaty. Id.

446. Id. art. 1714(1).

447. Id.

448. Id. art. 1714(2).

449. Id. arts. 1714(3)(a)-(b), 1714(4).

450. Id. art. 1716(2)(b)-(c).

451. Id. art. 1715(2)(b).

452. Id. art. 1716(4).
affected by provisional remedies;\textsuperscript{453} (d) order a party to desist from an infringement;\textsuperscript{454} (e) remove from commerce or destroy infringing goods and the implements for their creation, without compensation;\textsuperscript{455} (f) order payment of actual and/or statutory damages, plus attorney’s fees and costs;\textsuperscript{456} and (g) require a party who has abused enforcement procedures to provide to any party wrongfully enjoined, compensation, attorney fees and costs.\textsuperscript{457}

Authorities are not obliged to prevent the entry of infringing goods when the defendant had no reasonable grounds to know about the illegality of his dealings.\textsuperscript{458} This, however, does not exempt the defendants, either from having to disgorge profits or from being liable for statutory damages.\textsuperscript{459}

Under NAFTA, criminal enforcement penalties are required in cases of willful trademark counterfeiting or copyright piracy on a commercial scale.\textsuperscript{460} Criminal penalties include imprisonment and/or monetary fines sufficient to provide a deterrent.\textsuperscript{461} These requisite enforcement sanctions address the main forms of intellectual property infringement denounced by U.S. industries.

Each contracting state, upon a \textit{prima facie} showing of infringement to a judicial or administrative authority, must adopt procedures for the suspension of the distribution of pirated or counterfeit goods into general circulation.\textsuperscript{462} After a specified period, customs officials will release the goods if no proceedings on the merits have

\textsuperscript{453} Id. art. 1716(2).
\textsuperscript{454} Id. art. 1715(2)(c).
\textsuperscript{455} Id. art. 1715(5)(b).
\textsuperscript{456} Id. art. 1715(2)(d)-(e). Damages are required when the infringer knew or had reasonable grounds to know that it was engaged in an infringing activity. \textit{Id}.
\textsuperscript{457} Id. art. 1715(2)(f).
\textsuperscript{458} Id. art. 1715(4).
\textsuperscript{459} Id.
\textsuperscript{460} Id. art. 1717(1).
\textsuperscript{461} Id.
\textsuperscript{462} Id. art. 1718(1)-(2)(a).
been initiated before the judiciary. The authorities can order the applicant to post a bond to protect the defendant and the authorities, as well as to provide compensation to the importer, consignee and owner of the goods in case of injury by the wrongful detention of goods. Goods which do not involve trademarks or copyrights may be released upon the posting of security.

NAFTA does not require the application of border enforcement measures on goods in transit. Hence, a state is exempted from the obligation to suspend the unauthorized circulation of pirated goods traded between third-party countries. Counterfeit goods that are subject to border measures are prohibited from being re-exported to third countries.

Cooperation and technical assistance programs are also established in NAFTA. The training of personnel is specifically included as a form of assistance. In order to eliminate trading in infringing goods, contracting states are required to name federal agencies for cooperation and information exchange purposes. Annex 1705.7 of the Agreement deals with the use of movies copyrighted in Mexico that are in the U.S. public domain. Although the owners of the copyrights in the movies would have renewed protection in the United States, that obligation would be subject to the Constitution and budgetary considerations.

NAFTA is only the initial phase of a projected hemispheric free trade bloc. It is expected that similar agreements will be signed

463. Id. art. 1718(6).
464. Id. art. 1718(3), (9).
465. Id. art. 1718(4).
466. Id. art. 1718(1). An example of such a circulation is the transportation of unauthorized imitation Levis jeans from the Dominican Republic to the Philippines via Mexico.
467. Id. art. 1718(12).
468. Id. art. 1719.
469. Id. art. 1719(1).
470. Id. art. 1719(2).
471. Id. annex 1705.7. See also infra note 489.
472. The U.S. Constitution provides that no bill of attainder or ex post facto law shall be passed. U.S. CONST. art. 1, § 9, cl. 3.
with other Latin American countries. To this end, U.S. trade and investment negotiators have been discussing the removal of protectionist barriers with other countries, and emphasizing the importance of intellectual property rights. Mexico has already built a network of free trade agreements with other Latin American countries, though it is based more on tariffs and duties and less on intellectual property rights. One disadvantage of this arrangement is that goods from Latin American countries with less stringent controls might enter Mexico on preferential terms, and eventually might find their way into U.S. markets.

Further intellectual property protection through free trade agreements ("FTA") appears likely, given the moderate enforcement of intellectual property rights in the next FTA candidate, Chile. Inadequate enforcement in other Latin American industrial powers, such as Brazil and Argentina, are likely to be obstacles, however, to future FTAs.

V. PROSPECTS FOR FUTURE ENFORCEMENT COOPERATION IN INTELLECTUAL PROPERTY

A. Appraisal of Interaction of Domestic Laws and NAFTA

With the enactment of comprehensive patent and copyright laws in Mexico, the "locking in" of these reforms, the expansion of the coverage of existing national laws to new areas, and the guarantee of the enforcement of intellectual property laws in both Mexico and the United States, the future of intellectual property rights in these countries looks promising. Recently there has been significant progress in the enforcement of intellectual property rights and the

474. See IIPA, COPYRIGHT PIRACY, supra note 51, at 12-13 (summarizing intellectual property and Latin American trade matters).
475. By 1991, Mexico had entered into agreements for the eventual establishment of free trade or low-tariff groups with Venezuela, Colombia, Uruguay, Central America, and in 1996, Argentina and Chile. América Se Interconecta, AMERICAECONOMÍA, Aug. 1991, at 38.
476. See UNITED STATES TRADE REPRESENTATIVE, supra note 116, at 46 (mentioning Chile's interest in a bilateral treaty and recent enforcement of copyright laws).
resolution of bilateral disputes in this area.\textsuperscript{477}

NAFTA requirements will also bring many changes in intellectual property protection. For example, NAFTA requires greater similarity between U.S. and Mexican law by adding protection to two new areas in Mexico: (1) computer programs; and (2) compilations of individually unprotected material—whether in machine-readable or other form—which by reason of the selection or arrangement of their contents constitute intellectual creations.\textsuperscript{478} This article encompasses creations such as a database of economic statistics gathered from public sources.\textsuperscript{479} NAFTA’s changes in this area will have a significant economic impact. Roughly sixty percent of the $332 billion earned from copyrights in the United States in 1990\textsuperscript{480} was contributed by big industries such as motion pictures, publishers and computer software.\textsuperscript{481}

Protection of satellite transmissions is also strengthened considerably by NAFTA. A significant problem in this area has been the decoding of encrypted satellite signals carrying protected programs with the use of commercially available decoding equipment.\textsuperscript{482} One year after NAFTA takes effect, the signatory parties must criminalize the manufacture, import, sale, lease or availability of a device or system that is primarily of assistance in decoding encrypted program-carrying satellite signals without the authorization

\textsuperscript{477} For an appraisal of the new NAFTA intellectual property rights regime, see GARY C. HUFBAUER & JEFFREY J. SCHOTT, NAFTA: AN ASSESSMENT 85-90 (1993). See also ADVISORY COMMITTEE FOR TRADE POLICY AND NEGOTIATIONS (ACTPN), REPORT OF THE ADVISORY COMMITTEE FOR TRADE POLICY AND NEGOTIATIONS ON THE NORTH AMERICAN FREE TRADE AGREEMENT 63-69 (1992); INDUSTRY FUNCTIONAL ADVISORY COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS FOR TRADE POLICY MATTERS (IFAC-3), REPORT OF IFAC-3 ON THE INTELLECTUAL PROPERTY CHAPTER AND OTHER INTELLECTUAL PROPERTY RELATED ELEMENTS OF THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) (1992) [hereinafter INDUSTRY FUNCTIONAL ADVISORY COMMITTEE].

\textsuperscript{478} NAFTA, supra note 1, art. 1705.

\textsuperscript{479} HUFBAUER & SCHOTT, supra note 477, at 85.

\textsuperscript{480} Id. at 85 n.9.

\textsuperscript{481} Id. (citing INDUSTRY FUNCTIONAL ADVISORY COMMITTEE, supra note 477, at 31).

\textsuperscript{482} See, e.g., Ebanks, supra note 53.
of the lawful distributor of such signals. Signatory parties must also enact laws making it a civil offense to receive for commercial purposes, or further distribute, an encrypted signal without the authorization of the lawful distributor.

A major improvement in protection for sound recordings is the extension of Mexican copyright law to cover these works. Under NAFTA, they must be protected for a fifty-year term, which is the same as for motion pictures. In principle, program owners and producers of sound recordings will now be able to stop the use of unauthorized copying or rental of their products. This protection is not required, however, to protect sound recordings which were published before NAFTA took effect. NAFTA protection is incomplete, however, as it does not apply to "parallel imports," which are the imports of a protected work legitimately produced under license but not authorized for distribution in the importing country.

NAFTA guarantees existing Mexican rights for motion pictures that have entered the public domain under 17 U.S.C. § 405. If

483. NAFTA, supra note 1, art. 1707(a).
485. NAFTA, supra note 1, art. 1706(2). See also FLAR, supra note 87, art. 23 (providing that the right to exploit the work and other economic rights over a work shall be protected for 50 years after the death of the author).
486. INDUSTRY FUNCTIONAL ADVISORY COMMITTEE, supra note 477, at 2; HUFBAUER & SCHOTT, supra note 477, at 85. See also FLAR, supra note 87, arts. 87b, 88(III) (providing producers with a right to authorize or request before the judiciary the prohibition of, the use, rental or sale of their sound recordings during the fifty years following their fixation).
487. HUFBAUER & SCHOTT, supra note 477, at 85-86; INDUSTRY FUNCTIONAL ADVISORY COMMITTEE, supra note 477, at 10.
488. INDUSTRY FUNCTIONAL ADVISORY COMMITTEE, supra note 477, at 10.
489. NAFTA, supra note 1, annex 1705.7; see 17 U.S.C. § 405 (1988) (providing that an innocent infringer incurs no liability for infringement if the original work was published without the requisite copyright notice); see also Seth Goldstein, Is End Near for Films in Public Domain, BILLBOARD, Jan. 15, 1994, at 6; Interim Rules Cover Restoration of Motion Picture Rights Under NAFTA, International Trade Daily (BNA), Mar. 24, 1994. See also note 61 (discussing the passage and relevant provisions of the Uruguay Round Agreements Act).
possible, the United States must adopt the necessary measures to recover those films from the public domain. Only then, will Mexican right holders be able to receive royalties arising out of the exhibition, sale, or lease of these films.

Each NAFTA signatory must accord national treatment in its intellectual property laws to corporations and citizens of the other NAFTA countries. A major exception in the copyright area concerns Mexican broadcasting rights. Mexico takes the position that the original performer holds the right to the secondary use of a sound recording in either a public performance or a broadcasting context. "U.S. law does not protect a performer's rights per se to the broadcasting of his recording, [as] these rights are held by the copyright owner, who may or may not be the performer." Mexico has been unwilling to extend its law to foreign performers under the national treatment principle. Instead, the rights of U.S. performers in Mexico will be subject to a rule of reciprocity, which for the foreseeable future will result in no protection.

Mexican and U.S. laws have also been harmonized to a great degree under NAFTA in the area of trademark and patent rights. NAFTA now prohibits compulsory licensing and mandatory linking of trademarks. Initial registration of a trademark provides for a term of ten years; this registration is renewable for successive

490. NAFTA, supra note 1, art. 1703(1); INDUSTRY FUNCTIONAL ADVISORY COMMITTEE, supra note 477, at 10.
491. HUFBAUER & SCHOTT, supra note 477, at 86.
492. Id. at 86. Compare FLAR, supra note 87, art. 4 (granting authors the right to transfer their right to benefit from the public performance of a work, by any legal means, including assignment, or temporary concession, such as leasing, according to any conventions or treaties of which Mexico is a member) with id. art. 72 (stating that the right to use or benefit from the public performance of a work is separate from that of its publication). It appears that the economic rights of the author are transferrable to third parties, although moral rights (i.e., the right to oppose modifications of his work) are not.
493. HUFBAUER & SCHOTT, supra note 477, at 86.
494. Id.
495. Id.
496. Id. at 87.
497. NAFTA, supra note 1, art. 1708(10)-(11).
498. Id. art. 1708(7).
terms of not less than ten years\textsuperscript{499} and the owner of the trademark must use the mark to maintain its registration.\textsuperscript{500} Although the U.S. intellectual property community is generally pleased with the outcome of NAFTA, it would like Mexico to broaden its trademark laws. Under U.S. law, interested parties can petition for cancellation of a trademark.\textsuperscript{501} NAFTA does not include this right, and U.S. intellectual property interests would like to see it introduced in Mexico.\textsuperscript{502}

Mexico must also amend the IPL to incorporate NAFTA's requirements on the burden of proof.\textsuperscript{503} This change must take into account NAFTA's requirements for infringement proceedings where the subject matter of a patent is a process for obtaining a product. In these cases, the defendant has the burden of establishing that the allegedly infringing product was made by a process other than the patented process in one of the following circumstances: (1) the product obtained by the patented process is new; or (2) a substantial likelihood exists that the allegedly infringing product was made by the process and the patent owner has been unable through reasonable efforts to determine the process actually used.\textsuperscript{504}

In order to comply with NAFTA, Mexico might have to amend its domestic law to provide new areas of patentability.\textsuperscript{505} Article

\textsuperscript{499} Id. Such terms are already established in U.S. and Mexican law; see 15 U.S.C. §§ 1058-1059 (1988); IPL, supra note 80, art. 95.

\textsuperscript{500} NAFTA, supra note 1, art. 1708(8).


\textsuperscript{502} INDUSTRY FUNCTIONAL ADVISORY COMMITTEE, supra note 477, at 38; HUFBAUER & SCHOTT, supra note 477, at 87. But see IPL, supra note 80, art. 188 (providing that either the Ministry of Commerce and Industrial Development or whoever has a legal interest may initiate administrative proceedings \textit{ex parte} for cancellation of a trademark, and giving grounds for such an action); SEPULVEDA, supra note 291, at 197 (stating that due to the vagueness of the law, jurisprudence has required parties to give rise to such legal interest by applying to register their trademark in Mexico and, when the Ministry is notified of the existence of a previous trademark, initiate cancellation proceedings).

\textsuperscript{503} Christiani, supra note 484, at 10-11. The IPL establishes a common cancellation or nullity proceeding for all patents and trademarks, which requires the plaintiff to present the evidence on which his claim is grounded. See IPL, supra note 80, art. 190.

\textsuperscript{504} NAFTA, supra note 1, art. 1709(11).

\textsuperscript{505} Christiani, supra note 484, at 11.
1709(3) of NAFTA only permits a signatory to exclude from patentability the following inventions: (1) diagnostic, therapeutic and surgical methods for the treatment of humans or animals; (2) plants and animals other than microorganisms; and (3) essentially biological processes for the production of plants or animals, other than non-biological and microbiological processes for such production.\footnote{506} Although NAFTA provides protection for independently created industrial designs that are new or original, it does not establish the form that industrial design protection must assume in each country. In particular, NAFTA does not provide for the U.S. standards of “ornamentability” and “non-obviousness,” which are prominent features of U.S. design patent law.\footnote{507} Instead, NAFTA employs the term “significantly differ” instead of “non-obviousness,” and the term “technically/functionally driven” design instead of “ornamentability.”\footnote{508}

An important concession for Mexico is that Article 1708.13 provides that the signatory parties must prohibit the trademark registration of words—at least in English, French or Spanish—that generically designate goods or services or types of goods or services to which the trademark applies.\footnote{509} U.S. firms could find the provisions on geographical appellations potentially difficult for their activities in Mexico. NAFTA allows third countries, such as the members of the European Union, to establish separate bilateral agreements with Mexico and Canada in which geographical appellations preclude or supersede the use of conflicting trademarks.\footnote{510}

NAFTA will bring immense changes to intellectual property

\footnote{506. NAFTA, \textit{supra} note 1, art. 1709(3). NAFTA provides that patents shall be available for any new, non-obvious and useful inventions. \textit{Id.} art. 1709(1). U.S. case law and the Mexican IPL have held that methods for performing mental acts, and natural forms of biological matter are non-patentable scientific principles. \textit{See} MILLER & DAVIS, \textit{supra} note 178, ch. 2 (discussing U.S. case law on non-patentable forms and lack of a clear dividing line between them and patentable forms); IPL, \textit{supra} note 80, arts. 19, 20 (stating these forms are not inventions).


508. NAFTA, \textit{supra} note 1, art. 1713(1); \textit{INDUSTRY FUNCTIONAL ADVISORY COMMITTEE}, \textit{supra} note 477, at 21; HUFBAUER & SCHOTT, \textit{supra} note 477, at 88.

509. Christiani, \textit{supra} note 484, at 12.

protection in both the United States and in Mexico. In general, there has been an enlargement of the definition of criminal activity and specific terms of protection have been broadened. This has forced a degree of harmonization between the two countries and concessions by both. NAFTA also encourages cooperation between nations in all enforcement aspects of intellectual property rights.

B. The Creation of a Regional Intellectual Property Law Regime

Intellectual property rights have recently developed an important transnational component. Some of the resulting problems can be addressed by enhancing bilateral and multilateral cooperation. NAFTA provides a major step towards cooperation: NAFTA signatories have agreed to take concrete steps to provide enforcement mechanisms, specifically criminal and provisional (e.g., injunctive) measures.\(^5\)  The dispute resolution mechanisms within NAFTA will also assist in resolving future enforcement and substantive problems that arise. The MLAT, extradition, and prisoner transfer treaties will also assist in the investigation, prosecution, and punishment of individuals and entities that are involved in intellectual property offenses. The long-term challenge will be to provide enough enforcement mechanisms, institutions, and procedures to enable law enforcement entities to match the dynamic growth in technology and the increasing sophistication of infringers.

To eliminate conflicts in the operation of international legal assistance, some countries have evolved beyond inter-state agreements, and have shifted criminal law jurisdiction to institutions that are superior to individual states. Rather than speaking of international law and institutions, therefore, experts refer to supranational law and institutions.\(^5\) In the global context, members of the international criminal law field have discussed the creation of an international criminal code and the establishment of an international

---

511. NAFTA, supra note 1, arts. 1714-1718.
criminal court. The parameters of cooperation in a supranational context, especially between the United States and Mexico, is limitless because of the magnitude and intensity of the issues that require cooperation. In the context of a supranational criminal justice scheme, the enforcement of intellectual property rights can be part of this scheme or it can be somewhat autonomous in terms of its own mechanisms and structures.

C. European Union Supranational Institutions as a Model for North American Regional Cooperation

The Council of Europe sits as a supranational policy-making body with an aim towards integrating the laws of its member-states. The Council’s Committee of Crime Problems adopts recommendations for harmonizing legislation and prepares conventions on international criminal cooperation. The institutions of the EU adopt directives and other instruments concerning matters such as criminalizing money laundering, customs and immigration violations, and enforcement of intellectual property rights. In the EU the effort to form a common market has resulted in initiatives to eliminate discrepancies in the national treatment of intellectual property. The EU has adopted a two-pronged approach. First, it has sought a means to harmonize existing national laws and, second, it has tried to adopt supranational measures by initiating legislation such as a law regarding EU trademarks and patents.


514. For a discussion of the use of supranational criminal justice for bilateral customs enforcement problems, see Zagaris & Stepp, supra note 47, at 380-84.

515. See Carlson & Zagaris, supra note 8, at 551-79 (discussing international criminal cooperation in Western Europe).

516. Id.


518. For background on the EU approach to intellectual property law, see AUDREY WINTER ET AL., EUROPE WITHOUT FRONTIERS: A LAWYER'S GUIDE 127-28 (1989). Some of these directives are based on reciprocity, rather than on national treatment. UNITED STATES TRADE REPRESENTATIVE, supra note 116, at 87. U.S. rightsholders might not be able to exercise those rights unless the United States has enacted such rights under its own laws. Id.
In the enforcement area, the EU has responded to calls to take effective action.\textsuperscript{519} In the area of piracy of sound recordings, films, video recordings, and computer programs, the EC Commission on Copyright has stated that repression of piracy first requires a clear definition of the substantive legal rules giving protection to the interests that piracy can damage.\textsuperscript{520} The Commission has called for substantive legal provisions, accompanied by search and seizure regulations, criminal sanctions and remedies for right holders to deter any unauthorized reproductions or performances.\textsuperscript{521} To counter audio-visual home copying, the Commission suggested that it would not seek to harmonize, at the EU level, laws that would punish such practices.\textsuperscript{522} Instead, it recommended an approach that would reduce home copying activities through technical means, such as licensing digital audio recorders.\textsuperscript{523} The Working Programme addresses all areas of intellectual property by recommending the extension of the restrictions on circulation of counterfeit goods to copyrighted goods—thus extending European mutual assistance to counterfeit and copyright infringements and setting up an international agreement on seizure of all infringing goods.\textsuperscript{524}

The EEC Directive on Computer Software seeks to harmonize national legislation in these areas.\textsuperscript{525} Special measures for enforce-


\textsuperscript{520} Commission of the European Communities, Green Paper on Copyright and the Challenge of Technology—Copyright Issues Requiring Immediate Action, COM(88)172 final, §§ 2.1-2.12; WINTER, supra note 518, at 131-32.

\textsuperscript{521} Working Programme of the Commission in the Field of Copyright and Neighbouring Rights, COM(90)584 final, §§ 2.1.2. & 2.1.3. [hereinafter Working Programme]. The Working Programme contains nine chapters on such topics as the need for a global approach, piracy, home copying of recordings, distribution and rental rights, protection of software, databases, the role of the EU in international organizations, additional EU initiatives, and broadcasting.

\textsuperscript{522} WINTER, supra note 518, at 132.

\textsuperscript{523} Working Programme, supra note 521, § 2.1.3, cl. 5.

\textsuperscript{524} Id. § 2.1.4.

\textsuperscript{525} Council Directive 91/250 on the Legal Protection of Computer Programs, 1991 O.J. (L122) 42. Member states were required to have enacted legislation necessary to
ment are included, such as Article 7, which requires member states to provide appropriate remedies against persons who knowingly circulate or possess, for commercial purposes, infringing copies and devices meant solely for the unauthorized removal of copy protection mechanisms.\footnote{526} Infringing copies shall be subject to seizure in accordance with domestic legislation, while states have the option to allow the seizure of anti-copy protection devices.\footnote{527}

Most recently, on July 28, 1993, the European Commission proposed to harmonize national intellectual property laws concerning electronics, furniture, fashion and industrial spare parts, as well as to establish a new Community Design Office that will offer protection throughout the EU.\footnote{528} Although national design rights will not be abolished, the goal is that EU design laws will gradually supersede them.

EU enforcement provisions are not as detailed as the ones proposed by NAFTA.\footnote{529} However, EU intellectual property institutions exist as supranational entities that have no equivalent in the Americas. In the future, supranational criminal justice mechanisms must be devised in order to develop an international intellectual property rights enforcement regime.

D. Supranational Future of North America

Few of the regional organizations in the Western Hemisphere have dealt specifically with the enforcement aspects of intellectual property. The Andean Pact has issued Decision 313 of 1991 on intellectual property, but member countries have been slow to ratify it and enforce current legislation.\footnote{530} The Organization of American

---

\footnote{526}{\textit{Id.} \textit{art. 7(1)(a)-(c).} Remedies are not obligatory for the instances of storage, translation, modification, or distribution (provided for in arts. 4, 5, & 6) that amount to fair use. \textit{Id}.}

\footnote{527}{\textit{Id.} \textit{arts. 7(2), 7(3)}.

\footnote{528}{See Lionel Barber, \textit{Brussels Plans Crackdown on Industrial Piracy}, \textit{FIN. TIMES}, July 29, 1993, at 2.}

\footnote{529}{See text accompanying \textit{supra} notes 435-467 (discussing NAFTA).}

\footnote{530}{The Andean Pact trade bloc is comprised of Colombia, Peru, Ecuador, Venezuela, and Bolivia. \textit{América Se Interconecta}, \textit{supra} note 475, at 38. Decision 313 of 1991.
States ("OAS") has promoted cultural exchanges by way of technical and financial assistance.  

Adherents to NAFTA and the Enterprise for Americas Initiative will need to develop appropriate mechanisms to sufficiently enforce measures taken to upgrade and enforce intellectual property rights. An important step has been taken through the attention devoted to guaranteeing the protection of substantive intellectual property rights and specific enforcement measures within NAFTA. In light of the large amounts of trade and investment in intellectual property rights, industries, and services, organizations probably will require financial and technical assistance to facilitate the proper design and implementation of effective international intellectual property protection.

In the long-term, Mexico and the United States will need to construct a framework in which to deal comprehensively with a wide range of criminal matters. The most efficient structure would be a regional organization, such as an Americas Committee on Crime Problems of Ministers of Justices. Such an organization would entail assistants meeting on a regular basis to discuss and take action on the full panoply of criminal justice problems, including the criminal violation of intellectual property rights, money laundering, drugs, customs, and telemarketing fraud.

Interim measures, whereby the two governments can stimulate intellectual property protection, can help establish programs such

---

was intended to provide patent protection for most pharmaceutical products and raise the protection of trademarks by providing guidelines for domestic legislation. UNITED STATES TRADE REPRESENTATIVE, supra note 116, at 63. It allowed compulsory licensing provisions, working requirements and limited intellectual property terms. Id. Ultimately, however, Decision 313 proved unworkable and was replaced by Decision 344 of 1993 on a Common Industrial Property Regime. See 7 WORLD INTELL. PROP. REP. (BNA Int'l) 315 (1993). Decision 351 of 1993 was later enacted and established minimum requirements for copyright matters in the Andean Pact Group for the first time. See 7 WORLD INTELL. PROP. REP. (BNA Int'l) 218 (1993).


532. See id. at 124-26.
as Mexican-U.S. studies, U.S.-Canadian studies, and Mexican-Canadian studies in universities. These measures can also assist international criminal law programs in undertaking research and discussion on issues of intellectual property law enforcement, especially in the context of increased economic integration. NAFTA signatories' respective governments should also continue and intensify work with professional, academic, and intellectual property communities.

One mechanism to provide a bridge between international and supranational approaches to bilateral intellectual property rights cooperation and enforcement is the Mexico-United States Interparliamentary Group. The group is composed of not more than 24 members of Congress and meets at least once annually. Perhaps the Mexico-United States Interparliamentary Group should establish a working group to monitor and, where appropriate, propose legislative or other action to transboundary intellectual property problems affecting the two countries.

One of the major components of a regional intellectual property regime will be to develop a consistent, harmonized approach to international intellectual property. In other words, Mexico and the United States, in conjunction with Canada and other governments that accede to NAFTA, must form a common foreign policy approach in intellectual property law matters vis-a-vis other governments. Indeed, the first article of the NAFTA intellectual property chapter already obligates the signatories to provide adequate and effective protection and enforcement of intellectual property rights to the Geneva Convention, the Berne Convention, the Paris Convention, and the UPOV Convention.

A principal motivation for the implementation of NAFTA has been to establish an international organization in the Western Hemisphere that would act as a counterweight to the growing power of international organizations in Europe. Through the Council

---

534. Id.
535. NAFTA, supra note 1, art. 1701(2).
of Europe and the EU, Western countries—and now increasingly all European nations—have coordinated their policies in international organizations such as GATT, the United Nations, the Organization for Economic Cooperation and Development, and multilateral financial banks. Not surprisingly, the EU has been coordinating intellectual property law and policy not only within the EU, but outside of the EU as well.\footnote{See U.S., Japan, European Community to Coordinate Patent Search Methods, Int'l Trade Rep. (BNA) No. 43, at 1849 (Nov. 2, 1993).} Many of the policy goals of the United States that have been integrated into NAFTA, such as prohibiting discriminatory provisions and clarifying that software programs are literary works, will be directed at Europe in the Trade Related Aspects of Intellectual Property Rights ("TRIPs") section of GATT, and in other negotiations.\footnote{See Smith, supra note 13, at 2 (discussing external policy dimensions). See generally Uruguay Round Agreements Act, supra note 61.} The formulation of new policies within international organizations, and the ability to negotiate market shares and agreements effectively between the blocs, will depend upon the ability to have common policies. Indeed, the EU has even succeeded at being directly represented in important international policy-making bodies, such as the G-7 Financial Summit.

CONCLUSION

The ratification of NAFTA emphasizes the growing interdependence of nations and the impact of transnational accords on the formation and execution of government policies. Criminal law enforcement schemes for the protection of intellectual property rights contemplate heightened hemispheric policy coordination. As we have seen, efforts by the United States and Mexico to meet the challenges of vigilant protection and reform that are demanded both by NAFTA and individual rightsholders have not been easy. While cultural, ideological, technological, institutional, and political differences hamper the adoption of a uniform framework for the protection of intellectual property, progress has nevertheless been made.

It is only through a continued commitment of both the United States and Mexico to a sharing of technologies, resources and hu-
man capital; to a reform and eventual harmonization of domestic laws that impede uniform protection of rights; and to a vigorous enforcement of national and multinational covenants by both the Clinton and Zedillo administrations that the promise of comprehensive, hemispheric intellectual property rights protection may be realized.