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United States - Mexico Law Journal

Volume 2 *Current Issues in U.S.-Mexican Business Law* Article 10

3-1-1994

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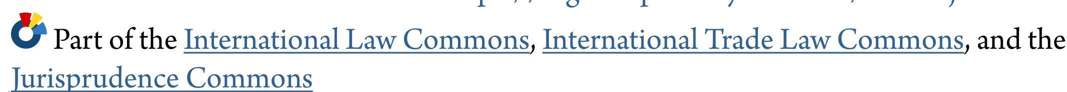

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Richard E. Neff, *Mexican Copyright Protection: Proposals for Better Legislation and Enforcement*, 2 U.S.-Mex. L.J. 51 (1994). Available at: https://digitalrepository.unm.edu/usmexlj/vol2/iss1/10

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MEXICAN COPYRIGHT PROTECTION: PROPOSALS FOR BETTER LEGISLATION AND ENFORCEMENT

RICHARD E. NEFF, ESQ.*

FOREWORD

Since this article was written in the Fall of 1993, the United States and Mexican Congresses and Canada's Parliament ratified the North American Free Trade Agreement (NAFTA), with the result that Mexico, on January 1, 1994, became subject to a multilateral agreement imposing the highest level of intellectual property protection of any international trade agreement. In addition, in keeping with Mexico's civil law tradition, NAFTA is regarded as a treaty under Mexican law and therefore is self-executing.[1] Consequently, many of the shortcomings of Mexican legislation and enforcement featured in the following pages should be rectified by Mexico's NAFTA membership, but the changes brought about by NAFTA have yet to be tested.

NAFTA improves copyright protection for computer software by providing that computer programs are literary works under the Berne Convention,[2] and that original compilations of data will be protected by copyright. "Literary works" protection affords the maximum level of copyright protection to computer software, stringently limiting exceptions to protection. Finally, the copyright holder is given the right to prevent the commercial rental of the original or a copy of a computer program, even after such program has been distributed or sold by the copyright holder.[3]

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1. In other words, Mexico technically does not need to enact NAFTA implementing legislation in order to give effect to NAFTA; parties appearing before a Mexican court can cite directly to the NAFTA text. In the United States, on the other hand, adoption of implementing legislation was required for NAFTA to be effective under United States law.

2. North American Free Trade Agreement (Dec. 17, 1992) U.S.-Can.-Mex., art. 1705(1), H.R. Doc. No. 103-159 (effective Jan. 1, 1994) [hereinafter NAFTA]. *See also* The Berne Convention For the Protection of Literary and Artistic Works (Paris Act July 24, 1971) [hereinafter The Berne Convention]; The Berne Convention Implementation Act of 1988, Pub. L. 100-568, 102 Stat. 2853-54 (Oct. 31, 1988).

3. *See* NAFTA, *supra* note 2, at art. 1705.

Of greater potential significance, however, are the NAFTA provisions mandating adequate and effective enforcement of intellectual property rights, requiring expeditious remedies to prevent infringement and remedies to deter further infringements.[4] On the civil (and administrative) side, various due process protections afforded by United States law have been incorporated into NAFTA, including the right to limited discovery, the right to be heard, and the right to a written record.[5] In addition, courts must have the authority to order the cessation of infringement (injunctive power), halt the importation of infringing goods, and order the seizure and destruction of infringing goods and the implements used to manufacture such goods.[6] Courts also must be empowered to order the infringer to pay damages "adequate to compensate for the injury the right holder has suffered . . . ."[7]

Moreover, each country must provide that its authorities have the right to order provisional measures on an *ex parte* basis (i.e., without notice to the opposing party), if there is a risk of irreparable harm to the copyright holder, or if evidence might be destroyed.[8] The assurance of such remedies on the civil and administrative side is revolutionary in Mexico.

With respect to criminal procedures, similar remedies are prescribed,[9] although many of these remedies have been available to the criminal authorities in Mexico. One important addition to criminal penalties, however, is the requirement that member countries provide penalties including imprisonment or monetary fines (at least for willful trademark counterfeiting and commercial-scale copyright piracy) "sufficient to provide a deterrent . . . ."[10]

If Mexico takes its NAFTA obligations seriously, plaintiffs whose intellectual property rights have been violated should be able to accomplish through civil actions what had previously been available only if one could capture the attention of the penal authorities. The brave new NAFTA world should remedy many of the failings of Mexican intellectual property rights enforcement.

* * * * *

In recent years, intellectual property has become increasingly recognized for its substantial economic contribution to the world economy in addition to its intrinsic value as evidenced by its contributions to education, culture, science, and technology. In 1986, as an indication of the magnitude involved, piracy of copyrights, patents, and other intellectual property cost the global economy $60 billion (U.S.), with a corresponding loss in worldwide employment.[11]

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4. *Id.* art. 1714(1).
5. *Id.* art. 1715.
6. *Id.* art. 1715(2), (5).
7. *Id.* art. 1715(2)(d).
8. *Id.* art. 1716(4).
9. *Id.* art. 1717.
10. *Id.* art. 1717(1).
11. UNITED STATES INT'L TRADE COMM'N, OPERATION OF THE TRADE AGREEMENTS PROGRAM, 39TH REP. (1987); Edwin A. Finn, Jr., *That's the $60 Billion Question*, FORBES, Nov. 1986, at 40.

For illustrative purposes, this paper examines the recent enforcement experience of the Business Software Alliance (BSA) in Mexico. The BSA is a trade association based in Washington, D.C., whose mission is to fight the piracy of computer software and trade barriers to the importation of software throughout the world, as well as to support stronger intellectual property legislation and enforcement. Since its founding in 1988, the BSA has conducted computer software anti-piracy campaigns of education, public awareness, and where necessary, litigation, in more than fifty countries around the world, including the United States.[12]

In January 1992, armed with a newly-modified Mexican copyright law, the BSA filed its first two cases against computer software pirates in Mexico with the *Procuraduría General de la República* (PGR), the Mexican Federal Attorney General's Office. Since then, criminal complaints have been filed against twelve additional targets in Mexico City, Monterrey, and the border zone.[13] The BSA and the Mexican software trade associations, ANIPCO, have also conducted seminars for computer users in Mexico City, Monterrey, and Guadalajara, explaining the proper use of computer software and the benefits of legitimate software. Various high-profile search and seizure actions have been conducted by the PGR against computer dealers that pre-load software on computers (without authorization) as an incentive to sell computers. Similar actions have been executed against large corporations that permit or tolerate the unauthorized internal duplication of computer software, which was the basis of the action against the Mexican subsidiary of Hoechst Chemical Co., the German chemical giant.

Despite occasional success, enforcement in Mexico has too often been slow, frustrating, frequently personalized (i.e., progress may depend upon whether the plaintiff has more political clout than the defendant), and sometimes arbitrary. Moreover, while search and seizure raids may be obtained, cases are delayed and rarely end up in court. Nonetheless, the BSA has made substantial progress in the fight against the piracy of computer software in Mexico.

In 1992, the BSA estimated piracy losses to the personal computer software industry in Mexico, including revenues lost by local distributors and resellers, at $206 million (U.S.).[14] Total losses to piracy in the personal computer software industry in Latin America were estimated by the BSA at nearly one-half billion dollars.[15] The losses due to piracy harm not

12. The participating BSA companies in the Mexican anti-piracy campaign have been Aldus Corporation, Autodesk, Inc., Lotus Development Corporation, Microsoft Corporation, Novell, Inc., and WordPerfect Corporation. Business Software Alliance, press release (July 6, 1992) (on file with author).

13. *E.g.*, Lotus Dev. Corp, Microsoft Corp., & WordPerfect Corp. v. Iván Zárate Baños/ Technología en Impresos y Programas, A.P. 542/FDE/92, 543/FDE/92, 544/FDE/92; Microsoft Corp. v. Ofiservicio Equipas de Oficina, S.A. de C.V., A.P. 542/FDE/92.

14. Business Software Alliance, press release (June 2, 1993) (on file with author).

15. *Id.* All computer industry loss figures by the International Intellectual Property Alliance (IIPA) and BSA represent only wholesale losses to the PC-based software industry, and indicate only losses derived from piracy of productivity or business applications software, such as word

only software publishers and distributors, but public coffers as well. Recognizing the magnitude of loss from the illegal acquisition and sale of software, tax authorities in many parts of the world have begun to express interest in and dedicate resources to the enforcement of existing authors' rights for the protection of software.[16]

The computer software industry also produces strong, tangible benefits to the society's infrastructure. Modern software tools produce increased efficiency and responsiveness as well as substantial opportunities for related services. However, locally-based technical training and support for these sophisticated tools will primarily be available to societies that balance protection in such a way as to yield adequate investment. Experience has shown that adequate protection of intellectual property has contributed to the formation of distribution channels of greater efficiency, resulting in increased competition and lower prices to the local market.

A. Critical Deficiencies in Mexican Legislation

1. Insignificant Penalties Are Inadequate to Deter Infringement of Intellectual Property Rights

The penalties imposed by any government for any transgression of particular laws are meant to serve various functions. These functions include punishing the infringer, compensating the injured party, deterring similar behavior by others, and reflecting society's basic disdain for transgression of the stated law. The amount of the civil or criminal fines, then, embodies the integration of these concepts to represent the importance of protecting a certain right or property. The existence of laws prohibiting copyright infringement serve as positive validation of this form of intellectual property. The amount of the penalty represents the relative value of the property right. Fines which are nonexistent, small, or disproportionate to the gravity of the infringement convey the impression that the government or society is not concerned with validating or protecting these property rights. For example, if the penalty for the unauthorized reproduction of computer software were to merely require purchase of legitimate software to replace the pirated software, there is

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processing, spreadsheet or graphics programs. The figures do not include piracy of operating system or operating environment software (such as MS-DOS or Windows or Novell NetWare) or of piracy of software on platforms other than PC-type or Macintosh computers. Nor do they include piracy of upgrades or new software to install on computers that were purchased in previous years.

16. Notably, within the last several months, tax and law enforcement authorities in the United States and Italy have made substantial inroads against piracy, seeking, among other things, to ensure that transactions involving software are legitimate and recorded at full value. Time and again, substantial enforcement activity and accompanying publicity has resulted in very substantial increases in informatics-sector revenues, thus preceding commensurate growth in taxable receipts. Following last October's initiation of a highly-publicized enforcement action against a German multinational company in Mexico. *See* BSA/ANIPCO, press release (Oct. 28, 1992) (describing seizure against Hoechst Chemicals of Oct. 21-22, 1992). For example, the local software industry reported immediate increases of 200 to 400 percent in revenues. BSA Mexico Program: Case Study (1992-93) (Jan. 10, 1994), Mexico Anti-Piracy Campaign files of Richard E. Neff.

no disincentive or deterrent to violation of the law; the cost of violation is no more than the purchase of "legal" software. A thorough overhaul of the system is needed where monetary penalties prove insufficient to deter infringement to adequately reflect the importance of the property the government seeks to protect.[17]

Mexico's Federal Copyright Law[18] was amended in 1991 along with Mexico's Industrial Property Law[19] (patents and trademarks) as part of a major overhaul of Mexican legislation in anticipation of the NAFTA negotiations. But, this 1991 amendment still left critical deficiencies in Mexican legislation which are discussed herein. For example, Mexico's Copyright Law still fails to prescribe acceptable, minimum monetary fines to adequately deter copyright infringement.[20] Mexico's system of the imposition of civil monetary fines is extremely inadequate to compensate the copyright holder. Mexican law imposes indemnification for material damage to the right holder at the rate of not less than forty percent of the retail cost of each infringement or infringing copy, multiplied by the number of illegal copies.[21] In real terms, assume a distributor pirates 1,000 copies of a compact disk where its retail cost is $15.00 (U.S.). The minimum civil fine would be $6,000 (U.S.) which is forty percent of the $15,000 (U.S.) retail price for the 1,000 disks. Clearly, the civil fine does not reach a level that would actually serve to deter the prohibited behavior.

Similarly, criminal sanctions fail to deter copyright violations as the copyright law prescribes fines for the unauthorized exploitation of a protected work for profit of fifty to five hundred times the minimum daily salary in force in the Federal District of Mexico (currently 15.27 nuevo pesos or approximately $5.00 (U.S.)), or roughly between $250 (U.S.) to $2,500 (U.S.).[22] In addition, and further undercutting the effectiveness of the penalties, Mexican law presently states that various factors are to be considered in dispensing these penalties, including "the economic situation of the infringer."[23]

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17. Further, the determination of fines to be imposed must take into consideration the amounts spent by the copyright holder in research and development, marketing, and distribution of the work in determining proper compensation for the injured party. Merely compensating for the "list" price underestimates the copyright holder's invested time and resources to create the property. Therefore, repeat offenders should be forced to pay a multiple of the original fine, preventing infringers from factoring fines into the cost of doing business.

18. *Ley Federal de Derechos de Autor* [*Mexican Federal Copyright Law*], DIARIO OFICIAL DE LA FEDERACIÓN [OFFICIAL GAZETTE OF THE FEDERATION - hereinafter D.O.] (Dec. 31, 1956) (Mex.).

19. *Ley de Fomento y Protección a la Propiedad Industrial* [*Law for the Promotion and Protection of Industrial Property*], D.O. (June 22, 1991) (Mex.).

20. President Carlos Salinas de Gortari and his progressive administration have initiated welcomed changes in Mexico's Federal Copyright Law. Further modifications to Mexican laws protecting intellectual property are anticipated now that the North American Free Trade Agreement (NAFTA) is in effect.

21. *Ley Federal de Derechos de Autor*, *supra* note 18, at art. 145 (as amended in 1991). Additionally, the injured party may seek indemnification for moral damage where (1) the infringing party does not mention the name of the original right holder or (2) the copyright violation is to the detriment of the reputation of the right holder.

22. *Id.* art. 135.

23. *Id.* art. 144.

Mexico's prison terms, which range from six months to six years for the exploitation for profit of a protected work without the consent of the copyright holder (and shorter jail sentences for lesser included infringements),[24] appear to be serious at first glance. Nonetheless, in practice, these prison sentences are virtually always commuted.[25]

2. Requirement of Commercial Intent Renders Prosecution Unnecessarily Difficult

Many Latin American copyright laws, including Mexico's law, require that unauthorized duplication or performance of protected works will constitute infringement only if undertaken or performed in pursuit of profit or with commercial intent. This sort of provision is an example of legislation that has failed to keep pace with technological developments. In the case of computer software, unlawful duplication for the purpose of sale should, and in most Latin American countries does, constitute copyright infringement. At least in theory, there is an effective copyright remedy for wholesale, unauthorized duplication of computer software for sale, otherwise known as retail piracy.

However, the single most egregious form of piracy in terms of the magnitude of losses to computer software authors or publishers is the internal duplication of legitimate programs by otherwise legitimate corporations for internal use rather than for resale. This form of piracy, however, does not clearly fall within the requirement of duplication for profit. The computer software industry is placed into the anomalous and uncomfortable situation of having to enforce intellectual property rights against otherwise responsible corporate citizens that frequently resort to the courts to enforce their own rights when violated.

A manufacturing or service corporation, bank, or insurance company that tolerates, or even encourages, its employees to copy business software in order to avoid having to purchase legitimate programs typically has no intention of selling such programs. Therefore, there may be no commercial or profitable intent in the direct sense. However, that corporation reduces its expenses by avoiding expenditures for necessary business software, thereby illegally increasing its profits and obtaining a competitive advantage vis-à-vis more law-abiding competitors. Therefore, profitable intent can be demonstrated indirectly. But, there should be no requirement to overcome such legislative obstacles in order to prove copyright infringement before Mexican judges. Most of these judges have precious little exposure to or knowledge of computer software and may be inclined to a very strict and narrow interpretation of "commercial intent" or "profitable intent" (especially in the criminal context).

The next most serious form of computer software piracy, in terms of actual losses to the publisher, is hard-drive loading by computer dealers who use the unauthorized loading of software as an incentive to sell

24. *Id.*
25. *Id.* arts. 138, 139, 143.

their computers. This form of software piracy or theft can also be problematic when the plaintiff must prove "profitable intent" or "commercial intent." Often, the computer or hardware dealer does not actually charge any money for the pirated software he or she has loaded onto the equipment being sold. While it is an incentive, the defendant may well insist that he or she had no profitable intent with respect to the software, since no profit was realized from the "sale" of software. Again, up-to-date copyright legislation can avoid putting the plaintiff through such difficult and unnecessary problems of proof.

Perhaps the fundamental problem is that civil enforcement in Latin America (i.e., enforcement by private parties) tends to be an unsatisfactory remedy because of inadequate judicial systems and historic resistance in traditionally statist nations to allowing private citizens to resort to the courts for redress. The result is that the criminal justice system becomes the only realistic route to justice. The "profitable intent" requirement is common throughout the world for economic crimes such as copyright infringement.[26]

Mexican Federal Copyright Law requires that infringement be committed *con fines de lucro*, or with pursuit of profit, to apply sanctions to most violations of the copyright law.[27] This feature of the Mexican law would appear to encompass not only the direct pursuit of profit, but also an indirect gain.[28] Nonetheless, the literal construction of the law in the criminal context encourages unfair manipulation of the law by those who would infringe.[29] The "profitable intent" restrictions have not presented a serious problem to date, although only one case in the computer software field in Mexico has proceeded to the indictment phase before a federal judge (the first infringement cases were filed by United States software publishers in January 1992).[30]

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26. Indeed, a similar requirement is found under United States Copyright Law, in which the United States Government, through the Department of Justice, may file criminal copyright charges if the infringement is undertaken "willfully and for purposes of commercial advantage or private financial gain . . . ." 17 U.S.C. § 506(a) (1988). But there is no such requirement to prove civil copyright infringement in the United States. Moreover, United States citizens can resort to the courts for very effective civil remedies, such as injunctions against ongoing infringement that frequently can be obtained within a matter of days, as well as statutory damages (an alternative to proving actual damages) that frequently run to $20,000 per infringed work, but can be increased to $100,000 if the plaintiff proves that the infringement "was committed willfully." "Willfully" is a term of art that does not require knowledge of the legal consequences of violation of the law. With such an appealing civil alternative, the narrower basis on which criminal charges can be initiated in the United States in practice proves much less burdensome.

27. *Ley Federal de Derechos de Autor*, *supra* note 18, at art. 135.

28. *Id.* art. 75. Unfortunately, this provision of Mexican copyright law which encourages the broadest possible interpretation of what constitutes "profitable intent" is improbably located within a provision dealing with radio and television broadcasts, within Chapter V, which is entitled, *Of Rights Pertaining to Public Performance*. Once again, a judge could conclude that Article 75 does not apply in the context of computer software and interpret "with profitable intent" very narrowly to the infringed party's detriment.

29. *See* Luis C. Schmidt, *Computer Software and the North American Free Trade Agreement: Will Mexican Law Represent a Trade Barrier?* 34 J.L. & TECH. 33 (1993).

30. Microsoft Corp. & Autodesk, Inc. v. Comysa, S.A. de C.V., A.P. 2709/FESPLE/92.

The clearest solution to the "commercial purposes" or "profitable intent" limitation on sanctions is to establish a system of civil justice that functions in a timely and effective manner. In most countries, civil infringement does have such a limitation. A more realistic near-term solution for Mexican jurisprudence, however, would be merely to adapt the sanctions to the reality of how computer software is infringed. Because infringement is committed internally by corporations, or by hardware dealers in the process of selling computer hardware, a mere clarification in a law's definitions could eliminate the restriction in the following manner:

> With respect to the terms "commercial purposes" or "profitable intent", it is hereby provided that any internal duplication by a business or other entity without authorization of the copyright holder, whether or not for resale, and any unauthorized loading of a computer program by a dealer of computer or related products, whether or not such computer program is intended for sale, will be deemed to be reproduction for the copyright law standard of "commercial purposes" or "with profitable intent."[31]

3. Characterization of Offenses Is Arbitrary

Mexican law is ambiguous on the issue of whether the infringed or complaining party can settle a criminal action when the defendant is willing to compensate the *denunciante*, or complaining party, for the past infringement. Certain criminal infringement actions are considered *de oficio*, which are official state prosecutions that cannot be terminated until there is a finding of no violation. Other actions may be considered *querellas*, which means the private parties are able to reach a settlement, thereby terminating the prosecution. The Mexican authorities have made the seemingly correct determination that computer software copyrights infringement actions are *querellas*, thereby allowing the parties to settle the action if the past economic harm can be rectified. A viable civil law alternative to the criminal action would also lead to the recompense of the infringed right holder.

B. Necessary Remedies for the Enforcement of Copyright Laws (and other Intellectual Property Rights)

Mexican authors' rights (or copyright) legislation has evolved in the direction of improved protection for works such as computer software. This positive development occurred most concretely in the summer of 1991 when Mexico reformed its intellectual property legislation.[32] Further very positive refinements should follow the North American Free Trade Agreement (NAFTA), which took effect on January 1, 1994. These

31. Proposed modification to *Ley Federal de Derechos de Autor*, *supra* note 18, at art. 135.
32. *Ley de Fomento y Protección a la Propiedad Industrial*, D.O., at 4-31 (June 27, 1991) (Mex.); *Ley Federal de Derechos de Autor*, D.O. (July 17, 1991) (Mex.), *as amended by* the Decree of July 11, 1991.

changes would appear to reflect a societal determination of the value of authors' rights. However, good legislation is but half a loaf in achieving adequate protection of intellectual property rights to protect technology. The other half of the loaf consists of firm and consistent enforcement of intellectual property rights, ideally by private citizens empowered to enforce their own rights.

In Mexico, and elsewhere in Latin America, unfortunately, the civil law judicial system often functions slowly, ineffectively, and often arbitrarily, a situation exacerbated by the frequent absence of appropriate civil remedies. Thus, a party seeking to enforce its intellectual property rights often has little realistic alternatives to the criminal justice system. Being forced to depend on governmental authorities is inefficient, often renders justice unobtainable because of other demands upon the criminal justice system, and tends to provide excessive opportunities for corruption and irregularities in the administration of justice.

In this author's judgement, Mexico must provide the following to the arsenal of civil enforcement remedies to private citizens and entities that seek to enforce their copyrights (and other rights under intellectual property legislation), in order to bring about a fully-functioning market economy.

1. The Absence of Effective Injunctive and/or *Ex Parte* Seizure Orders Debilitates Intellectual Property Enforcement

In the effective enforcement of intellectual property rights, two procedural mechanisms (which are found in most countries that have inherited the common law legal tradition) are essential:

(1) *ex parte* search and seizure orders that permit the defendant's premises to be searched and offending materials to be seized without informing the violator in advance; and

(2) an injunctive mechanism that forces the violator to cease the offending behavior immediately, pending a final resolution of the matter on the merits.

a. *Ex Parte* Search and Seizure Orders

An *ex parte* search and seizure order is necessary in the intellectual property context because, in most cases, evidence of infringement can be destroyed upon a moment's notice. For example, if a pirate syndicate is using videocassette copying devices to make numerous copies of a Walt Disney hit such as "Beauty and the Beast," advance notice to the offending party of an impending search will lead to disappearance of both the copying devices and the infringing videocassettes. The situation is even more delicate in the case of the illegal duplication of computer software, because every computer is a diskette-copying machine. If a company known to permit or encourage massive internal duplication of "WordPerfect for Windows" was informed in advance of a search by criminal justice authorities and representatives of WordPerfect Corporation, the company could either erase the offending copies or install

original copies over the pirated copies, with nothing more than a few keystrokes. The party that had suffered harm would be unable to prove the harm and might even face a countersuit.[33]

b. Civil Injunctions

The injunctive mechanism is necessary so that harm will not continue for years while a court considers the merits of a case. Often, the plaintiff or moving party is required to post bond in order to compensate the defendant in the event that the court ultimately rules in favor of the defendant. This measure is critical if infringement of a patent, copyright, or trade secret is occurring, which is likely to cause immediate and potentially irreparable harm to the plaintiff. The right holder can force the conduct to cease quickly, rather than waiting years for a judicial decision. In the commercial context, a remedy which results after many years of harm may be no remedy at all for the right holder.

Virtually all Latin American countries, including Mexico, lack equivalent civil mechanisms that permit a search and seizure to be performed, or order the offending conduct to be halted immediately.[34] This lack of meaningful civil law remedies has forced an undue reliance on criminal authorities to enforce intellectual property rights.

Mexican civil law has a provision for preliminary seizures without notice to the defendant, and sometimes even before a complaint is filed. Unfortunately, the provision applies only with respect to real property matters, not personal property (which the latter category would include intellectual property rights).[35] Indeed, Mexican copyright law requires judges to impose preliminary measures that are different from those specified with respect to real property.[36] One provision of the copyright

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33. For this reason, in most countries that have inherited common law jurisprudence, a civil law mechanism called the Anton Piller Order has evolved. This mechanism preserves evidence by authorizing *ex parte* searches and seizures, but within strict limitations in order to give maximum reasonable protection to defendants from this extraordinary remedy. To obtain the order, the plaintiff must show: (1) a very strong *prima facie* case; (2) that the potential or actual damage suffered is very serious; (3) that there is clear evidence that the defendants have incriminating goods or documents in their possession; and (4) that a real possibility exists that the evidence would be destroyed or removed if the defendant were notified. While the Anton Piller Order does not exist in the United States, the moving party in Federal Court can obtain the same result through filing an Emergency Motion for *ex parte* Temporary Restraining Order and Writ of Seizure, pursuant to Federal Rules of Civil Procedure 65(b), the All Writs Act, 28 U.S.C. § 1651 (1988), and in the case of copyrights, the United States Supreme Court Copyright Rules and Sec. 503 of the Copyright Act, 17 U.S.C. §§ 101 to 914 (1988).

34. Most of these countries are members of the Berne Convention, which provides that: "Infringing copies of a work shall be liable to seizure in any country of the Union where the work enjoys legal protection." The Berne Convention, *supra* note 2, at art. 16(1). The Draft Final Act of Trade-Related Aspects of Intellectual Property Rights (TRIPS), Including Trade in Counterfeiting Goods states: "The judicial authorities shall have the authority to order a party to desist from an infringement . . . ." Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Annex III, art. 44(1) (Dunkel Text Dec. 20, 1991).

35. *Código Federal de Procedimientos Civiles* [*Mexican Federal Code of Civil Procedure*], art. 235, clause II (Mex.).

36. *Id.* art. 238.

law empowers judges to order the seizure of "electro-mechanical apparatuses" and income (implicitly, from ticket sales), but that provision appears to limit this power to the public performance and exhibition context, which would apparently omit computer software.[37]

Two other provisions of Mexican civil procedure theoretically would empower judges to enter orders of the nature described above. One provision empowers federal courts to order any measure necessary to preserve the status quo,[38] and another provision permits orders for seizure of goods without advance notice to the defendant.[39] But, these provisions have not been utilized in the intellectual property context, and judges in Mexico and elsewhere in Latin America often have not had much exposure to intellectual property, especially in fields involving new technologies such as computer software.

Ex parte search and seizure orders may be obtained under Mexico's authors' rights law pursuant to the Federal Code of Penal Procedures.[40] Again, however, this forces an undue reliance on governmental authorities in order to enforce intellectual property rights, which is common throughout Latin America. Jurisprudentially, the fact that rights often can be enforced only through resort to governmental power is an outgrowth of statism, centralized governmental traditions that are increasingly at odds with economic privatization and the development of market economies in Mexico and throughout the hemisphere.

2. Other Barriers to Successful Enforcement of Intellectual Property Rights in Latin America

Individuals and companies face other legal and judicial impediments when seeking to enforce intellectual property rights in Mexico (and elsewhere in Latin America). Many of these problems, if publicly acknowledged, could be resolved without any need for new legislation.

a. Information Leaks

In the anti-piracy campaign of the Business Software Alliance in Mexico, various targets have been leaked by the press in advance of *ex parte* (surprise) criminal seizure actions. The Mexican reporter responsible for most of the scoops has indicated that there are lawyers who "hang around" the PGR (Federal Attorney General's Office) all day in order to obtain information, which is then given or sold to the press. A former Attorney General recounted a tale of how even he could not keep confidential a matter which he attempted to keep close to the vest at the very top level. If one's *denuncia*, or complaint, is filed in the ordinary course in the *Mesa de Partes*, or Docket Entry/Filing Room, there is a small possibility that the matter will remain confidential. If, because of

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37. *Ley Federal de Derechos de Autor*, *supra* note 18, at arts. 79, 146.
38. *Código Federal de Procedimientos Civiles*, *supra* note 35, at art. 379.
39. *Id.* art. 389.
40. *Ley Federal de Derechos de Autor*, *supra* note 18, at art. 150.

political or other influence, one is able to file at a higher level, then one may be able to maintain confidentiality.

b. Novel Subject Matter for Justice System/Judiciary

In most of Latin America, judges have had very little exposure to technology; and in most cases, technological advancements such as computers are not used in their daily lives. Thus, there tends to be an undervaluation of the harm caused to the right holder where legal ambiguity gives little guidance with respect to issues such as damages. Many judges may lack a clear understanding of the economic harm resulting from copyright infringement, and the consequential failure to protect intellectual property may, in fact, retard national development.

The same problem relating to experts has surfaced in Mexico where, even in criminal cases, both technical experts and authors' rights experts must be designated by the prosecutor. The prosecutor may designate unqualified personnel who hold unrelated full-time positions and are paid very small sums to perform difficult tasks in connection with infringement actions in the technology area. The result is that the expert reports take years before it issues, if ever, and justice is delayed interminably.[41]

c. Corruption

Even with the designation of a reformist Attorney General in January 1993, Dr. Jorge Carpizo MacGregor,[42] committed to rooting out corruption in the federal criminal justice system, Mexico's bloated bureaucracy and extremely low public sector salaries have combined to institutionalize a certain amount of graft. While the BSA would never engage in any illegal payment scheme, Mexican defendants face no such dilemma. Other non-Mexican plaintiffs deal with Mexican corruption by pointing out that certain sorts of payments are permissible under the United States Foreign Corrupt Practices Act,[43] or that non-United States plaintiffs are not hamstrung in the same way. If there were fewer bureaucrats earning more adequate salaries, coupled with tough anti-corruption laws and enforcement, justice would not be such an elusive goal in Mexico.

CONCLUSION

It is easy to overstate the case that one cannot enforce intellectual property rights in Mexico. In fact, the companies that are members of the Business Software Alliance have filed criminal complaints against fourteen targets since January 1992 based on the unauthorized duplication

41. Experience of the Business Software Alliance in the Mexican copyright enforcement campaign on behalf of Aldus Corp., Autodesk, Inc., Lotus Development Corp., Microsoft Corp., WordPerfect Corp., and Novell, Inc., in which not one expert report has yet been issued in any case since the first cases were filed in January 1992.

42. Dr. Carpizo was designated *Secretario de Gobernación* (Interior Secretariat) in January 1994.

43. 15 U.S.C. §§ 78dd-1, -2 (1988).

and/or use of their proprietary computer software programs in violation of Mexico's copyright law.[44] In about seven of the cases, the federal criminal authorities conducted *ex parte* search and seizure actions, usually with care and skill, and the public perception of these actions have led to a marked decrease in the rate of piracy in Mexico, at least by otherwise legitimate corporations that use software internally as a productivity tool. Still, Mexico's intellectual property rights legislation, while much improved, has significant shortcomings. Additionally, the enforcement of intellectual property legislation, such as the Mexican federal copyright law, is marked by an excess of procedures and human intervention that is frequently arbitrary and capricious. Perhaps, if Mexican authorities could be made to understand that piracy of intellectual property causes a substantial loss to the tax and customs revenues, as officials of other nations have discovered, they would be motivated to protect intellectual property. Moreover, the stronger protection of intellectual property could foster economic development.

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44. International Intellectual Property Alliance, 1994 Special 301 Recommendations and Estimated Trade Losses (submitted to the U.S. Trade Representative on Feb. 18, 1994), at 168.