

Intellectual Property & Antitrust

in 25 jurisdictions worldwide

Contributing editor: Susan M Hutton

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Mexico

Rafael Valdés and Lili Abascal Valdés Abascal y Brito Anderson SC

Hedwig Lindner, and John Murphy Arochi, Marroquín & Lindner SC

Intellectual property

1 Intellectual property law

Under what legislation are intellectual property rights granted? Are there restrictions on how IP rights may be exercised, licensed or transferred? Do the rights exceed the minimum required by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs)?

The Industrial Property Law (LPI) governs the granting, registration and enforcement of patents, utility models, industrial designs, trademarks, advertising slogans, trade names, declarations of trademark fame or notoriety, appellations of origin and integrated circuit layout designs. The LPI also governs the protection of trade secrets and prohibits various forms of unfair competition. Copyrights and ‘neighbouring rights’ as well as ‘reservations of rights’ are registered and enforced under the Federal Copyright Law.

A number of other federal statutes contain provisions relating to intellectual property (IP), most notably the Commerce Code (which contains a general prohibition against unfair competition), the Customs Law (which governs border measures) and the Federal Plant Variety Protection Law.

Mexico has signed numerous treaties relating to IP rights, including the Paris Convention for the Protection of the Industrial Property, the TRIPS Agreement, the North American Free Trade Agreement (NAFTA) and various other free trade agreements. In general, Mexican law meets or exceeds the requirements of TRIPS. Moreover, the Mexican Supreme Court has held that treaties are self-executing and occupy a place above federal statutes in the hierarchy of laws.

Mexican law contains few restrictions on the exercise, license or transfer of intellectual property rights. To be effective against third parties, licences and assignments involving industrial property rights (patents, trademarks, etc) must be recorded with the Mexican Institute of Industrial Property. Copyright licences and assignments must be recorded with the National Copyright Institute.

2 Responsible authorities

Which authorities are responsible for administering IP legislation?

The primary agencies responsible for administering IP legislation are the Mexican Institute of Industrial Property (IMPI) and the National Copyright Institute (INDAUTOR).

IMPI grants patents and registrations of utility models, industrial designs, trademarks, advertising slogans, trade names and integrated circuit designs, declarations of trademark fame and notoriety and declarations of protection for appellations of origin.

INDAUTOR issues copyright registrations and ‘reservations of rights’ in titles of periodicals or literary works, real or fictional characters, and the like. Copyright registrations (but not ‘reservations of rights’) are merely declaratory. That is, they do not create rights, but declare the fact that rights already exist.

Invalidation and cancellation proceedings are litigated in the first instance before IMPI and INDAUTOR.

3 Proceedings to enforce IP rights

What types of legal or administrative proceedings are available for enforcing IP rights?

Proceedings involving the ‘administrative infringement’ of industrial property rights (patents, trademarks, etc) are litigated before IMPI. In addition, various forms of unfair competition are classified as administrative infringements. IMPI also has jurisdiction over some types of copyright infringement cases (trade-related infringements).

IMPI may impose fines or issue preliminary or permanent injunctions in administrative infringement actions, but cannot award monetary damages. However, the prevailing party in an administrative infringement action may file a separate civil action for damages in state or federal courts.

The LPI and the Federal Criminal Code contain criminal penalties, including fines and imprisonment, for recidivism (the repetition of conduct previously held to be an administrative infringement), trademark counterfeiting, copyright counterfeiting and trade secret misappropriation. These crimes are prosecuted by the Federal Attorney General’s Office at the request of the injured party.

4 Remedies

What remedies are available to a party whose IP rights have been infringed?

In an administrative infringement proceeding, IMPI may impose fines and issue preliminary or permanent injunctions. Damages may only be awarded by the state or federal courts after the plaintiff obtains a final declaration of administrative infringement from IMPI.

A prevailing plaintiff in a civil action for damages is entitled to an award of at least 40 per cent of the retail value of the infringing goods sold. In addition, the plaintiff may be entitled to ‘moral damages’, which is compensation for injuries that can be proven but not readily quantified.

As noted above, there are criminal penalties for trademark counterfeiting, copyright counterfeiting and trade secret misappropriation. The defendant may be fined or sentenced to prison. In addition, the injured party is entitled to restitution for any material losses suffered.

5 IP legislation and competition

Does IP legislation make any specific mention of competition or contain provisions on the anti-competitive or similar abuse of IP rights?

The LPI permits IMPI to mandate the registration or use of marks for particular goods or services. In addition, IMPI may prohibit or regulate the use or registration of marks that have been used in a manner that hinders competition or increases the price of staple goods. To our knowledge, IMPI has never exercised this authority.

6 Remedies for deceptive practices

With respect to trademarks, do competition or consumer protection laws provide remedies for deceptive practices in addition to traditional 'passing off' or trademark infringement cases?

The LPI prohibits 'denigrating the products or services, the industrial or commercial activity or the establishment of another party'. However, there is an exception for comparative advertising permitted under the Federal Consumer Protection Law. Comparative advertising is 'fair' if it is not tendentious, false or exaggerated. An injured party may file a complaint before IMPI (in case of denigration) or the Federal Consumer Protection Agency (PROFECO) (if the advertising is tendentious, false or exaggerated).

Competition law does not provide remedies for deceptive practice.

7 Technological protection measures and digital rights management

With respect to copyright protection, is WIPO protection of technological protection measures and digital rights management enforced in your jurisdiction? Does legislation or case law limit the ability of manufacturers to incorporate TPM or DRM protection limiting the platforms on which content can be played? Could TPM or DRM protection be challenged under the competition laws?

Under the Federal Copyright Law, it is a 'trade-related infringement' to import, manufacture, distribute, sell, rent, possess or use a device, or render services that remove or deactivate TPMs.

There is nothing in the statutes or case law that limits the ability of manufacturers to incorporate TPM or DRM protection. TPM or DRM protection may be challenged by the Federal Competition Commission (CFC) if an infringement of competition law is involved.

8 Industry standards

What consideration has been given in legislation or case law to the impact of the adoption of proprietary technologies in industry standards?

The issue has not been considered by Congress or the courts.

Competition**9 Competition legislation**

What legislation sets out competition law?

Article 28 of the Mexican Constitution prohibits monopolies and monopolistic practices. This constitutional provision is regulated by the Federal Law of Economic Competition (LFCE) and its implementing regulations (RLFCE). The LFCE seeks to foster and protect competition and free access to markets, and prevent or eliminate monopolies, monopolistic practices and other obstacles to the efficient operation of markets.

The LFCE defines absolute monopolistic practices, relative monopolistic practices and prohibited concentrations. In addition, the statute governs administrative challenges to anti-competitive practices and provides remedies. The LFCE also governs the intervention of the CFC in regulated markets.

10 IP rights in competition legislation

Does the competition legislation make specific mention of IP rights?

Article 28 of the Mexican Constitution states that patents and copyrights granted in inventions, improvements or literary works do not constitute monopolies. The LFCE contains similar language. However, the LFCE also states that the owners of patents and copyrights are subject to competition law when they perform acts not expressly privileged under article 28.

In addition, the RLFCE states that the CFC may consider whether an industrial property right is a market entry barrier in deciding whether an economic agent has substantial market power in investigations of concentrations or relative monopolistic practices.

11 Review and investigation of competitive effect

Which authorities may review or investigate the competitive effect of conduct related to IP rights?

The CFC may review or investigate the competitive effect of conduct related to IP rights.

12 Competition-related remedies for private parties

Do private parties have competition-related remedies if they suffer harm from the exercise, licensing or transfer of IP rights?

A private party may file a complaint with the CFC if it is harmed by an exercise, licence or transfer of IP rights amounting to a monopolistic practice or prohibited concentration.

13 Competition guidelines

Has the competition authority issued guidelines or other statements regarding the overlap of competition law and IP?

No.

14 Exemptions from competition law

Are there aspects or uses of IP rights that are specifically exempt from the application of competition law?

The law does not exempt specific aspects or uses of IP rights from the application of competition law, other than the exemption contained in article 28 of the Mexican Constitution (see question 10). Note that the exemption refers to monopolies but not to monopolistic practices.

15 Copyright exhaustion

Does your jurisdiction have a doctrine of, or akin to, 'copyright exhaustion' (EU) or 'first sale' (US)? If so, how does that doctrine interact with competition laws, for example with regard to efforts to contract out of the doctrine, to control pricing of products sold downstream and to prevent 'grey marketing'?

The doctrine of 'exhaustion' or 'first sale' is recognised under Mexican copyright law, with the exceptions of phonograms and software.

16 Import control

To what extent can an IP rights holder prevent 'grey-market' or unauthorised importation or distribution of its products?

The LPI expressly permits the parallel importation of trademarked goods. A trademark registration is not effective against a person who markets, distributes, acquires or uses the product after it has been lawfully introduced into the market by the trademark owner or a licensee. Imported goods are presumed to be legitimate if the importer owns the trademark in the country of origin, and the owners of the mark in Mexico and the country of origin are the same or part of the same joint economic interest group.

The LPI neither prohibits nor expressly permits the importation of patented goods.

17 Competent authority jurisdiction

Are there circumstances in which the competition authority may have its jurisdiction ousted by, or will defer to, an IP-related authority, or vice versa?

No, each authority has clearly delineated powers.

 Merger review

18 Powers of competition authority

Does the competition authority have the same powers with respect to reviewing mergers involving IP rights as it does with respect to any other merger?

Yes. In reviewing a merger, the CFC treats IP rights as they would any other asset.

19 Analysis of the competitive impact of a merger involving IP rights

Does the competition authority's analysis of the competitive impact of a merger involving IP rights differ from a traditional analysis in which IP rights are not involved? If so, how?

No. The analysis is the same regardless of whether IP rights are involved. The CFC must consider whether IP rights are entry barriers or confer substantial market power on the acquiring entity.

20 Challenge of a merger

In what circumstances might the competition authority challenge a merger involving the transfer or concentration of IP rights?

The competition authority may challenge a merger involving the transfer or concentration of IP rights when it confers substantial market power on the merging party. However, the transaction must be approved if the parties prove that any anti-competitive effects are outweighed by the efficiencies gained as a result of the transaction.

21 Remedies to alleviate anti-competitive effect

What remedies are available to alleviate the anti-competitive effect of a merger involving IP rights?

The LFCE does not provide any specific remedies for anti-competitive effects produced by mergers involving IP rights. However, the CFC may, under the general provisions of the LFCE, impose mandatory licences or order the divestiture of IP rights.

 Specific competition law violations

22 Conspiracy

Describe how the exercise, licensing, or transfer of IP rights can relate to cartel or conspiracy conduct.

IP owners are not exempt from prohibitions against cartel or conspiracy conduct. The law permits agreements between competitors to transfer or license IP rights, reverse patent settlement payments, patent pools, copyright collectives or other agreements between competitors involving IP rights, as long as the mechanisms adopted do not lead to price-fixing, the restriction of output, market segmentation or bid rigging. These practices are defined by competition law as absolute monopolistic practices and are illegal per se. The CFC decides, on a case-by-case basis, whether the exercise, licensing or transfer of IP rights may lead to an absolute monopolistic practice.

23 (Resale) price maintenance

Describe how the exercise, licensing, or transfer of IP rights can relate to (resale) price maintenance.

Resale price maintenance is defined by competition law as a relative monopolistic practice and, thus, it is analysed under the rule of reason. A relative monopolistic practice is illegal when it is performed by an economic agent who possesses substantial market power in the relevant market, and has the purpose or effect of unduly displacing other agents from the market, precluding their access to the market or establishing exclusive advantages in favour of certain persons. However, a relative monopolistic practice may not be illegal if there are efficiency gains that outweigh any anti-competitive effects.

 Update and trends

The LFCE was last amended in June 2006. Since then, a number of bills has been introduced before Congress. Some have been debated, but none has been approved by both the Senate and the Chamber of Deputies. None of the proposed amendments specifically discusses IP rights.

In September 2009, President Calderón stated, in a speech pronounced with regard to his annual report to Congress, that he would propose amendments to the LFCE that would strengthen the powers of the CFC. So far, these proposals have not been submitted.

A bill pending before the Senate would make 'abuse of patent rights' an 'administrative infringement' under the LPI. In addition, the bill provides for invalidation of a patent when the owner engages in conduct prohibited by the LFCE and sanctioned by the CFC.

An IP licensor may not set minimum resale prices to licensees, if this amounts to an illegal relative monopolistic practice under the rule of reason analysis.

24 Exclusive dealing, tying and leveraging

Describe how the exercise, licensing, or transfer of IP rights can relate to exclusive dealing, tying and leveraging.

Exclusive dealing or tying arrangements performed by an owner of IP rights may constitute an illegal relative monopolistic practice under certain circumstances (see question 23).

25 Abuse of dominance

Describe how the exercise, licensing, or transfer of IP rights can relate to abuse of dominance.

This concept is not explicitly recognised in Mexican competition law. However, some of the relative monopolistic practices identified in the LFCE are 'abuses of dominance'. Such conducts by the owners of IP rights may be illegal, as discussed in question 23.

26 Refusal to deal and essential facilities

Describe how the exercise, licensing, or transfer of IP rights can relate to refusal to deal and refusal to grant access to essential facilities.

Generally, a refusal to deal involving IP rights will be illegal under the circumstances contemplated in the LFCE (see question 23). However, it could be argued that a simple refusal to license patents or copyrights is constitutionally privileged, and therefore beyond the scope of competition law.

 Remedies

27 Remedies for violations of competition law involving IP

What sanctions or remedies can the competition authority or courts impose for violations of competition law involving IP?

There are administrative penalties for antitrust violations, regardless of whether they involve IP. The CFC may fine persons who engage in monopolistic practices or form part of an undue concentration. The CFC may also order the correction or cessation of the monopolistic practice or the divestment of the assets unduly concentrated.

When an economic agent violates the LFCE after being sanctioned two or more times, the CFC may order the divestiture or sale of assets, including IP rights, so that the agent no longer has substantial power in the relevant market.

In addition, there are civil penalties for antitrust violations. While the CFC cannot award monetary damages, a party who has been harmed by a monopolistic practice or undue concentration may file a civil action for damages in courts, once the administrative infringement proceeding has been concluded.

28 Competition law remedies specific to IP

Do special remedies exist under your competition laws that are specific to IP matters?

No.

29 Remedies and sanctions

What competition remedies or sanctions have been imposed in the IP context?

In cases involving IP rights, the CFC has imposed fines, ordered the divestiture of IP rights or other assets, issued mandatory licences and ordered the modification of agreements containing exclusivity clauses, 'must-offer' obligations, etc.

30 Scrutiny of settlement agreements

How will a settlement agreement terminating an IP infringement dispute be scrutinised from a competition perspective?

Settlement agreements are treated like any other type of agreement, which is to say they are permitted under competition law if they do not lead to monopolistic practices or undue concentrations.

Economics and application of competition law**31 Economics**

What role has economics played in the application of competition law to cases involving IP rights?

Economic analysis plays a major role in cases involving relative monopolistic practices or concentrations, whether or not they involve IP rights.

32 Recent cases

Have there been any recent high-profile cases dealing with the intersection of competition law and IP rights?

In 2006 and 2007, Televisa, the largest television broadcast network in Mexico, sought to form concentrations with various cable television providers. The CFC held that Televisa could do so only if it offered its content to any cable TV provider upon request.

Valdés Abascal y Brito Anderson SC

Competition law: Rafael Valdés

rafael.valdes@vb.com.mx

Tamarindos 400-B, 18th floor
Bosques de las Lomas
05120 Mexico DF
Mexico

Tel: +52 55 59 50 15 70
Fax: +52 55 59 50 15 99
www.vb.com.mx

Arochi, Marroquín & Lindner SC

IP rights: Hedwig Lindner

hlindner@aml.com.mx

Insurgentes Sur 1605, 20th floor
San Jose Insurgentes
03900 Mexico DF
Mexico

Tel: +52 55 50 95 20 50
Fax: +52 55 50 95 20 28
www.aml.com.mx

