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Article

THE DEVELOPMENT OF MODERN FRAMEWORKS FOR PATENT PROTECTION: MEXICO, A MODEL FOR REFORM

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I. Introduction

In order to comply with the North American Free Trade Agreement,[1] Mexico was required to adhere to international intellectual property protection standards. In particular, NAFTA required that Mexico recognize and support protection[2] under the Berne Convention,[3] the Convention for the Protection of Producers of Phonograms,[4] the International Convention for the Protection of New Varieties of Plants,[5] and the Paris Convention for the Protection of Industrial Property.[6] As a net exporter of ideas,[7] it was not surprising that the United States and Canada would require their trading partners within the agreement to recognize and enforce the intellectual property rights of all their citizens and corporations.[8]

In preparation for the final negotiations of NAFTA, Mexico revamped and greatly amended the laws that protect intellectual property in Mexico.[9] The motivation for granting greater protection to intellectual property in Mexico, ***135** however, was rooted in the five-year Plan for National Development (Plan).[10] Among the objectives of Mexico's Plan for National Development were increasing the volume, quality, and assortment of exports; strengthening internal markets through competition and deregulation; internationalizing the economy; and participating in the increasing globalization of the world's economies.[11] Among the means of attaining the objectives outlined in the Plan, the administration of President Carlos Salinas de Gortari indicated that reformation of the entire judicial framework of intellectual property rights in Mexico was of primary importance.[12]

The internationalization of trade and investment and a new understanding of the need to protect intellectual property are not only products of market forces, but may result from the demise of Soviet influence and intervention. One Mexican commentator has noted the concurrence between the shift from protectionist to free trade policies, and the international movement away from highly centralized command economies to increasingly deregulated free market economies.[13] As a member of both movements, Mexico has realized that as part of its overall international trade balance sheet, intellectual property plays a central role in commercial negotiations.[14]

This article will discuss the principles that were the foundation for drafting the Law for Developing and Protecting Industrial Property, including the constitutional underpinnings of the new legislation and the legislative history of this law. Next, the implementation of this law will be explored, particularly the creation, purpose, and goals of the Mexican Institute of Intellectual Property.[15] Finally, an evaluation of the rules and regulations that are used and applied by the Mexican Institute of Industrial Property will be explored as they relate to the prosecution of patents.

*136 II. The Constitutional Underpinnings of Mexico's Protection of Intellectual Property

A. Constitutional Dimensions

Unlike the Constitution of the United States, Mexico's Constitution of 1917 is a relatively long, often amended and specific document. To understand the long road that Mexico has traveled to reach its present laws and the incredible level of reform that the new intellectual property laws represent, this section begins with a brief history of the drafting of Mexico's Constitution. Understanding the historical framework that underlies the Constitution of 1917 permits us to explore the constitutional dimensions of the radical change brought about in the late 1980's in Mexican law, particularly regarding trade and, concomitantly, intellectual property protection.

Throughout the pre-Columbian era, the conquest, colonial times, and into the present, Mexican political power has always resided in a sovereign with plenary powers. Although the Revolution of 1917 was a rebuke of central authority and tyranny of the oligarchy, the leaders of the Revolution were themselves part of the oligarchy they sought to replace.[16] The Mexican Constitution drafters were by and large creatures of the early twentieth century, and reflected the prevalent European political winds of the political elite of the era, which were primarily socialism and communism. It is also generally accepted that the Mexican Constitution reflects the political and social currents that led to the revolution, which was consisted primarily of disdain for a powerful executive. Interestingly, the Mexican drafters opted against the parliamentary system proposed by some delegates.[17] However, the drafters and ratifiers of the document—ironically, the one and same group—understood that a presidential democracy, with an executive, legislative, and judicial branch, did not represent a separation of powers but rather "fractions of the power, having a specialization of functions."[18] They met and signed the final draft in the revolutionary capital of Queretaro in 1917.

In his book, Emilio Portes Gil, a revolutionary leader and puppet president known for his socialist tendencies, wrote that the drafters wanted to recognize explicitly the "equality between those that give work, and those that receive work."[19] The social policy of these words later appeared in Article 123 of the Mexican ***137** Constitution.[20] In fact, concessions to the growing communist movement, known in 1915 as the "Red Battalions," led to the direct inclusion of pro-labor protections in the Constitution as represented by Titles IV[21] and VI.[22] Gil concluded that these Titles indicate that "the State's interest as a regulatory force in the functioning of the work of man is unquestionable."[23] Not incidentally, the guarantees for workers—maximum working hours and just and liberal remuneration—are located before the powers "remaining" in the States.[24] To this day, Mexico's bloody eleven-year revolution permeates all levels of political thinking and discourse.

In regards to intellectual property, it is important to note that Mexico's Constitution places a high value on the government's role in almost every aspect of the economic development of Mexico. For example, Article 28 of the Constitution of 1917[25] begins with a clear and specific prohibition against all monopolies, except those that are reserved to and serve the nation. The monopolies encompassed by the Constitution include all those monopolies whose functions are indispensable to the government, such as coining money, controlling radio and telegraph transmissions, and providing authors and inventors the privilege of reproducing their works for a predetermined period of time.[26] The President, however, could grant such a limited monopoly.[27]

Interestingly, the legal precedent for the protection of intellectual property derives from Article 335 of the Political Constitution of the Spanish Monarchy of 1812,[28] and the Mexican Constitution of 1857 developed under President Benito Juarez.[29] Several commentators, however, have viewed a number of aspects of Mexican intellectual property protection, such as inventor's certificates, as based in ***138** Soviet law.[30] Mexico's current Constitution and its interpretation continues to pursue economic justice though the state, albeit by using less government intervention and increasing deregulation and competition, with greater reliance on the private sector.[31]

B. The Law for Developing and Protecting Intellectual Property of 1991

Following the Reagan and Bush Administrations' overtures to create a North American free trade zone, Mexico responded with legal initiatives that would help its quest to enter the first world.[32] As is common for legal initiatives in Mexico, the Salinas Administration presented Mexico's bicameral legislature with legislation designed to promote President Salinas' five-year plan for economic development. The Salinas administration, through its Secretariat for Commerce and Industrial Development (Secretariat),[33] spelled out its primary reasons for amending Mexico's intellectual property laws.

1. The Executive Intent of the Legislation[34]

Under Article 71 of the Mexican Constitution, the executive branch (Executive) is allowed to submit formal legislation for consideration by the Chamber of Deputies[35] and the Senate.[36] The response of the Senate and the Chamber of Deputies follows the analysis of the Executive intent. The discussion of the legislative intent is important because it is the focus of the Mexican legislative process regarding all legislation and in particular, the legislation regarding intellectual property.

***139** As stated by the Salinas administration, the social motive behind the initiative to change Mexico's Law for Developing and Protecting Intellectual Property was to:

> consolidate and deepen the changes to the Mexican economy that were initiated in the previous years in order to achieve a recovery of growth in production and the generation of productive employment, in conjunction with an improved perception of the job sector, in order to satisfy the needs of consumers, in a form that is both durable and stable.[37]

In addition to the social goals behind the major changes to the Law for Developing and Protecting Intellectual Property, the Mexican executive branch added that the laws were being amended to "pursue a strategy for the modernization of commercial and industrial activities and Mexico's efficient entry into a world economy."[38] A big selling point, however, was the rationale that amending Mexico's intellectual property laws to meet world standards[39] serves to improve the quality of goods and services that ultimately reach consumers.[40]

Throughout the arguments made to a largely left-of-center legislature, the executive branch highlighted the benefits to consumers and the public.[41] Referring to trademark protection, the executive branch summary before the Senate highlighted that Mexico's new intellectual property laws make it easier for consumers to select from distinct brands, resulting in decreases in fraud and confusion.[42] In the area of increased patent protection, the Salinas' administration trumpeted the disadvantages caused by the prior law to Mexican inventors, including a shorter patent term, ineffectual enforcement, and a lesser degree of technical assistance in the development of intellectual property rights.[43] The executive branch's focus is not unexpected, given the nationalistic tendencies that permeate every aspect of Mexican politics. Therefore, it is not surprising that the Mexican executive branch would resort to tactics that are tried and true for passing legislation—a paternalistic attitude toward the public and demagogic nationalism.

Another selling point used by the Secretariat for Commerce and Industrial Development was "the opportunity to once again advance ahead of other countries ... and to be in the vanguard of the changes necessary for the country to compete ***140** effectively on the world stage."[44] To reach the goal of leaping ahead of other countries, Mexico created the Mexican Institute of Industrial Property.[45] The mandate of this Institute is not only to examine patents and trademarks, but also "to provide technical and professional support ... and to provide orientation and consulting services to individuals to better utilize the system of intellectual property."[46]

In addition to the creation of the Mexican Institute of Industrial Property, the law provided for international intellectual property standards and protection in 1991, six years before such standards were required by NAFTA.[47] In compliance with NAFTA, Mexico was also required to recognize patent protection of "pharmaceutical products, general medicines, animal drink and feed, fertilizers, pesticides, herbicides, fungicides, and compositions of matter with biologic activity and the biotechnological processes for obtaining such, in addition to chemical products."[48] The purpose of such amendment was to "bring to the country these new technologies and to induce their transfer or licensing to Mexican enterprises."[49] The legislative initiative was also designed to allow patenting of previously "forbidden" subject matter in the areas of "plant varieties; inventions related to microorganisms; alloys; food and beverage for human consumption, and the processes to obtain and modify them."[50] The Mexican Law for Developing and Protecting Industrial Property was amended in 1991 to extended protection to all imported, patented subject matter. This law also provided for federal trade secret protection.[51]

One aspect that the law proposed by the executive branch did not attempt to change extensively was the compulsory licensing of patents.[52] Not unlike the compulsory licensing provisions of countries such as Canada, the laws of Mexico allowed for compulsory licensing of inventions that are not being used by the patent holder.[53] The rationale behind this policy is to allow the state and others to make ***141** and use the invention when the patents "are not being utilized in the industry or in commerce by the holder of the respective patent."[54] The new Mexican Law, however, was amended to address the inherent subjectivity that was allowing patent holders to abuse the system of compulsory licensing.[55] Although the executive branch did not specify what types of abuses were being perpetrated, it is plausible that the patent holders were making minimal or

perfunctory use of their patented inventions to prevent compulsory licensing, thereby circumventing the rationale of encouraging use of the invention. By using a more objective standard of patent use, the Mexican executive also sought to increase judicial efficiency by decreasing the uncertainty surrounding judicial determinations of patent use.[56]

For the enforcement of intellectual property rights throughout Mexico, the 1991 Law added and increased the regulations relating to the "inspection, infringement, and administrative sanctions and to determine those conducts that will be classified as crimes against industrial property."[57] The Mexican executive branch summarized the goals of the new Mexican law in the enforcement provisions:

> agile means of enforcing [industrial property] that allow the authorities to comply with the attributes [of the law] within the margins and limits that are prescribed by the Political Constitution of the United States of Mexico. On the other hand, there are conducts that not only cause damages and losses to the property holder of a right protected under the law, but that affect society itself, making it necessary to classify these acts as criminal.[58]

Finally, the Mexican executive placed jurisdiction for criminal investigations of crimes against intellectual property within the Public Ministry, the Mexican equivalent of the U.S. Justice Department.[59] The purpose for placing the ***142** enforcement of administrative and criminal sanctions under the jurisdiction of the federal government as an administrative authority is to provide technical assistance that is not prosecutorial in character.[60] The legislative initiative, however, also includes other remedies, such as compensation for damages and losses caused by infringement.[61]

2. Advice of the Senate Regarding the Legislation[62]

In response to the legislative initiative presented by the executive branch, the Senate of Mexico presented a series of clarifications in two separate responses.[63] The difference between the two formal presentations is clear: while the executive branch's initiative served the role of selling the legislative initiative, the Senate's responses revisited the legislation, step by step, to ensure that conceptual and practical considerations were explored and answered.

While the Mexican executive had focused on the needs of consumers and producers within Mexico, the Senate focused on the economic advantages of the legislation. The advantages cited by the Senate included internationalizing the Mexican economy, promoting exports for the purpose of generating and expanding the "culture" of exports, strengthening the internal market economy, and encouraging the development of technology and the deregulating economic activities within an improved judicial framework.[64]

The Senate cited four primary reasons for expanding the scope of intellectual property protection. First, the Senate noted that the legislation "supports a permanent process of improving innovation and technology within productive sectors."[65] Towards that end, the Senate found that the legislation strikes a balance that adequately protects and encourages inventors to perfect industrial processes and products, thereby increasing the frequency of industrial innovation and encouraging a more efficient use of resources destined for research and development.[66] Second, the legislative initiative served to protect the demands of consumers by improving quality.[67] The legislation achieves this second goal by ensuring that "trademarks, ***143** service marks, commercial names, commercial advertising, and designations of origin aid consumers in the selection process of the products that they acquire and decrease their risk of being defrauded by high expectations of quality that in reality do not exist."[68] Third, the Senate reasoned that the legislation would help "insert Mexico in an advantageous position within the international economy,"[69] echoing the intent of the executive branch. The Senate, however, focused on the advantages it gave Mexican industries, and failed to even mention individual inventors' need for protection from larger enterprises. Finally, the Senate focused on the "opportunities made available [by the legislation] in response to changes in international industrial property protection." Specifically referring to the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), the Senate formally recognized the need to enhance intellectual property protection in order to "join the movements that are encompassed within a world economy regarding commerce, investment, and technology."[70]

Having laid out the various goals of the new Law for Developing and Protecting Industrial Property, the Senate took radical steps. First, the Senate repealed the Law of Inventions and Marks of 1976 and the Law of Control and Registry of the Transfer of Technology and the Use and Utilization of Patents and Marks of 1982.[71] Next, the Senate recognized the transitory regulations that were to apply while new federal regulations were drafted, and finally analyzed the structure and content of the new Law for Developing and Protecting Industrial Property. The Senate response included an extensive review

of the differences between the old and the new law,[72] but a discussion of this review is outside the scope of the present discussion.

The Senate's response to the legislation did propose a number of important revisions and explanations of the legislation. Interestingly, these revisions and interpretations have a direct bearing on policy discussions that are present in United States case law. For example, the Senate was very concerned with the Mexican equivalent of 35 U.S.C. § 102(b), or Article 18.[73] Referring to the need for commercial and university entities to publish research data, the Senate noted that the legislation proposed by the executive branch created a confusing distinction between ***144** divulging the information with a commercial motive as compared with a noncommercial motive prior to submitting a patent. The Senate was concerned with the proposed requirement that commercial inventors request permission from the Secretariat of Commerce and Development of Industry prior to divulging information. Citing a need to deregulate Mexican industry and the increase in bureaucratic steps that prior notice to the government would create, the Senate equalized non-commercial and commercial inventors by eliminating the requirement that industries register their intent to disclose their invention.[74] The Senate decided to remove the requirement that commercial developers register their intent to disclose their inventions publicly.[75] The Senate also took away entirely the jurisdiction of the Secretariat of Commerce and Industrial Development over these matters to further deregulate the country's economy.[76]

Another example of a change proposed by the Senate was to modify the legislation to protect the rights of inventors against infringing imports. The executive proposal only required that importers prove that the products imported into Mexico entered the international stream of commerce legally.[77] In other words, the executive branch's language would permit a product infringing a patent in Mexico to enter the country if it was produced in a country without patent protection. The Senate balked at the executive branch's attempt to leave such a large hole in the protection of patents in Mexico and stated that the "importation of patented products that come from countries where legal protection is doubtful or unsatisfactory" would adversely affect the protection of patents in Mexico.[78] The Senate deleted this loophole and ultimately passed implementing legislation forbidding the importation of infringing products[79] three years before the United States granted its patentees similar rights.[80]

The Senate and the Executive debated the scope and effect that the number of claims originally presented in the patent application would have during subsequent prosecution.[81] The original language presented by the Executive branch proscribed the addition of claims to the original patent application. The Senate increased the stringency of the bar against additional claims by amending the legislation to limit ***145** changes to claims that clarify language and correct clerical mistakes. Therefore, in the Mexican equivalent of a "Responses to Office Action," no additional claims can be added, and the scope of claims cannot be expanded without submitting a new application with a new filing date. This stringent requirement follows the purpose for founding the IMPI in reducing the bureaucratic steps necessary to obtain a patent. Therefore, it is not surprising that the Senate would opt for increasing the burden on patent applicants and their counsel to present inventions that are fully claimed. The "greatest scope claiming" requirement causes the maximum scope of the claims, for purposes of publication and examination, to be initially disclosed. The unopened patent application will be compared to other patent applications during the substantive review of the application to eliminate the need for interference proceedings. Finally, applicants are legally forced to admit that they are presenting claims of the greatest scope possible, potentially eliminating the need for broadening re-issue proceedings.

The Senate improved the federal definition of trade secrets by indicating those secrets that are and are not protected.[82] The new Senate definition explicitly added that in order to possess a trade secret, the holder must "obtain or maintain a competitive or economic advantage as regards third parties in the conduct of economic activities."[83] Furthermore, the Senate specified that any information divulged to any corresponding authority in order to obtain "permits, licenses, registration or other similar records, shall only be used for the designated purpose and do not cause a loss of confidentiality of the data provided."[84]

The Senate also recognized the problem of trademark registrations that contain letters, numbers, and "isolated colors."[85] Noting that there are many valid and ***146** notorious marks that contain numbers and letters, and the possibility that color may be the subject of trademark or trade dress protection, the Senate clarified the prohibition of Article 90, subpart V,[86] against registration of "letters, numbers, or isolated colors, unless these are combined or accompanying elements, such as signs, designs, or denominations, that give them a distinctive character."[87]

Following a lengthy technical analysis of the legislation, the Senate's brief conclusion highlighted the legislative initiatives' purposes of increasing the rate of industrial innovation, of facilitating the improvement of the industrial sector through the

use of technology, and of making efficient use of technical investigative resources. The Senate made its nationalistic intent clear while adding that the legislation "eliminated the disadvantage that fellow nationals were under as against foreigners in matters related to procedures to detain infringers or to penalize delinquents regarding industrial property."[88]

3. Advice of the Chamber of Deputies Regarding the Legislation[89]

Following a brief recitation of the reasons presented by the Mexican executive branch for pursuing and voting the legislation into law, the official report of the Chamber of Deputies made additional proposals to the legislation.[90] Echoing the Senate report, the Chamber of Deputies made special note of the new industrial secrets protection at the federal level, highlighting the need for judicial certainty and protection in the area of trade secrets.[91] In a telling passage about trade secret protection in Mexico before the new Law for Developing and Protecting Industrial Property, the report indicates that the "dispositions relative [to industrial secrets] come to fill a lagoon that exists in the laws of this subject matter currently in force."[92]

Unlike the Senate, the House of Deputies held extensive hearings and invited comment from "academic institutions, investigative institutes, producing organizations, inventors' associations, professional associations, government ***147** agencies involved in consulting, etc."[93] The emphasis of the changes in the legislation was on helping individual inventors and on increasing the scope of the consulting role that is built into the Mexican Institute of Industrial Property (IMPI).[94] In addition to helping individual inventors and trademark applicants, the IMPI's role was expanded to include studies of international and national technology, and to coordinate and provide assistance to the Secretariat for Commerce and Industrial Development.[95]

The Chamber of Deputies also helped resolve a potential controversy before it arose regarding the Mexican Postal Service. As a first-to-file country, confusion could easily arise where one party filed with the postal service and received a certain filing date, and another filed elsewhere on the same date. The problem exists because the Mexican postal service does not date and time stamp the mail; it would be impossible to know which party filed first. The Chamber of Deputies elected to follow an unforgiving approach, but one that reflects the realities of communications in Mexico today and for years to come: the first to file with the IMPI, regardless of the means of communication, receives the first filing date, excluding a claim of foreign priority.[96]

C. The Law for the Protection of Industrial Property of 1994

Having laid the foundation for reforming laws protecting intellectual property in 1991, the Salinas Administration continued its consultation with its new North American partners and the Mexican Legislature. The 1991 law, however, was not merely a response to the need to reform intellectual property in Mexico, but may have served the additional purpose of demonstrating the Salinas administration's resolve to complete negotiations for NAFTA in light of strong internal opposition and pressure.

After winning the national debate over free trade and deregulation, and following the successful negotiation of NAFTA and entry into GATT, the Salinas administration forged ahead. In order to strengthen and amend the protection of patents, trademarks, copyrights, and industrial secrets in Mexico, Salinas presented a revised version of the law in 1994 that made minor revisions to existing law and fulfilled the requirements imposed on Mexico by NAFTA—namely, compliance ***148** with international intellectual property agreements.[97] What emerged is a law that encompasses 229 primary articles and twelve transitory provisions that answer the basic concerns of the legislature discussed above.[98] A lengthy recitation of the law is beyond the scope of this article. The one provision that is important is the creation of the Mexican Institute for Industrial Property in Article 6 that acts as a new Mexican Patent and Trademark Office.

III. The Creation and Purpose of the Mexican Institute of Industrial Property

Unlike the detached, hands-off approach of the United States Patent and Trademark Office (PTO), the Mexican Institute for Industrial Property (Instituto Mexicano de la Propiedad Industrial or IMPI) has been designed to play an active role in the protection and enforcement of intellectual property.[99] Created by President Salinas in 1993, the Mexican Institute for Industrial Property (IMPI) was placed under the Secretariat of Commerce and Industrial Development.[100] First, the IMPI was created as the "administrative entity responsible for intellectual property," and is a "decentralized entity" that has an "autonomous judicial character and funding."[101] In other words, Mexico created a decentralized, self-funding Patent and Trademark Office, bringing to full circle the goals of the five-year Plan for Economic Development, which were

decentralization and development of internal and external competition.[102]

The IMPI's legislative mandate, however, extends far beyond that of the United States PTO. The IMPI's primary goal is to not only foster and protect industrial property, but also to "foster ... technology transfer, study, and promote technological development, innovation, and product differentiation, as well as provide information and technical cooperation to [other agencies]...."[103] In other words, the IMPI is not merely a passive recipient of patent and trademark applications; it is designed to be an active participant in the industrial development of Mexico. To achieve the goal of supporting industrial development, the IMPI is required to "encourage the participation of the industrial sector in the development and implementation of technologies that increase [ ] quality, competitiveness and ***149** productivity ... as well as research the advancement and implementation of industrial technology nationally and internationally ... and to propose policies that foster their development."[104]

Another key aspect of the IMPI is direct involvement in the "proceedings that nullify, terminate, or cancel the rights to industrial property."[105] The IMPI, therefore, has the jurisdiction and the enforcement mechanisms to conduct investigations of "administrative infractions," or, in other words, invalidity and infringement.[106] The IMPI is also able to conduct inspections, to gather information, and to enforce industrial property violations.[107] Enforcing the industrial property laws includes conducting hearings and imposing administrative sanctions against infringers.[108] As the lead agency in protecting and enforcing intellectual property rights, the IMPI's investigations can also serve as the basis for criminal violations.[109] Finally, the IMPI is granted the power to act as an arbitrator to aid in resolving "controversies related to the payment of damages and losses derived from the violation of industrial property rights, when the parties so request" in accordance to arbitration procedures found in the Mexican Code of Commerce.[110] In essence, the agency that is most attuned to the specific and special nature of intellectual property protection and rights is the same agency that helps enforce those rights.

To serve its social functions, the IMPI is required to help educate, counsel, and provide the public with materials relating to intellectual property.[111] The IMPI actively promotes and assists in the creation and production of inventions under the intellectual property laws of Mexico.[112] To aid in the development of intellectual property, the IMPI is required, but not limited, to convene conferences, contests, and expositions relating to intellectual property, and to act as consultants to help "businesses and financial intermediaries to begin or finance the construction of prototypes and for the industrial or commercial development of certain inventions."[113] Finally, the IMPI must serve its social goals by engaging "persons, ***150** groups, associations, or institutions involved in research, higher education, or technical assistance, about intellectual property laws and their reach" to facilitate the creation and development of inventions.[114]

The IMPI is a very different agency compared to the United States PTO. Instead of acting as a passive participant in the development of intellectual property, the IMPI has been given the mandate to encourage invention and commercial development of intellectual property. The IMPI also serves as the Mexican equivalent of the PTO, reviewing patent and trademark applications, registering copyrights, and participating in the protection of industrial trade secrets when appropriate. The IMPI is the lead agency and serves a key consulting function in the negotiation of international agreements relating to intellectual property.[115] The IMPI plays an active role in determining invalidity and infringement at the administrative level and a central consulting role in the determination of criminal activity alongside the Mexican Public Ministry.[116] Finally, the IMPI helps determine and calculate damages for violations of intellectual property rights, and can aid in the arbitration of intellectual property disputes when requested by the parties.

Given its recent creation, it is not clear whether the IMPI will be able to fulfill its mandate, or the extent its resources will be used by both the public and private sectors. Yet, the IMPI is a central player in all phases of intellectual property development in Mexico. A central question that remains unanswered is the level and sources of funding of the IMPI. The IMPI is likely to fund its activities from application, filing, and maintenance fees. The other sources of funding that may be made available to the IMPI are not known, however, given the fiscally austere environment of present-day Mexico and the government's increased reliance on user fees; thus, the mandate may clash with the IMPI's social responsibilities.

The extent that the IMPI successfully implements and fulfills its mandate will depend on the financial support that it receives from the Mexican executive and from user fees. The level of support and involvement by those interested in obtaining and enforcing intellectual property rights inevitably creates conflicts of interest with the examination role of the IMPI. One conflict arises between the branch of the IMPI that actively encourages Mexicans to seek patents for potential inventions and the branch of the IMPI that examines patent applications. For example, if a new inventor attends a patenting exposition sponsored by the IMPI or is approached by the IMPI education branch with encouraging words about his invention's patentability, the inventor might perceive that the IMPI staff is giving his invention ***151** preliminary approval. Such

encouragement is likely to cause the inventor to seek patent protection, thereby expending funds he might not have otherwise spent. Unfortunately, when the inventor reaches the examination branch of the IMPI, the encouraging words of the IMPI education branch have no meaning. Since the examination branch will examine all applications using the same guidelines, the efforts of the education branch may be compromised because its assessments have no weight during examination. The reason is simple: while the education branch may act as a docent about the requirements of the law, it is unlikely to be abreast of the latest inventions and technology in Mexico and overseas.

A similar conflict arises between the patent granting branch and the enforcement branch. The enforcement branch is likely to defer to the granting arm regarding the validity of the issued patent, which in effect makes every issued patent valid and enforceable. On the other hand, the enforcement branch might find all patents to be valid but unenforceable, or simply invalid. Placing the examination and the enforcement branches together may give rise to internecine conflicts that are outside the law, but may be the determining factors in the patentability of an invention.

Although Mexico's government has made major strides toward the elimination of corruption at all levels, corruption remains a major factor of life in Mexico. Only complete intolerance of untoward influence will allow the IMPI to remain a respected institution. President Zedillo's recent decision to fire hundreds of Mexican Judicial Police officers may indicate a growing intolerance toward corruption at all levels.[117] Every act taken by Mexico to eliminate corruption is a welcome step towards achieving the globalization of Mexico's economy, with the final goal being Mexico's entry into the First World.

IV. The Rules and Regulations of the Mexican Institute of Industrial Property

More recently, the IMPI has established the rules and regulations that will serve to protect intellectual property in Mexico. These regulations have two forms: (1) they apply to the IMPI itself, and (2) they apply to the form of patent applications. Interestingly, the regulations promulgated by the IMPI are very similar to a combination of the United States Code,[118] the Code of Federal Regulations,[119] ***152** and the Manual of Patent Examining Procedure (MPEP).[120] Unlike their United States counterparts, which contain extensive detail, the Mexican regulations encompass a wide range of regulatory levels, adding only the details necessary to implement the Law of Industrial Property.

A. The IMPI's Institutional Structure and Governing Body

As with most agencies in Mexico, the IMPI is highly hierarchical and is used by the Mexican executive to parcel out sinecures, increasing the executive's power over subordinates at all levels of government. The governing authority of the IMPI is vested in a ten-member council headed by the Secretary of Commerce and Industrial Development. The other nine members include two representatives from the Mexican Secretariat of Finance and Public Credit[121] and one representative each from the Secretariats of Foreign Relations,[122] Agriculture and Hydraulic Resources,[123] Public Education and Health,[124] and the Counsels of Science and Technology and of Meteorology.[125][126]]

The reason for having representatives from these diverse agencies is not explained. However, some reasons may be inferred. For example, it is not surprising to have a representative from the Secretariat of Foreign Relations, given the increased internationalization of intellectual property protection. Representatives from the Secretariat of Finance and Public Credit are not surprising either, given the overwhelming power that is bestowed on the agency and the long line of former presidents of Mexico that are former Secretaries of this agency. A governing body with representatives from a variety of Secretariats also helps diffuse power among the different agencies, whose leaders are hand-picked by the Mexican executive.[127] Below the governing body is the General Management section, which is responsible for the day to day operations of the IMPI.[128] The Division of General ***153** Management includes subsections of Administration and Finance, National and International Relations and Cooperation, and Internal Affairs.[129]

B. The IMPI's Internal Structure

The IMPI consists of five main divisions that are responsible for Patents, Trademarks, the Protection of Industrial Property, Technical Assistance, and Judicial Affairs.[130] The basic mandate of the sections for Patent and Trademark examination is like their counterparts in other countries—to examine applications.[131] Likewise, the division of technical assistance serves as the bulk of the core of examiners. Any division can tap the entire pool of technical assistance resources.[132] While these branches or divisions are statutorily defined and created as separate entities within the IMPI, the practical implementation and overlap

of the mandate of each branch is an open question.

As a full service agency, the IMPI has been designed with an intellectual property enforcement branch, the Judicial Affairs branch, which has jurisdiction over matters ranging from invalidity to infringement.[133] By far the most interesting of the IMPI's branches is this Division of Judicial Affairs. The IMPI's judicial branch has the capacity to investigate matters relating to infringement of all intellectual property rights, to coordinate its efforts with the criminal enforcement agencies of the federal government, to arbitrate, to grant injunctions, and to declare patents invalid or abandoned.[134] In other words, the IMPI has the power to take away intellectual property rights on its own right, without litigation. The IMPI judicial branch is also responsible for evaluating and rendering opinions on the meaning of acts of the legislature and interpreting conflicting regulations that affect intellectual property rights.[135] The IMPI judicial branch is the only centralized evaluator of the legal effects of the Law of Industrial Property and of the interpretation of the law. Mexico opted to centralize the interpretation and evaluation of intellectual property controversies in one central agency, rather having a multitude of district and appellate courts and panels render conflicting dispositions on the specialized issues relating to intellectual property rights and protection.

***154** The Division of Judicial Affairs is also empowered to advise the IMPI central directorate with legal advice on matters ranging from the interpretation of international treaties and agreements,[136] the development of the forms and procedures for offering and imposing administrative sanctions,[137] to the resolution of internal labor disputes.[138] Its primary function, however, is enforcing intellectual property rights, from conducting invalidity and nullification proceedings[139] to aiding in the investigation of "all pertinent allegations using any and all means to obtain evidence that is necessary to reach the truth in administrative proceedings that are created in accordance to the Law [of Industrial Property]."[140]

Patent nullification proceedings under Mexican law are of particular importance to the patentee because they can occur at any time, and may be brought by "the Institute [IMPI], any official, any person, or the Public Ministry" and nullification causes the patent to be invalid from the date of filing.[141] The judicial branch has wide discretion in the nullification of patent rights, and may impose limitations on claims, or only cancel specific claims while maintaining the rest as valid.[142]

The judicial branch is empowered to evaluate the amount of use of the patent for purposes of compulsory licensing. If the judicial branch determines that a patent holder or his or her licensees are not fully exploiting the invention, the judicial branch can declare that the patent right has expired and that the invention enters the public domain.[143] Finally, all royalty payments under the compulsory licensing statute terminates the day a patent is declared invalid.[144]

V. Substantive Mexican Patent Law

Unlike the combination of laws, regulations, and precedent that are an integral part of jurisprudence in nations that derive from British common law, civil law countries like Mexico attempt to encompass most of their jurisprudence legislatively. In Mexico, code law is the primary source of jurisprudence; Mexican ***155** courts are limited to interpreting the laws as written. Consequently, the judicial determinations of Mexican courts are strictly limited to the particular facts of each case, and are not necessarily binding on subsequent cases. The following discussion examines the key provisions of the Law of Industrial Property and their relation to United States patent law.

A. Patentable Subject Matter

The Mexican Law of Industrial Property defines invention as "all human creation that permits the transformation of matter or energy that exists in nature so that it can be utilized by man and can satisfy concrete needs."[145] This law also defines what is and is not patentable. Patentability requires that the invention be "new, resulting from an inventive activity, and susceptible to industrial application."[146] Unlike its American counterpart, 35 U.S.C. § 101, which defines broad categories of matter that may be patentable,[147] the Mexican law first establishes that all things are patentable unless prohibited.[148] These prohibited inventions are:

I. Processes that are essentially biological for the production, reproduction, and propagation of plants and animals;

II. Biologic and genetic material as it is found in nature;

III. Animal species;

IV. The human body and the living parts that comprise it; and

V. Vegetable varieties.

These prohibited inventions are different from the categories that are not considered inventions.[149]

***156** Interestingly, the Law of Industrial Property also defines what is meant by new or novel, and how it is determined.[150] As a first-to-file country,[151] Mexico also solved the problem of patent interferences by including in its definition of "new and inventive activity" a requirement that the IMPI evaluate all patent applications issued before the filing date of any application, and all applications that are pending, even before the applications' publication eighteen months after submission.[152]

B. Anticipation

As a first-to-file country, Mexico avoids the problem of determining who first conceived and reduced an invention to practice because the actual invention date does not matter.[153] Whoever wins the race to the patent office gets the earliest date of invention. Unlike its Mexican counterpart, 35 U.S.C. § 102 of the United States Patent Act relies on the amorphous concept of a "date" of invention to determine priority.[154] Mexico has taken an approach that increases the certainty of the invention date by relying on modern communications in spite of the fact that the Mexican postal service is not known for its reliability. The Mexican approach may reflect three key aspects of modern-day Mexico: a culture that is highly suspicious of lawyers, a country where 25% of its population lives in Mexico City, and a small geographic area. While the first-to-file approach might be thought of as discriminating against foreigners wanting to file patents in Mexico, the purpose of the legislature just might have been to favor local inventors over foreigners.

***157** The Mexican patent act, however, is similar to its United States counterpart regarding the presentation of information prior to the filing date, as it allows patents to be filed within twelve months from the date of the presentation or filing of a foreign patent application.[155] The Mexican counterpart to 35 U.S.C. § 102(b), however, specifically defines the types of public disclosures as "any means of communication, or by putting the invention in practice, or by exhibiting the invention in any national or international exhibition."[156] The Mexican law also imposes an affirmative duty to disclose any such public disclosure at the time the patent is filed.[157] Therefore, the applicant not only has the burden of disclosure, but the duty to disclose at the time of filing.[158]

C. Claim Interpretation

The Mexican Law of Industrial Property states plainly that the rights conferred by a patent "shall be determined by the approved claims."[159] Furthermore, the law dictates that the description in the specification, the drawings, and any deposited biological material shall be used to interpret those claims.[160] Unlike the vast jurisprudence that has been generated surrounding claim interpretation in the United States, claim interpretation in Mexico is drawn strictly from the text of the claims.[161]

In fact, great deference has always been granted the issuing agency[162] in determining whether or not to issue a patent. Legal precedent in Mexican patent law is sparse, but one court defined the question as follows: "[Did the granting agency] apply an objective realistically and not act contrary to the dictates of logic[?]"[163] In essence, unless the Mexican PTO makes a mistake beyond reason, the decision will stand. Importantly, the number of appeals is limited by the Law of Industrial ***158** Property to one appeal to the IMPI, and one appeal to an "Administrative District Judge in the Federal District," whose decision may be appealed to a panel of administrative judges of the First Circuit.[164]

D. Examination

Patent examination is separated into two discrete steps: (1) a preliminary review by the patent office of any documents and the patent application,[165] and (2) a substantive "in-depth" examination of the invention.[166] It is important to note that the time constraints in most of the administrative proceedings are short, generally two months.[167] Lacking an explicit method of

extending a time period for a response, as is common in United States practice,[168] extensions of time are likely to reside under the purview, or whim, of IMPI officials. Like its European counterparts, the IMPI is required to publish patent applications eighteen months after the application has been submitted.[169] Interestingly, the substantive examination does not have to commence until the patent has been published and examination fees have been paid.[170]

To aid the IMPI during examination, the Law of Industrial Property permits the Institute to request technical assistance from "national entities and institutions that are specialized."[171] It is not clear if these organizations are limited to federal or state agencies. Since federal protection is not negated by any other required transactions, such as obtaining licenses for use from regulatory agencies, the exchange of confidential information between the IMPI and ancillary agencies is unlikely to affect the examination of patent applications. Also, previous foreign examinations or patents granted might be requested by the IMPI, but serve only an advisory function.[172]

***159** Once the IMPI has performed a substantive examination of the application, it may require the applicant to respond to its determination. The applicant has a two-month response time,[173] which puts a premium on a rapid response for those submitting Mexican patent applications, especially when corresponding through foreign associates. Congress amended the law to require that claim amendments be limited to narrowing the scope of claims and to decreasing their number.[174] Until a final disposition on the merits, voluntary amendments are permitted but are limited to narrowing the scope of the claims.[175]

1. The Application

The Mexican regulations that deal with the specifics not addressed in the Law of Industrial Property[176] were promulgated and published shortly after the Mexican Congress passed the current law.[177] The application process resembles that of European countries and Japan. The specification must eventually be submitted in Spanish along with the IMPI approved application and submittal forms indicating the names of the inventors or corporation that is presenting the application, and the appropriate fees must be paid.[178] The specification is required to contain a description, claims, drawings (if necessary), and a brief summary of the invention.[179] Each of these parts has rather exacting requirements, as discussed below.

2. Claims Drafting

The rules that regulate the drafting of claims in Mexican patents revolve around an inventive concept. The Law of Industrial Property allows the claiming of a single invention per patent or the claiming of inventions that are directed "to a group of inventions that have a relationship among them that conform with a single inventive concept."[180] By permitting the consolidation of inventions that relate to a single "inventive concept," the Mexican law addresses a recurrent problem in United States practice, which is the PTO's use of restriction requirements to limit inventors ***160** to one invention per patent.[181] The Mexican law points out specific examples of inventions that may be contained within the same patent application and issue as a single patent, preempting initial concerns with the interpretation of the term "inventive concept."[182]

When more than one invention is claimed in an application, the Mexican law requires that the applicants present the "descriptions, claims and drawings that are necessary for each application," except for "any documentation relative to priority."[183] Furthermore, translations of the patent do not need to be separated, but inventorship and any rights derived from different portions of each application have to be amended.[184]

Finally, the Mexican law clearly lays out the formalities associated with claims drafting by stating that the "number of claims shall correspond to the nature of the invention claimed."[185] The extent to which the number of claims will be scrutinized under the law is left unclear in the regulations that the IMPI has developed based on the Law. Although not prohibited in the claims, references to numerals in the figures are permitted only to the extent that they are necessary and facilitate the understanding of the claim.[186] The Mexican regulatory equivalent of 35 U.S.C. § 112 ties the Mexican law into the regulations by stating that each invention that is part of a single "inventive concept" shall be independently claimed.[187] Although the Mexican regulations prohibit dependent claims based on multiple dependent claims,[188] the regulations are silent on the use of means-plus-function language in claims, and on connections between the claims and the specification.[189] The ***161** contents of the specification, however, are fully dealt with in Article 28 of the regulations.[190]

3. The Description in the Specification

The Regulations also indicate the specific minimum requirements for the specification.[191] Of importance to practitioners overseas is the requirement that the description of the invention should "make note of the differences in the invention that is disclosed with similar inventions already known."[192] In other words, the inventor is required to point out differences between his invention and previous inventions. The extent such statements may be considered admissions regarding the prior art in the field or the effect those admissions may have on the scope of the claims is not discussed. In addition to a number of requirements that are similar to the disclosure requirements in the United States, the Mexican regulations require that the inventor "explicitly" describe the way in which to use or make the invention, if the way of making or using the invention is not "evident from the description or nature of the invention,"[193] Furthermore, the Mexican regulations require that the inventor "indicate the best method known or the best mode envisioned by the applicant to accomplish the claimed invention."[194] Therefore, unlike the requirement in the United States that the inventor include somewhere in the specification the best mode of making or using the invention,[195] the Mexican regulations seem to require that the inventor specifically point out what the inventor believes is the best mode, if several are disclosed.

4. Sequence Listings

In the area of patenting products derived from the use of biotechnological techniques, the Mexican patent regulations are practically a carbon copy of the requirements in the United States.[196] Mexico requires that biological materials that ***162** are the subject of patent protection of genetically engineered or derived organisms be deposited with an international deposit recognized by the IMPI.[197]

When it comes to presenting nucleic acid and L-amino acid sequences in the specification, the regulations require that the applicant list every nucleic acid sequence longer than ten contiguous nucleic acid bases and four amino acid residues.[198] D-amino acid sequences are specifically left out of the definition of amino acids for the sequence listing requirement.[199] The list of nucleic and amino acid sequences are to be identified with individual sequence identification numbers—specifically: SEQ ID NO:—and with the English abbreviations for all amino acids except glutamine.[200]

Interestingly, the Mexican regulations do not require the applicant to submit the sequence listing in electronic form. The lack of an electronic copy of the listing is troubling and ironic, since the purpose of submitting an electronic copy of the sequence listing is to facilitate the search for similar nucleic acid sequences from existing DNA databases. Although most Third World countries may not have extensive nucleic and amino acid sequence databases, access to databases in the United States may be obtained through the Internet or reciprocal agreements with foreign PTOS. Due to the ease with which databases may be searched overseas and the increased efficiency of electronic searching, it is likely that an electronic copy of the sequence listing data may soon be required.

E. Patent Infringement

1. Administrative Procedures

The Mexican Law of Industrial Property defines the minimum procedures and formalities that are required to initiate an IMPI investigation.[201] As already mentioned, the remedies available through the IMPI judicial branch supplement civil remedies[202] available under the Federal Code of Civil Procedures.[203] Unlike the ***163** somewhat liberal pleading requirements of Rule 9 of the U.S. Federal Rules of Civil Procedure, the Mexican law requires that the plaintiff in an infringement suit allege "the object of the pleading, detailing in clear and precise terms ... a description of the facts ... and the rule of law."[204] In other words, the plaintiff must aver as many facts and dispositions on issues of law when initially presenting the application for administrative action by the IMPI. If the IMPI does not believe that the requirements of the law have been met, the applicant has eight days to cure any deficiencies.[205]

The advantages of following the administrative procedures of the IMPI include the "admissibility of all types of facts, except testimonial and confessional, unless the testimony or the confession are contained within documents, or are against morality and the law."[206] Furthermore, the law permits the use of the patent owner's or licensee's billing records and inventory lists as evidence against an infringer.[207] Interestingly, the Congress has already amended the powers of the IMPI for gathering evidence. In essence, the IMPI can use "any means of obtaining facts that it estimates as necessary."[208] Therefore, once the IMPI has received a complaint that it determines has sufficient merit, based on the amount of information available to the complainant, the IMPI can order all information it needs for its investigation and that will insure the protection of

confidential information.[209] If the defendant fails to forward the requested information, does not forward information about the "pertinent facts" in a "reasonable time," or hinders the investigation, the IMPI is empowered to make preliminary or final findings of fact and law, for or against the complainant, based on the facts presented, as long as a hearing is held where both interested parties are present.[210]

The law also provides a special provision for inventions that are claimed as a product by process. Where a product is obtained via a patented process, and the complainant has averred sufficient facts to trigger an IMPI investigation, the defendant has the burden of proving that his or her product is not made by an infringing process.[211] The shifting of the burden of proof, however, is only applied ***164** if the "product is new," or if there "exists a significant probability that the product is being produced using the patented process" and the patent owner has been unable to establish that his or her patented process has been used.[212]

Another interesting aspect of the IMPI's administrative functions involves notice to the patent owner that the patent's validity is being challenged. If the IMPI is unable to contact the patent owner at the last known address, the IMPI is only required to publish notice of the challenge once in the Diario Oficial de la Federación (Diario Oficial) and once in any major newspaper with distribution throughout Mexico.[213] No provision is made regarding foreign inventors; therefore, local counsel will have to be relied on for notice and inspection of the Diario Oficial. Even if notice is received, however, the IMPI only allows the patent owner a period of one month to respond in full to the administrative action[214] unless the patent owner is in a foreign country, in which case the deadline is extended another fifteen days.[215]

2. The IMPI's Enforcement Mechanisms

The creation of the IMPI completely changed the scope of enforcement mechanisms available to patent owners.[216] Unlike the PTO in the United States, the IMPI has been given the power to enforce patent owners' rights against actual and potential infringers.[217] For example, the IMPI can "order the removal of infringing merchandise" or prevent its release to the public. Likewise, the IMPI has the power to remove from the stream of commerce products that are made or used illegally, packaging and publicity of any infringing product, advertisements relating to any infringing product, and equipment destined to be or being used to create infringing products.[218] In order to prevent any gaps in the powers of the IMPI, the law also comes with a catchall provision that give the IMPI the power to prevent any aspect of the commercialization of an infringing product.[219]

***165** The IMPI also has jurisdiction to secure any infringing goods to prevent infringement, and to secure goods that may be used to pay for damages associated with the infringement.[220] Furthermore, jurisdiction extends to goods and services in the possession of third parties, who are prevented from disposing the goods in any manner.[221]

Finally, the law does provide safeguards to prevent the filing of frivolous preliminary injunctions against alleged infringers. For example, the law requires that the IMPI look into the nature and circumstances of the allegation, and set a bond accordingly.[222] As with the filing of a motion for a preliminary injunction in the United States, the law requires that patent owners demonstrate that one of their rights is being violated, that a violation of their rights is imminent, the "existence of a possibility of irreparable harm," and the potential that evidence may be "destroyed, hidden, lost or altered."[223] Furthermore, the applicant for an administrative action may be held liable for any damages and losses of the alleged infringer if the motion is withdrawn or if a full administrative action is not commenced within twenty days from the issuance of a protective order.[224]

3. Inspection

The IMPI also has the power to inspect the facilities of potential infringers. Unlike the extensive discovery procedures followed in the United States, the judicial branch of the IMPI is empowered to inspect the alleged infringer's facilities.[225] The inspection procedure is simple, requiring the complainant to submit a completed form and the IMPI to serve proper notice and to conduct the inspection during working hours, unless impossible.[226] The IMPI's power is complete, allowing inspections of any place in which the "fabrication, storage, transportation, transfer or sale of products" takes place, or in which services are provided, or documents are located.[227]

***166** If during the inspection the facts alleged are found to be true, the IMPI is able to seize immediately the infringing products, take an inventory, and if the locale is fixed, leave the products with the proprietor, or if the locale is not fixed, to

take the products back to the Institute.[228] As part of its administrative enforcement duties, the IMPI is able to seize any goods in which the infringement is embodied.[229]

4. Administrative Penalties

The Law of Industrial Property allows two forms of sanctions: administrative and criminal.[230] The law is structured, however, to permit the IMPI to impose either or both sanctions, depending on the circumstances.[231] Although the circumstances leading to one or the other sanction are not specifically laid out in the legislation, the IMPI is likely to have wide discretion in the enforcement of Mexico's patent laws. The wide discretion given the IMPI is discernible from the wide powers it has been granted in all aspects of intellectual property protection in Mexico and is due to its role as a centralized, highly specialized clearinghouse of intellectual property resources.

Interestingly, the law is written to allow the IMPI wide discretion by separating the definitions of the different forms of infringement[232] from the administrative[233] and criminal penalties.[234] By sharing definitions, the IMPI can in essence chose which standard it wishes to apply under the circumstances. When determining the type and level of administrative sanctions that it will apply, it can inquire into the intent of the act or omission, the economic condition of the infringer, and the seriousness of the offense.[235]

The level of administrative sanction follows the current trend in Mexican law to impose sanctions or fines in relation to the then extant minimum wage. The maximum fine permitted is "twenty thousand times the current general minimum daily wage in the Federal District."[236] Additional infringing activity is fined at five ***167** hundred times the minimum daily wage in the Federal District.[237] In addition to monetary fines, the IMPI can either temporarily or permanently close the facility, and impose thirty-six hours of administrative jail.[238]

5. Criminal Sanctions

As already mentioned, the infringement of a patent in Mexico is considered a crime against property. Mexican patents are infringed and the activity is considered a crime[239] if the perpetrator produces a patented invention,[240] or uses a patented process,[241] without the consent of the patent owner or a valid license. The infringing production of a patented invention is a strict liability crime because it does not contain a *mens rea* element. Not all activities relating to an infringing activity are strict liability crimes. For example, to offer to sell or place in the stream of commerce an infringing product is only a crime if the actor knew that the product was being sold without the consent of the patent owner or a valid license.[242]

Jurisdiction over criminal sanctions, however, does not reside in the IMPI, but rather, in any "tribunal of the Federation," or any federal court.[243] Furthermore, the tribunal that is adjudicating the case may look to the Law of Industrial Property and "any International Treaties to which Mexico is a party."[244]

Like the civil sanctions, the criminal sanctions and fines are based on the minimum daily wage in the Federal District. The criminal sanction for an offense has a minimum sentence of two years, up to a maximum of six years.[245] The criminal sanction can also include a fine of up to ten thousand times the minimum daily wage.[246]

*168 VI. Conclusion

In accord with the requirements of Mexico's Plan for National Development the Mexican governments of President Salinas and Zedillo have embarked on a course that will forever change the protection of intellectual property in Mexico. Among the goals of the new Law of Industrial Property is an increase in the volume, quality, and assortment of exports; the strengthening of internal markets through competition and governmental deregulation; an internationalization of Mexico's economy; and increased participation in the globalization of the world's economies.

This note has discussed the principles that were the foundation for drafting the Law for Developing and Protecting Industrial Property, the predecessor of the new Law of Industrial Property of 1994. The constitutional and legal underpinnings of the new legislation are founded in Mexico's Constitution of 1917. This constitution is a reflection of the need to appease the radical communist undercurrents of the Mexican revolution, whose effects are still felt today.

As part of the new legislation, Mexico's new intellectual property law created the Mexican Institute of Industrial Property, and a centralized administrative entity responsible for the future development of intellectual property at a variety of levels. The IMPI was created with an autonomous judicial character, meaning that it has its own enforcement and investigative branches. As a full service agency, the IMPI was designed with a patent enforcement arm that has jurisdiction over matters of invalidity and infringement, but also serves as the Mexican patent and trademark office. In addition, the IMPI is required to educate and encourage invention and patenting in Mexico by seeking and educating inventors and researchers throughout Mexico. The IMPI, however, may be a victim of its dual role as an active participant in seeking patent applications on the one hand, and as the arbiter of the patentability of the inventions submitted on the other. The inherent conflict of interest created by these dual roles may lead to problems between the IMPI's education and examination branches.

Footnotes

[a1] Associate, Warren & Perez, Dallas, Texas. All translations done by the Author. The author wishes to thank Professor Mark Lemley of The University of Texas School of Law for his advice and comments.

[1] North American Free Trade Agreement, Dec. 17, 1992, 32 I.L.M. 289 [[[hereinafter NAFTA].

[2] *Id.* at 670-81.

[3] Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, S. TREATY DOC. NO. 99-27 (1986) (U.S. implementation act effective March 1, 1989).

[4] Multilateral Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, Oct. 29, 1971, 25 U.S.T. 309, 888 U.N.T.S. 67.

[5] International Convention for the Protection of New Varieties of Plants, Oct. 23, 1978, 33 U.S.T. 2703. This treaty has been extensively reviewed by Mark Hannig, *An Examination of the Possibility to Secure Intellectual Property Rights for Plant Genetic Resources Developed by Indigenous Peoples of the NAFTA States: Domestic Legislation Under the International Convention for the Protection of New Plant Varieties*, 13 ARIZ.J.INT'L. & COMP.LAW 175 (1996).

[6] Paris Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1629, 828 U.N.T.S. 305.

[7] *See* Kent S. Foster & Dean C. Alexander, *Opportunities for Mexico, Canada and the United States: A Summary of Intellectual Property Rights Under the North American Free Trade Agreement*, 20 RUTGERS COMPUTER & TECH.L.J. 67, 78 (1994).

[8] NAFTA, *supra* note 1, at 670-71 (exceptions are permitted under the National Treatment Rule).

[9] "Ley de Fomento y Protección de la Propiedad Industrial" [Law for Developing and Protecting Industrial Property], D.O., el 27 de junio de 1991 [[[hereinafter LFPPI].

[10] FERNANDO SERRANO MIGALLÓN, LA PROPIEDAD INDUSTRIAL EN MÉXICO 37, Editorial Porrúa, S.A. México (1995) (discussing the Plan Nacional de Desarollo [Plan for National Development], 1989-1994).

[11] *Id.* at 14.

[12] *Id.* at 15 ("Perfecting the normative dispositions that apply to both the use of inventions and to technological innovations of products and processes ... is a definitive condition to favor and encourage the efforts of individuals and corporations in order to

improve productivity, quality, and technology.") (quoting DIARIO DE LOS DEBATES DE LA CÁMARA DE SENADORES DEL CONGRESO DE LOS ESTADOS UNIDOS MEXICANOS, Dec. 6, 1990, año III, Primer Periodo Ordinario, LVI Legislatura, Núm. 13, at 3).

[13] H.C. Alberto Bercovitz, *Tendencias Actuales en la Propiedad Intelectual* [Current Tendencies in Intellectual Property], 9 REVISTA DE DERECHO PRIVADO 427, 428 (1992).

[14] *Id.*

[15] As used herein, the translation "Mexican Institute for Industrial Property" will be used to describe the Instituto Mexicano de la Propiedad Industrial (IMPI).

[16] The exception, perhaps, is Emiliano Zapata, who was murdered by more world-savvy leaders of the revolution.

[17] HISTORIA DE MÉXICO, Editoriales Salvat, México, Tomo 11, at 2474 (1978).

[18] *Id.*

[19] *Id.*, quoting EMILIO PORTES GIL, AUTOBIOGRAFÍA DE LA REVOLUCIÓN MEXICANA [Autobiography of the Mexican Revolution] 204-06 (1964).

[20] CONST., Título VI, Article 123 (entitled "Regarding Work and Social Provisions").

[21] *Id.*, Título IV, Articles 108-114 (entitled "Regarding Responsibilities of Public Servants").

[22] *Id.*, Título VI, Article 123.

[23] GIL, *supra* note 19, at 204-06.

[24] CONST., Título VII, Article 124.

[25] *Id.*, Article 28.

[26] SERRANO MIGALLÓN, *supra* note 10, at 25.

[27] CONST., Article 89, part XV.

[28] SERRANO MIGALLÓN, *supra* note 10, at 25 ("[t]o promote the education of the young in accordance with appropriate plans; to foster agriculture, industry, and commerce, by protecting [the] inventor's new discoveries in any of these fields [of agriculture, industry, and commerce]").

[29] *Id.*

[30] M.M. Boguslavsky, et al., *Algunos Aspectos del Certificado de Inventor. Basados en la Legislación Sovietica*, 33 REVISTA MEXICANA DE PROPIEDAD INDUSTRIAL Y ARTÍSTICA 90 (1979).

[31] *Presidencia de la Nación, Plan Nacional de Desarollo, 1995-2000* (visited Mar. 25, 1998) <http://www.quicklink.com/mexico/pnd/pnd2.htm>.

[32] George Y. González, *Symposium on the North American Free Trade Agreement: An Analysis of the Legal Implications of the Intellectual Property Provisions of the North American Free Trade Agreement*, 34 HARVARD INT'L L.J. 305, 313 (1993).

[33] In Spanish, this body is called the Secretaria de Comercio y Fomento Industrial (SECOFI). The term "Secretariat" is used throughout this Note because although these institutions are the equivalent of "Departments" in the United States, they resemble more the former Soviet agencies in their design and function. Furthermore, Mexican "Secretariats" contain departments within their hierarchical structure, leading to confusions during translation.

[34] EXPOSICIÓN DE MOTIVOS DE LA INICIATIVA DE LA LEY DE FOMENTO Y PROTECCIÓN DEL LA PROPIEDAD INDUSTRIAL [Explanation of the Motives of the Initiative of the Law for Fostering and Protecting Industrial Property], *reproduced in* SERRANO MIGALLÓN, *supra* note 10, at 37-48.

[35] This body is the equivalent of the U.S. House of Representatives.

[36] SERRANO MIGALLÓN, *supra* note 10, at 37.

[37] *Id.*

[38] *Id.* at 38.

[39] *Id.* at 41.

[40] *Id.* at 40.

[41] *Id.*

[42] *Id.*

[43] *Id.* at 41.

[44] *Id.* at 42.

[45] *Id.*

[46] *Id.*

[47] *Id.*

[48] *Id.* at 42-43.

[49] *Id.* at 43.

[50] *Id.*

[51] *Id.*

[52] *Id.* at 45.

[53] *Id.; see* LFPPI, *supra* note 9, Title VI. *See generally*, James M. Silbermann, Comment *The North American Free Trade Agreement's Effect on Pharmaceutical Patents: A Bitter Pill to Swallow or a Therapeutic Solution?*, 12 J. CONTEMP. HEALTH L. & POL'Y 607, 625-27 (1996).

[54] SERRANO MIGALLÓN, *supra* note 10, at 45.

[55] *Id.*

[56] *Id.*

[57] *Id.* at 47.

[58] *Id.* Interestingly, as part of the new legislation, the executive also created the federal crime of theft of trade secrets and of misuse of trademarks and designations of origin. Specifically, the intent of the executive was to expand trade secret protection and criminal sanctions to include individuals who misuse or divulge information that is confidential in character in conditions where the individuals, due to employment or information under their charge, and knowing that the information is of a confidential nature and that the information's distribution is a misuse of such, proceed to utilize the information for their advantage or against the individual who guards it with a secret character. *Id.*
Formerly, the misuse of trade secrets merely carried an administrative penalty. Given the gravity of the misuse of trade secrets, however, the Mexican executive indicated that a criminal sanction was necessary. Interestingly, the Mexican executive branch knew that its audience was primarily left-of-center. The executive explained that this protection was necessary due to trade secret abuses against producers. The executive noted that producers in the rural sector would benefit from federal trade secret protection. *Id.*

[59] *Id.*

[60] *Id.*

[61] *Id.*

[62] DICTÁMENES DEL SENADO DE LA REPÚBLICA [Opinions of the Senate of the Republic], *reproduced in* SERRANO MIGALLÓN, *supra* note 10, at 49-86.

[63] *Id.* at 49, 76.

64 *Id.* at 51.

65 *Id.*

66 *Id.*

67 *Id.*

68 *Id.* at 52.

69 *Id.*

70 *Id.*

71 *Id.* at 52-53.

72 *Id.* at 54-64.

73 LFPPI, *supra* note 9, Article 18.

74 *Id.* at 65.

75 *Id.*

76 *Id.*

77 *Id.*

78 *Id.*

79 LFPPI, *supra* note 9, Article 22, Fraction II.

80 35 U.S.C. § 251 (1994).

81 LFPPI, *supra* note 9, Article 50.

82 *Id.*, Article 82.
All information that is industrially applicable and is kept confidential by physical or moral persons shall be considered an industrial secret. This secret must provide a means for obtaining or maintaining a competitive or economic advantage over third parties in the conduct of economic activities, and the party holding the information must create a means or system that is sufficient to preserve confidentiality and restrict access. The information that is considered an industrial secret shall, by necessity, depend on the nature, characteristics, or purpose of the product, on the methods or process of manufacture, or on the means or forms of distribution or

commercialization of the products or the services.
Information that is not a trade secret is within the public domain, evident to one skilled in the art, or necessarily divulged for legal dispositions or for judicial order. The information does not enter the public domain or become divulged for a legal disposition if it is provided to an authority to obtain permits, licenses, registration, or other similar records.

[83] SERRANO MIGALLÓN, *supra* note 10, at 69-70.

[84] *Id.* at 70.

[85] *Id.*

[86] LFPPI, *supra* note 9, Article 90, subpart V.

[87] *Id.* at 71.

[88] *Id.* at 76.

[89] DICTÁMEN DE LA CÁMARA DE DIPUTADOS: COMISIÓN DE PATRIMONIO Y FOMENTO INDUSTRIAL [Opinion of the Chamber of Deputies: Commission for Patrimony and Fostering Industry], *reproduced in* SERRANO MIGALLÓN, *supra* note 10, 87-98 [[[hereinafter Opinion of the Chamber of Deputies].

[90] *Id.* at 87-91.

[91] *Id.* at 90.

[92] *Id.*

[93] *Id.* at 91.

[94] *Id.* at 92.

[95] *Id.* at 92; *see also* LFPPI, *supra* note 9, Article 7, I-VII.

[96] Opinion of the Chamber of Deputies, in SERRANO MIGALLÓN, *supra* note 10, at 93; *see also* LFPPI, *supra* note 9, Article 12.

[97] "Ley de la Propiedad Industrial," D.O., el 2 de agosto de 1994, Articles 1, 6 [hereinafter LPI].

[98] *Id.*, Article 6.

[99] *Id.*

[100] "Decreto por el que se Crea el Instituto Mexicano de la Propiedad Industrial" [Decree by Which the Mexican Institute of Industrial

Property is Created], D.O., el 10 de diciembre de 1993 [hereinafter DECRETO].

[101] LPI, *supra* note 97.

[102] SERRANO MIGALLÓN, *supra* note 10, at 14.

[103] LPI, *supra* note 97, Article 6, I.

[104] *Id.*, Article 6, II.

[105] *Id.*, Article 6, IV.

[106] *Id.*, Article 6, V.

[107] *Id.*

[108] *Id.*

[109] *Id.*, Article 6, VI.

[110] *Id.*, Article 6, IX.

[111] *Id.*, Article 6, XI.

[112] *Id.*, Article 6, XII.

[113] *Id.*, Article 6, XII, c, d.

[114] *Id.*, Article 6, XII, e.

[115] *Id.*, Article 6, XXI.

[116] The "Ministerio Público" is the Mexican equivalent of the United States Justice Department and the Federal Bureau of Investigations.

[117] Mary Beth Sheridan, *Mexico Fires 700 from Elite Police, Latin America: Force has Been Called Corrupt and Useless in Stemming Drug Smuggling. Attorney General has Now Dismissed More than a Quarter of the Group,* L.A. TIMES, Aug. 17, 1996, at A1, *available in* 1996 WL 11635760. Attorney General Antonio Lozano is the only member of the opposition party, Partido Acción Nacional (PAN), in President Zedillo's cabinet.

[118] 35 U.S.C.A. §§ 1-376 (West 1984 & Supp.1997) (patent statute).

[119] 37 C.F.R. §§ 1.1-150.4 (1996).

[120] MANUAL OF PATENT EXAMINING PROCEDURE (MPEP) §§ 100-1400 (6th ed. 2d rev. July 1996)

[121] Secretaría de Hacienda y Crédito Público, which is the equivalent of a combined Department of Treasury and Interior.

[122] Secretaría de Relaciones Exteriores.

[123] Secretaría de Agricultura y Recursos Hidráulicos.

[124] Secretaría de Educación Pública y Salud.

[125] Consejo Nacional de Ciencia y Tecnología, y el Centro Nacional de Metrología.

[126] "Estatuto Orgánico del Instituto Mexicano de Propiedad Industrial" [[[Fundamental Law of the Mexican Institute of Industrial Property], D.O., el 5 de diciembre de 1994, Article 6, I-IV [hereinafter EOIMPI].

[127] ROGER D. HANSEN, LA POLÍTICA DEL DESAROLLO MEXICANO, Editorial Siglo XX, México D.F. (1979) Capítulo 5: *El PRI y la Política Mexicana: La Cosa Nuestra* [The Institutional Revolutionary Party and Mexican Politics: A Mexican *Cossa Nostra*], at 167.

[128] EOIMPI, *supra* note 125, Article 5.

[129] *Id.*

[130] *Id.*

[131] *Id.,* Articles 12, 13.

[132] *Id.,* Article 15.

[133] *Id.,* Article 14, I-XIII.

[134] *Id.*

[135] *Id.,* Article 14, II & III.

[136] *Id.,* Article 14, I.

[137] *Id.,* Article 14, XV.

[138] *Id.,* Article 14, XIII.

[139] *Id.,* Article 14, I.

[140] *Id.,* Article 14, VIII.

[141] LPI, *supra* note 97, Article 79.

[142] *Id.,* Article 78, IV, ¶ 3.

[143] *Id.,* Article 73.

[144] *Id.*

[145] EOIMPI, *supra* note 125, Article 15.

[146] *Id.,* Article 16.

[147] 35 U.S.C. § 101 (1994). This section provides that "whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." *Id.*

[148] LPI, *supra* note 97, Article 16.

[149] *Id.,* Article 19.
The following will not be considered inventions under the effects of this law:
I. Scientific or theoretical principles;
II. The discoveries that consist of explaining or revealing something already existing in nature, even though these were previously unknown to man;
III. Schematics, plans, rules, and methods to accomplish mental tasks, games, or businesses as well as mathematical methods;
IV. Computer programs;
V. Ways of presenting information;
VI. Esthetic creations and literary and artistic works;
VII. The methods of a surgical, therapeutic, or diagnostic procedure applicable to the human body or to animals;
VIII. The juxtaposition of inventions that are known or mixtures of known products, variations in their method of use, size or materials, except if they are combined or fused in a way in which they could not function separately, or that their qualities or functions are modified to obtain an industrial result or a use that is non-obvious to a technician in the art.

[150] *Id.,* Article 17. ("To determine that an invention is new and the result of an inventive activity, the state of technology will be considered on the date that the application is submitted, or as the case may be, a recognized priority date....").

[151] *Id.,* Article 12, VI.

[152] *Id.,* Article 17. The publication requirements are located in Article 52. *Id.,* Article 52.

[153] 35 U.S.C. § 102 (1994)

[154] *Id.*

[155] LPI, *supra* note 97, Article 18.

[156] *Id.*

[157] *Id.*

[158] *Id.* The disclosure requirement is waived, however, for the publication or issuance of foreign patents.

[159] *Id.,* Article 21.

[160] *Id.,* Article 21.

[161] *Id.,* Article 12, V. A "claim" is defined as "the characteristic essence of the product or process whose protection is claimed in a precise and specific fashion in the application for patent or registration, and is granted, as the case may be...."

[162] The term "issuing agency" is used here because the name and jurisdiction of the particular Secretariat responsible for processing patents changes almost as frequently as Presidents do.

[163] Boris Litwin v. Ingram Laboratorios de México, S. de R.L., resuelto el 12 de febrero de 1958, por unanimidad de 5 votos. Ponente el Sr. Mtro. Ramírez. Srio. Lic. Luis de la Hoz Chabert. 2d Sala. informe 1958, Pág. 87., Amparo de Revisión 414/1955, *cited in* SERRANO MIGALLÓN, *supra* note 10, at 319.

[164] DAVID RANGEL MEDINA, DERECHO DE LA PROPIEDAD INTELECTUAL E INDUSTRIAL, Universidad Nacional Autónoma de México, México, 1991.

[165] LPI, *supra* note 97, Article 50.

[166] *Id.,* Article 53.

[167] *Id.,* Article 50.

[168] Author's personal observations.

[169] LPI, *supra* note 97, Article 52. Applications are published 18 months from a foreign filing priority date, if claimed, and the applicant can request that the patent application be published prior to 18 months.

[170] *Id.,* Article 53.

[171] *Id.*

[172] *Id.,* Article 54. *See also,* "Reglamento de la Ley de Propiedad Industrial" [Regulations of the Law of Industrial Property], D.O., el 23 de noviembre de 1994, Article 44 [hereinafter Reglamento].

[173] LPI, *supra* note 97, Article 55.

[174] *Id.,* Article *55bis; see also* Article 61 (amendments after issuance).

[175] *Id.; see also,* Reglamento, *supra* note 172, Article 45.

[176] *Id.,* Articles 38-61.

[177] Reglamento, *supra* note 172.

[178] *Id.,* Article 5, parts I-IX.

[179] *Id.,* Article 28.

[180] LPI, *supra* note 97, Article 43.

[181] Author's personal observations.

[182] LPI, *supra* note 97, Article 45.
Article 45. The same patent application may contain:
I. Claims to a specific product and the processes that are specifically conceived for its fabrication and use;
II. Claims to a specific process and those related to an apparatus or a medium especially conceived for its application; and
III. Claims to a specific product and the processes that are specifically conceived for its fabrication and to an apparatus or a medium especially conceived for its application.

[183] *Id.,* Article 48.

[184] *Id.*

[185] Reglamento, *supra* note 172, Article 29, part I.

[186] *Id.,* Article 29, parts III, V.

[187] *Id.,* Article 29, part VI.

[188] *Compare* 35 U.S.C. § 112, ¶ 5 (1994).

[189] *Compare* 35 U.S.C. § 112, ¶¶ 1-2 (1994).

[190] Reglamento, *supra* note 172, Article 28.

[191] *Id.*, Article 28.

[192] *Id.*, part IV.

[193] *Id.*, part VIII.

[194] *Id.*, part VII.

[195] 35 U.S.C. § 112, ¶ (1994) ("The specification shall set forth the best mode contemplated by the inventor of carrying out his invention.") (1994); *see generally, In re* Nelson, 280 F.2d 172, 126 U.S.P.Q. (BNA) 242 (C.C.P.A.1960), *overruled on other grounds by In re* Kirk, 376 F.2d 936, 946, 153 U.S.P.Q. (BNA) 48, 56 (C.C.P.A.1967).

[196] *See generally* "Acuerdo que Establece las Reglas para la Presentación de Solicitudes ante el Instituto Mexicano de la Propiedad Industrial" [Agreement that Establishes the Rules for the Presentation of Applications to the Mexican Institute of Industrial Property], D.O., el 14 de diciembre de 1994 [hereinafter Acuerdo].

[197] LPI, *supra* note 97, Article 47, part I, ¶ 2.

[198] Acuerdo, *supra*ote 196, Article 13, part II.

[199] *Id.*, Article 13, part IV.

[200] *Id.*, Article 21. It should be noted, however, that although the regulations specifically identify L-glutamine by the three letter abbreviation Glm, the example provided in Article 32, example 1, uses the standard English abbreviation Gln. *Id.*, Article 32. The abbreviations for nucleic acids, unlike its English equivalent DNA, are correctly spelled in the regulation in Spanish (ADN and ARN).

[201] LPI, *supra* note 9797, Article 187.

[202] *Id.*

[203] CÓDIGO FEDERAL DE PROCEDIMIENTOS CIVILES.

[204] LPI, *supra* note 97, Article 189, parts IV-VI.

[205] *Id.*, Article 191.

[206] *Id.*, Article 192.

[207] *Id.*

[208] *Id.*, Article 192*bis*.

[209] *Id.*

[210] *Id.*

[211] *Id.*, Article 192*bis* 1.

[212] *Id.*

[213] *Id.*, Article 194.

[214] *Id.*, Article 193.

[215] *Id.*, Article 198. A fifteen day extension is also allowed for response to an IMPI administrative action by foreign infringers. *Id.*

[216] *Id.*, Articles 199-199*bis* 8. Similar changes resulted in the protection of trademarks, copyrights, and trade secrets because of the IMPI's concurrent jurisdiction over these areas.

[217] *Id.*, Article 199.

[218] *Id.*, Article 199*bis*, parts I, II.

[219] *Id.*, Article 199*bis*, part III.

[220] *Id.*, Article 199*bis*, part IV.

[221] *Id.*, Article 199*bis*, part VI.

[222] *Id.*, Article 199*bis* 1, part I.

[223] *Id.*, Article 199*bis* 1, part I.

[224] *Id.*, Article 199*bis* 3.

[225] *Id.*, Article 203.

[226] *Id.*, Article 205.

[227] *Id.*, Article 207.

[228] *Id.*, Article 211.

[229] *Id.*, Article 212*bis*, part III.

[230] *Id.*, Articles 214 (administrative), 223 (criminal).

[231] *Id.*, Article 226.

[232] *Id.*, Article 213, parts XI-XV.

[233] *Id.*, Articles 214-222.

[234] *Id.*, Articles 223-229.

[235] *Id.*, Article 220. Note that the *mens rea* element serves to determine the level of the sanction, and does not play an exculpatory role.

[236] *Id.*, Article 214, part I.

[237] *Id.*, Article 214, part II.

[238] *Id.*, Article 214, parts III-V.

[239] *Id.*, Article 223, incorporating Article 213, parts II-XXII.

[240] *Id.*, Article 213, part XI.

[241] *Id.*, Article 213, part XIII.

[242] *Id.*, Article 213, part XII.

[243] *Id.*, Article 227.

[244] *Id.*, Article 228.

[245] *Id.*, Article 224.

[246] *Id.*