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A COMPARATIVE ANALYSIS OF INTELLECTUAL PROPERTY LAW IN THE UNITED STATES AND MEXICO, AND THE FREE TRADE AGREEMENT

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I. INTRODUCTION

The development of the 1992 Free Trade Agreement[1] between the United States and Mexico has opened the door for negotiation of a multitude of related legal issues[2] with far-reaching ramifications. Since transfer of technology across national borders is a necessary and often indispensable part of international commerce, this article addresses the important issues that are raised by trade in intellectual property.[3] The protection of intellectual property is governed by statutes and regulations within each country.[4] To acquire a legally protected right over the subject property in a particular country, the holder of the property must comply with the laws set forth in that country. Technology transfer across national borders can then be controlled through licensing agreements,[5] franchise agreements[6] contracts, or similar vehicles.[7] In

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1. North American Free Trade Agreement, Dec. 17, 1992, Can.-Mex.-U.S., 32 I.L.M. 296 and 32 I.L.M. 605 (Intellectual Property, Part Six, Chap. 17) [hereinafter NAFTA].

2. *See generally* Rodolpho Sandoval, *Legal Issues with Respect to Free Trade between United States and Mexico*, 19 INT'L J. LEGAL INFO. 91 (1991) [hereinafter *Legal Issues*] (discussing fundamental legal issues surrounding trade between the United States and Mexico).

3. The growing importance of intellectual property matters in international trade has led the United States to include international property provisions in a number of trade statutes and regulations. *See* Alan S. Gutterman, *Changing Trends in the Content and Purpose of Mexico's Intellectual Property Right Regime*, 20 GA. J. INT'L & COMP. L. 515, 520 n.15 (1990) [hereinafter *Changing Trends*].

4. In Mexico, intellectual property laws are embodied in federal statutes and regulations. *See* Ley Sobre el Registro de la Transferencia de Tecnologia y el Uso Y Explotacion de Patentes y Marcas, D.O., Dec. 30, 1972; Ley de Invenciones y Marcas, D.O., Feb. 10, 1976; Ley para el Control y Registro de la Transferencia de Tecnologia y el Uso y Explotacion de Patentes y Marcas, D.O., Jan. 11, 1982; Reglamento de la ley sobre el Control y Registro de la Transferencia de Tecnologia y el Uso y Explotacion de Patentes y Marcas, D.O., Jan. 9, 1990. U.S. laws, by contrast, are not limited to federal statutes and regulations, but include state statutes and regulations, as well as common law. *See* 17 U.S.C. §§ 101-914 (1988) (Copyrights); 15 U.S.C. §§ 1051-1127 (1988) (Commerce and Trade); 35 U.S.C. §§ 1-376 (1988) (Patents); 37 C.F.R. § 202 (1993) (Copyrights); *see also* ALA. CODE §§ 13A-8-100 to -103 (Supp. 1993) (Computer Crime Act); FLA. STAT. ch. 815.01 to .07 (Supp. 1994) (Computer-Related Crimes).

5. *See generally The Licensing Agreement and Transfer of Technology Rules of Mexico, in* RALPH FOLSOM ET AL., INTERNATIONAL BUSINESS TRANSACTIONS 708-12 (2d ed. 1991) (providing draft licensing agreements for use in international trade in technology).

return for a licensing agreement, for example, the licensor, receives a royalty from the licensee who is authorized by the contract to make, use, or sell the technology.

While laws governing intellectual property in the United States are well established,[8] such laws are still undergoing evolutionary processes in many developing countries.[9] Uniformity in intellectual property laws also has been addressed by a number of international conventions.[10] Recent efforts to create a uniform system include the Trade Related Aspects of Intellectual Property Rights (TRIPs)[11] in the Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT),[12] the activities of the United States Trade Representa-

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6. *See generally The Contents of International Franchising Agreements and Lawyer Involvement in their Negotiations*, FOLSOM, *supra* note 5, at 678-83 (discussing the basic form of an international financing agreement).

7. *See generally International Regulation of Technology Transfers*, FOLSOM, *supra* note 5, at 726-32 (discussing regulatory controls over technology transfers between nations).

8. *See* 17 U.S.C. §§ 101-914 (1988) (Copyrights); the Trademark Act (Lanham Act), 15 U.S.C. §§ 1051-1127 (1988); 35 U.S.C. §§ 1-376 (1988) (Patents); 37 C.F.R. § 202 (1993) (Copyrights) and the Plant Variety Protection Act, 7 U.S.C. §§ 2321-2582 (1988).

9. *See, e.g.*, Jianming Shen, *PRC's First Copyright Law Analyzed*, 14 HASTINGS INT'L & COMP. L. REV. 529 (1991).

10. *See* NAFTA, *supra* note 1, art. 1701(2). The agreement states:

> To provide adequate and effective protection and enforcement of intellectual property rights, each Party shall, at a minimum, give effect to this Chapter and the substantive provisions of:
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> (a) the *Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms*, 1971 (Geneva Convention);
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> (b) the *Berne Convention for the Protection of Literary and Artistic Works*, 1971 (Berne Convention);
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> (c) the *Paris Convention for the Protection of Industrial Property*, 1967 (Paris Convention);
>
> (d) the *International Convention for the Protection of New Varieties of Plants*, 1978 (UPOV Convention) or the *International Convention for the Protection of New Varieties of Plants*, 1991 (UPOV Convention).

The Paris Convention in 1883 was the first to establish an international union for the protection of industrial property.

11. General Agreement on Tariffs and Trade — Multilateral Trade Negotiations (The Uruguay Round): Agreement on Trade-Related Aspects of Intellectual Property Rights, Including in Counterfeit Goods, Apr. 15, 1994, 33 I.L.M. 81. *See also Changing Trends*, *supra* note 3, at 515, 522 n.21.

12. The GATT is an inter-governmental agreement on international trade which evolved at the Bretton Woods Conference in July 1944. The view that GATT was not

tive (USTR),[13] the work of the World Intellectual Property Organization (WIPO),[14] and efforts of the European Community.[15] In light of the Free Trade Agreement between the United States and Mexico,[16] an assessment of the status and trends in Mexico's intellectual property law is of paramount importance.

Laws governing intellectual property are generally classified into industrial property law,[17] copyright law,[18] and unfair competition law.[19] This article will limit its discussion to issues of industrial property and copyright law.

The 1972 Mexican Technology Transfer Law[20] and the 1976 Mex-

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particularly sympathetic to the concerns of developing countries led to the establishment of the United Nations Conference on Trade and Development (UNCTAD) in 1964. UNCTAD's mandate is to negotiate for developing countries concerning various trade issues, including technology transfer, through GATT. *See* MICHAEL BLAKENEY, LEGAL ASPECTS OF THE TRANSFER OF TECHNOLOGY TO DEVELOPING COUNTRIES 22 (1989).

13. One purpose of the USTR is to effect international intellectual property laws which are compatible with the perceived interests of the United States. *See* 19 U.S.C. § 2171 (1988). *See also Changing Trends*, *supra* note 3, at 519 (discussing the reaction of USTR to Mexico's changing attitude toward intellectual property).

14. World Intellectual Property Organization: Treaty on Intellectual Property in Respect of Integrated Circuits, May 26, 1989, 28 I.L.M. 1477. The WIPO is concerned with harmonizing regional and international patent and industrial property law regimes. There have been persistent disputes between developed and developing countries about the final responsibility for international intellectual property matters. Developed nations have argued that GATT is the natural arena but developing nations prefer WIPO because they have a built-in majority. *See Changing Trends*, *supra* note 3, at 521. *See also* Hanns Ullrich, *GATT: Industrial Property Protection, Fair Trade and Development*, *in* GATT OR WIPO? NEW WAYS IN THE INTERNATIONAL PROTECTION OF INTELLECTUAL PROPERTY 127 (Friedrich-Karl Beier & Gerhard Schricker eds. 1989) [hereinafter Ullrich].

15. *See Changing Trends*, supra note 3, at 522. (discussing the participation of the European Community in the Uruguay Round 1990).

16. *See* NAFTA, *supra* note 1.

17. *See generally* Ullrich, *supra* note 14. *See also* NAFTA, *supra* note 1, art. 1713 (Industrial Designs).

18. 17 U.S.C. §§ 101-914. Copyrights are designed to protect original authorship in scientific, literary, artistic and other fields. *Id. See also* NAFTA, *supra* note 1, art. 1705.

19. *See* Federal Trade Commission Act, 15 U.S.C. §§ 41-58 (1988). The Act is designed to protect consumers and commercial interests from unfair competition and deceptive acts or practices. *Id.* § 45.

20. Ley Sobre el Registro de la Transferencia de Tecnologia y el Uso y Explotacion de Patentes y Marcas [Law on the Control and Registration of the Transfer of Technology and the Use and Exploitation of Patents and Trademarks], D.O., Dec. 30, 1972 [hereinafter 1972 Mexican Technology Transfer Law].

ican Industrial Property Law[21] imposed burdensome restrictions on the licensing of technology[22] and created an extremely unfriendly atmosphere for foreign trade.[23] Under the 1982 Mexican Technology Transfer Law,[24] there was even further strengthening of the restrictions on inbound technology transfers in Mexico. On January 9, 1990, under the new direction of President Salinas de Gortari, the government adopted the 1990 Mexican Technology Transfer Regulations,[25] which were aimed at eliminating a number of the impediments to inbound technology transfers under prior interpretations of the 1976 Mexican Industrial Property Law and the 1982 Mexican Technology Transfer Law.[26]

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21. Ley de Invenciones y Marcas [Law on Inventions and Trademarks], D.O., Feb. 10, 1976 [hereinafter 1976 Mexican Industrial Property Law].

22. There were fourteen grounds for justifying denial of registration of technology contracts in article 7 of the 1972 Mexican Technology Transfer Law, *supra* note 20, of which excessive price or unwarranted burden was the most widely used. *See* John J. Moss, *1990 Mexican Technology Transfer Regulations*, 27 STAN. J. INT'L L. 215, 225-227 (1990). *See also* Alan L. Hyde & Gaston Ramirez de la Corte, *Mexico*, *in* TECHNOLOGY TRANSFER: LAWS & PRACTICE IN LATIN AMERICA 1, 36 (Beverly May Carl ed., 1978).

23. *See generally* Rudy Sandoval, *Mexico's Path Towards the Free Trade Agreement with the U.S.*, 23 U. OF MIAMI INTER-AMER. L. REV. 133 (1991) [hereinafter *Mexico's Path*]. *See also* John M. Vernon & Enrique A. Gonzalez Calvillo, *Planning for Free Trade: Taking Advantage of the Transition*, 23 ST. MARY'S L.J. 673 (1992) [hereinafter *Planning for Free Trade*] (presenting a full discussion on the history of the development of the laws governing foreign investment, industrial property and technology transfer in Mexico which combined to stifle the growth of Mexico in international trade in the 1980s).

24. Ley para el Control y Registro de la Transferencia de Tecnologia y el Uso y Explotacion de Patentes y Marcas [Law for the Control and Registration of the Transfer of Technology and the Use and Exploitation of Patents and Marks], D.O., Jan. 11, 1982 [hereinafter 1982 Mexican Technology Transfer Law]. The 1982 Technology Transfer Law, which replaced the 1972 Mexican Technology Transfer Law, *supra* note 20, broadened the scope of the law tremendously. The primary restriction was that practically all technology transfer agreements were required to be registered with and approved by the National Registry of Transfer of Technology.

25. Reglamento de la Ley sobre el Control y Registro de la Transferencia de Tecnologia y el Uso y Explotacion de Patentes y Marcas, D.O., Jan. 9, 1990 [hereinafter 1990 Mexican Technology Transfer Regulations]. The regulations were promulgated by President Salinas to explain or supply working rules for laws issued by Congress under the Power given by the Constitucion Politica de Los Estados Unidos Mexicanos [Political Constitution of the United Mexican States], D.O., Feb. 5, 1917, art. 89. *See also* Moss, *supra* note 22, at 227.

26. The 1990 Mexican Technology Transfer Regulations represented significant liberalization of the control previously exercised by the Mexican government. The most important provision was the one under article 53 which created a major exception to the causes of non-registrability outlined in articles 15-16 of the 1982 Mexican Technology Transfer Law, *supra* note 24. *See also* Moss, *supra* note 22, at 235. *See also*

The most recent development was the adoption of the 1991 Mexican Industrial Property Law[27] which became effective on June 28, 1991.[28] Prior to this latest effort, Mexico had been criticized severely for the failure of the Mexican Congress to achieve real progress through meaningful amendments to the laws governing industrial property.[29] The pressure on Mexico to conform to the requirements of the USTR[30] and to the preferences of the developed nations put forth in the WIPO and TRIPs negotiations[31] resulted in the passage of this recent legislation which presents a fundamental change in Mexico's laws on industrial property and technology transfer.[32] This step is a significant development which will certainly have a great impact on the Free Trade Agreement.[33]

On the other hand, the Mexican Federal Copyright Law[34] has generally been consistent with international standards. The strongest criticism levied against the Federal Copyright Law has been the lack of substantial penalties to deter violations.[35] Trade loss to U.S. business entities from piracy of sound recordings, videos, and computer software

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Edwin F. Einstein, *Promising Developments in Technology Transfer and Intellectual Property Protection in Mexico* (1991) (unpublished manuscript, on file with the Law Offices of Smith, Barshop, Stoffer & Millsap, Inc., San Antonio, Texas).

27. Ley de Fomento y Proteccion de la Propiedad Industrial, D.O., June 27, 1991 [hereinafter 1991 Mexican Industrial Property Law]. *See also The Law on the Development and Protection of Industrial Property* (Hope H. Camp, Jr. et al. trans., 1991) (unpublished manuscript, on file with Law Offices of Smith, Barshop, Stoffer & Millsap, Inc., San Antonio, Texas).

28. The 1991 Mexican Industrial Property Law abrogated the 1976 Mexican Industrial Property Law, *supra* note 21, and the 1982 Mexican Technology Transfer Law, *supra* note 24, and supersedes the 1990 Mexican Technology Transfer Regulations, *supra* note 25, in the case of conflict. Such a reform required an act of Congress under the Constitucion Politica de los Estados Unidos Mexicanos, D.O., Feb. 5, 1917, art. 70. *See Mexico's Path*, *supra* note 23, at 133. *See also Planning for Free Trade*, *supra* note 23, at 673.

29. In addition to the lack of adequate terms of patent protection, patents were not granted for chemical products, pharmaceutical, and biotechnological products and processes. *See* 1976 Mexican Industrial Property Law, *supra* note 21, arts. 20, 23.

30. *See Changing Trends*, supra note 3, at 524-26 (discussing the concern of USTR regarding Mexico's patent law).

31. *Id.* at 537-39.

32. *See* 1991 Mexican Industrial Property Law, *supra* note 27.

33. *See* NAFTA, *supra* note 1.

34. Ley Federal de Derechos de Autor [Federal Law of Copyright], D.O., Dec. 21, 1963 [hereinafter Mexican Federal Copyright Law].

35. Until July 1991, administrative violations were penalized with small fines and short prison terms. *See id.* arts. 135-144.

has been great.[36] To address this concern, the 1991 amendments to the Mexican Federal Copyright Law established higher penalties for infringement.[37] Since the Mexican Federal Copyright Law[38] is traditionally deemed compatible with the U.S. law[39] and the impact of copyright is not as great in terms of technology transfer, this article will focus on properties with industrial applications.[40]

To complicate matters further, the recently negotiated North American Free Trade Agreement[41] contains language which must be evaluated in light of the Mexican and U.S. statutes. Since NAFTA is not the focus of this article, but must be considered in analyzing the subject matter of intellectual property, it will be cited when relevant.

This article, therefore, presents a comparative analysis of the substantive laws that govern intellectual property in the United States and Mexico.[42] The purpose of this analysis is to articulate the discrepancies between the two bodies of law, discuss the implications of these differences, and suggest the need for further improvement.

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36. *But see* Rosemary E. Gwynn, *Mexico, in* MEXICO IN INTELLECTUAL PROPERTY RIGHTS—GLOBAL CONSENSUS, GLOBAL CONFLICT? 233, 236-37 (R. Michael Gadbaw & Timothy J. Richards eds., 1988). The author asserts that the piracy problems in Mexico were virtually eliminated. Statistics in 1989 showed otherwise. *See Changing Trends*, *supra* note 3, at 539-40. *See also* Mexican Federal Copyright Law, *supra* note 34, arts. 135-144 (discussing small fines and short prison terms).

37. *See* Mariano Soni, *Mexican Copyright Law*, BUS. MEXICO 14 (Oct. 1991).

38. *See* Mexican Federal Copyright Law, *supra* note 34.

39. *See* 17 U.S.C. §§ 101-810 (1976). The uniform federal system of copyright law was substituted for the former dual system of state and federal protection. Both the U.S. and Mexican copyright laws protect virtually any original work of authorship that is fixed in a tangible medium of expression which can be perceived, reproduced, or communicated. The subject matters of copyright include literary works, musical works, dramatic works, pantomimes and choreographic works, motion pictures and other audiovisual works, sound recordings, and computer software. The owner of a copyright has the exclusive right to public performance, public display, distribution of copies, reproduction, and preparation of derivative works. Registration is required in most cases before an infringement action may be brought. *See* 17 U.S.C. §§ 101-914 (1988). *See also* Mexican Federal Copyright Law, *supra* note 34, arts. 1-160.

40. The Mexican government expressly limits the subject matter of the 1991 Mexican Industrial Property Law to products and services with industrial applications. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 31-37. The United States does not have such a restriction.

41. *See* NAFTA, *supra* note 1.

42. This article compares the types of industrial property and protection recognized under the laws of the United States and Mexico. Procedural laws, such as the registration of a trademark, laws dealing with penalties on infringement and violation, and laws pertaining to the transfer of intellectual property, are outside the scope of this article.

A. Framework of U.S. Intellectual Property Law

Intellectual property can take on a variety of forms. In the United States, the legally recognized forms of intellectual property are generally classified into patent,[43] copyright,[44] trade secret,[45] trademark,[46] and trade-name.[47] Patents are further subdivided into utility patents,[48] design patents,[49] and plant patents.[50] Likewise, trademarks are subdivided into service mark,[51] certification mark,[52] and collective mark.[53]

B. Framework of Mexican Intellectual Property Law

While U.S. intellectual property jurisprudence is grounded in the

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43. *See* 35 U.S.C. §§ 1-376 (1988). Patent has its basis in the U.S. Constitution which provides that Congress shall have the power "to promote the Progress of Science and useful Arts, by encouraging for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8. This is commonly known as the patent or copyright clause. *See also* NAFTA, *supra* note 1, art. 1709.

44. *See* 17 U.S.C. §§ 101-914 (1988). *See also* NAFTA, *supra* note 1, arts. 1705, 1705.7.

45. *See* RESTATEMENT OF TORTS § 757 cmt. b (1939) (This section of the Restatement was eliminated in the Restatement (Second) of Torts). Trade secrets in the United States are protected by state statutes. *Id. See also* NAFTA, *supra* note 1, art. 1711.

46. *See* 15 U.S.C. §§ 1051-1127 (1988). *See also* NAFTA, *supra* note 1, art. 1708.

47. *See* 15 U.S.C. §§ 1051-1127 (1988). Trade-name is also protected in the United States under the Lanham Act. *Id. See also* NAFTA, *supra* note 1, art. 1708.

48. 35 U.S.C. §§ 100-104 (1988). A utility patent is granted for an invention with the capacity to perform a claimed function or attain a claimed result. *Id.* § 101. The exceptions are design and plant patents which are granted without the utility requirements. *Id.* §§ 161, 171 (plant and design patent respectively). *See also* NAFTA, *supra* note 1, art. 1701.

49. 35 U.S.C. § 171. A design patent is granted for a new, original or ornamental design for an article of manufacture.

50. A plant patent is granted for an asexually reproducible, new variety of plant. *Id.* § 161. For sexually reproducible plants, a certificate of plant variety is available. 7 U.S.C. §§ 2321-2582 (1988).

51. *See* 15 U.S.C. § 1127. A service mark is used in commerce to identify and distinguish the services of one person. *Id.*

52. *See id.* A certification mark is used by one other than its owner to "certify regional or other origin, material mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization." *Id.*

53. *See id.* A collective mark is used in commerce to indicate membership in a union, an association, or other organization. *Id.*

common law,[54] Mexican jurisprudence operates under a civil law system.[55] As a result, the Mexican judicial system does not consider prior cases an authoritative source of legal rules.[56] Consequently, comprehensive legislative enactments embody the sole source of Mexican intellectual property rules.[57] For this reason, Mexican statutes are more comprehensive and detailed than their U.S. counterparts.[58] Indeed, some Mexican intellectual property provisions set down rigid guidelines to assure that courts will provide uniform enforcement.

The 1991 Mexican Industrial Property Law encompasses only intellectual properties which have industrial applications.[59] Recognized forms of industrial property protection are patent,[60] utility model,[61] industrial design,[62] trade secret,[63] trademark,[64] collective trademark,[65] slogan,[66] trade-name[67] and denomination of origin.[68] Patent protection

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54. *See generally* OLIVER W. HOLMES, THE COMMON LAW (1881); Oliver W. Holmes, *The Path of the Law*, 10 HARV. L. REV. 457 (1896-97). *See also* SHELDON M. NOVICK, HONORABLE JUSTICE (1989).

55. *See generally* JOHN HENRY MERRYMAN, THE CIVIL LAW TRADITION (1981) (discussing the distinction between common law jurisprudence and civil law). Civil law systems are used by most of the countries of Western Europe, and Central and South America.

56. *See id.* The fact that a particular court interpreted a particular provision of the civil code in a particular way does not mean that future courts are bound to interpret that provision in the same way under a civil law system. *Id.*

57. See a representative list of statutes *supra* note 24.

58. *See, e.g.*, 1991 Mexican Industrial Property Law, *supra* note 27, arts. 89-90 (providing an extensive listing of specific and acceptable trademarks).

59. Other forms of intellectual property, such as literary and musical works, are covered by the Mexican Federal Copyright Law, *supra* note 34.

60. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 15-26, 38-81. *See also* NAFTA, *supra* note 1, art. 1709.

61. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 31-44, 46-50, 56-81.

62. *See id.*; *see also* NAFTA, *supra* note 1, art. 1713.

63. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 82-86. *See also* NAFTA, *supra* note 1, art. 1711.

64. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 87-95, 113-155. *See also* NAFTA, *supra* note 1, art. 1708.

65. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 96-98. *See also* NAFTA, *supra* note 1, art. 1708.

66. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 99-104. *See also* NAFTA, *supra* note 1, art. 1708.

67. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 105-112. *See also* NAFTA, *supra* note 1, art. 1708.

68. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 156-178.

exists only for utility[69] and plant patents.[70] Design patent is not available.[71]

II. PATENTS

The 1991 Mexican Industrial Property Law[72] defines patentable subject matter as any invention that is new[73] and lends itself to an industrial application.[74] An inventive activity[75] is defined as "the creative process whose results may not be deduced from the state of the art in a manner obvious to an expert on the subject."[76] It further requires that the invention be a human creation which enables matter or energy that exists in nature to be transformed for the benefit of man toward the immediate satisfaction of a specific need.[77] Inventions can be processes and produced with industrial applications.[78]

The scope of the subject matter under the U.S. Code is similar.[79] Patent protection exists for "any new[80] and useful[81] process, machine, manufacture, or composition of matter, or any new and useful improve-

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69. *See id.* arts. 15-16. *See also* NAFTA, *supra* note 1, art. 1709.

70. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 20. *See also* 7 U.S.C. § 2321 (1988). *But see* NAFTA, *supra* note 1, art. 1709(3)(c).

71. *Compare* 35 U.S.C. § 171 (providing for design patent under U.S. law).

72. 1991 Mexican Industrial Property Law, *supra* note 27, arts. 15-20.

73. *Id.* art. 15. This is the novelty requirement. A similar requirement in the United States is found in 35 U.S.C. § 101. *See also* NAFTA, *supra* note 1, art. 1709(1).

74. 1991 Mexican Industrial Property Law, *supra* note 27, art. 15.

75. *See* NAFTA, *supra* note 1, art. 1709(1) (stating that each party shall make patents available for any inventions, whether products or processes, in all fields of technology, provided that such inventions are *new*, result from an *inventive step* and are *capable of industrial application.* A party may deem the terms "inventive step" and "capable of industrial application" to be synonymous with the terms "non-obvious" and "useful," respectively.).

76. 1991 Mexican Industrial Property Law, *supra* note 27, art. 12. This is similar to the nonobviousness requirement set forth in 35 U.S.C. § 103.

77. 1991 Mexican Industrial Property Law, *supra* note 27, art. 16. This is the requirement of utility. A similar requirement in the United States is found in 35 U.S.C. § 103. *See also* NAFTA, *supra* note 1, art. 1709.

78. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 15. *See also* NAFTA, *supra* note 1, art. 1709(1).

79. *See* 35 U.S.C. §§ 100-103.

80. *Id. See also* NAFTA, *supra* note 1, art. 1709(1) (stating that a Party may make patents available for any inventions, provided that such inventions are new. A party may deem the terms "inventive step" and "capable of industrial application" to be synonymous with the terms "non-obvious" and "useful," respectively).

81. 35 U.S.C. § 101.

ment thereof."[82] Furthermore, while a Mexican patent remains in effect for twenty years,[83] a U.S. patent generally lasts seventeen years.[84]

A. Process, Manufacture & Composition of Matter

Inventions consisting of ideas alone are not patentable under either country's law.[85] The idea must be expressed in a form such as a process.[86] The term "process" in the U.S. Code is defined as "art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material."[87] Even though the term "process" is not defined in the Mexican Code,[88] there is no evidence to suggest the existence of a contradiction with the U.S. Code.[89]

While Mexican law also considers "products" appropriate subject matter,[90] the U.S. Code contains a broader and more well-defined scope.[91] In the U.S. Code, the equivalent term for "product" is, more precisely, "manufacture,"[92] although "product" also can be construed to mean "machine"[93] and "composition of matter."[94] By contrast, there appears to be a degree of ambiguity in the term "product" under the 1991 Mexican Industrial Property Law.

The distinction of these terms in the U.S. Code has definite merit. For example, a machine and the product it creates can be considered a single invention.[95] However, if the two are separable, there can be two

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82. *Id. See also* NAFTA, *supra* note 1, art. 1709(1).

83. 1991 Mexican Industrial Property Law, *supra* note 27, art. 23.

84. 35 U.S.C. § 154. The exception is a design patent which has a life of up to 14 years. *Id.* § 173. *See also* NAFTA, *supra* note 1, art. 1709(12) (stating that each Party shall provide a term of protection for patents of at least 20 years from the date of filing or 17 years from the date of grant).

85. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 15-16. *See also* 35 U.S.C. §§ 100-101.

86. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 16. *See also* 35 U.S.C. § 101. *See also* NAFTA, *supra* note 1, art. 1709(1) (stating that each party shall make patents available for any inventions, whether products or processes, in all fields of technology).

87. 35 U.S.C. § 100(b).

88. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 16.

89. *See id. See also* NAFTA, *supra* note 1, art. 1709(5)(b).

90. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 16. *See also* NAFTA, *supra* note 1, art. 1709(5)(a) (conferring patent protection on products).

91. *See* 35 U.S.C. § 101.

92. *See id.*

93. *See id.*

94. *See id.*

95. *See id.*

patentable subject matters.[96] It has also been held that while a machine is patentable, the mere effect or result of the operation of a mechanism cannot be the subject of a patent.[97]

Article 45 of the 1991 Mexican Industrial Property Law makes provisions for certain single inventions.[98] A single invention may consist of a product with its specifically designed processes,[99] a process with its specifically designed method or implement,[100] or a product with its specifically designed processes and implement.[101] The word "implement"[102] can have the same meaning as a "machine."[103] In fact, the word "machinery" is explicitly used in article 46.[104] In this respect, even though the Mexican statute does not expressly draw a distinction between "machine"[105] and "manufacture,"[106] it does imply such a differentiation.

On the other hand, the term "composition of matter"[107] has more significant and subtle implications. Composition of matter refers to all composition of two or more substances and all composite articles. It is important to draw a distinction between the composition and the elements or ingredients which combine to form it.[108] The key concept is that the tests applied to determine patentability must consider such an invention "as a whole"[109] rather than the individual parts. This important concept appears to be absent from the Mexican statute.[110] The superior system of classifying patentable subject matters in the U.S. Code lends itself to a clearer and more uniform interpretation of the statute.[111]

B. Mexican Statutory Bars to Patenting

The following subject matters are explicitly excluded from patent-

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96. *See* Miller v. Eagle Mfg. Co., 151 U.S. 186, 199 (1893).
97. Expanded Metal Co. v. Bradford, 214 U.S. 366 (1909).
98. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 45.
99. *Id. See also* NAFTA, *supra* note 1, art. 1709(5).
100. 1991 Mexican Industrial Property Law, *supra* note 27, art. 45.
101. *Id.*
102. *Id.*
103. *See* 35 U.S.C. § 101.
104. 1991 Mexican Industrial Property Law, *supra* note 27, art. 46.
105. *Id.* art. 16.
106. *Id.*
107. *Id.*
108. *See* Gorham Co. v. White, 81 U.S. 511 (1871).
109. 35 U.S.C. § 103.
110. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 15-20.
111. *See* 35 U.S.C. §§ 100-03.

ability under the 1991 Mexican Industrial Property Law:[112] (1) theoretical and scientific principles;[113] (2) discovering or revealing something which already exists in nature;[114] (3) plans and methods to carry out mental activities;[115] (4) computer programs;[116] (5) formats for the presentation of information;[117] (6) aesthetic creations and artistic or literary works;[118] (7) methods of surgical, therapeutic, and diagnostic treatment for humans and animals;[119] and, (8) the juxtaposition of known inventions or combinations of known products, their variation in form, dimensions or materials, except when such combinations are formed to preclude their functioning separately, or when the modification to achieve the results is not obvious to an expert on the subject.[120]

Under the U.S. Code, items (1) and (3) are not patentable because they do not meet the requirement of utility.[121] Formats for presentation in item (5) also do not fall within the scope of nonobvious, patentable inventions.[122] The issue of nonobviousness with respect to prior art found in item (8) is addressed under the U.S. Code.[123]

However, while item (2) is generally supported in the U.S. Code, there is an exception. One U.S. court has held that a "product of nature" is patentable if the prerequisites of novelty, utility, and nonobviousness are met.[124] Furthermore, item (7) imposes a restriction on pat-

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112. 1991 Mexican Industrial Property Law, *supra* note 27, art. 19.

113. *Id.*

114. *Id. See also* NAFTA, *supra* note 1, art. 1709(3)(b) (stating that a Party may also exclude plants and animals other than microorganisms from patentability). *See also id.* art. 1709(3)(c) (stating that essentially biological processes for the production of plants or animals, other than non-biological and microbiological processes for such production, may be excluded from patentability).

115. 1991 Mexican Industrial Property Law, *supra* note 27, art. 19.

116. *Id.*

117. *Id.*

118. *Id.*

119. *Id. See also* NAFTA, *supra* note 1, art. 1709(3)(a) (stating that a Party may also exclude diagnostic, therapeutic and surgical methods for the treatment of humans or animals from patentability).

120. 1991 Mexican Industrial Property Law, *supra* note 27, art. 19 (stating that if the nonobviousness condition is not met, the subject is not patentable, but is eligible for protection under the utility model).

121. *See* 35 U.S.C. § 101.

122. *Id.* § 103.

123. *Id. See also* NAFTA, *supra* note 1, art. 1709(1) (stating that "a Party may deem the terms 'inventive step' and 'capable of industrial application' to be synonymous with the terms 'non-obvious' and 'useful', respectively.").

124. Merck & Co. v. Olin Mathieson Chemical Corp., 253 F.2d 156, 161-62 (4th Cir. 1958). A "product of nature" refers to a composition of naturally existing elements and materials. *Id. See also* 35 U.S.C. §§ 101-103.

entability that some U.S. courts do not impose.[125] Item (7) suggests that these methods of medical treatment should not be excluded provided that all other statutory conditions are satisfied.

In the United States, computer programs, per se, are not subject to patent protection.[126] However, the U.S. Supreme Court has held that a process could be patented, even when a significant part of the process involved the use of a computer program.[127] Therefore, in the United States, inasmuch as such situations are rare, a computer program is not automatically barred from patent protection if it forms an integral part of an overall patentable invention (such as a computer-related invention) considered "as a whole,"[128] contrary to item (4).[129]

Finally, with regard to item (6), while the U.S. Code does not provide that artistic and literary works are patentable, design patents are granted to new, original, ornamental and nonobvious designs embodied in articles of manufacture.[130] The utility requirement does not apply.[131] A design patent grants the inventor the right to exclude others from making, using, or selling the patented design for a period of three and one-half, seven or fourteen years,[132] depending on the term elected by the applicant as the patent approaches the time of its issuance.

C. U.S. Statutory Bars to Patenting

The U.S. Code does not deal with specific subject matters but

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125. *See, e.g.*, American Hosp. Supply Corp. v. Travenal Lab., Inc., 745 F.2d 1 (Fed. Cir. 1984).

126. Computer programs generally are not patentable because they are classified under scientific principles, mere mental steps or algorithms. *See* 35 U.S.C. § 101. *But see* NAFTA, *supra* note 1, art. 1705(1) (stating that each Party shall protect all types of computer programs within the meaning of the Berne Convention and compilations of data or other material, whether in machine readable or other form which constitute intellectual creations).

127. Diamond v. Diehr, 450 U.S. 175 (1981). *See also* Diamond v. Bradley, 450 U.S. 381 (1981) (per curiam). The *Diehr* decision has great significance in that, for the first time, the Supreme Court recognized computer-related inventions under patent protection. This holding was quickly reinforced in the subsequent *Bradley* decision. The key to the decision was recognition of the patent claim "as a whole."

128. *See* Diamond v. Diehr, 450 U.S. 175 (1981); Diamond v. Bradley, 450 U.S. 381 (1981). *See also* 35 U.S.C. § 103.

129. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 19.

130. 35 U.S.C. § 171.

131. *Id.* This is obvious because decorative, ornamental design patents need not be utilitarian.

132. *Id.* § 173. *Cf.* NAFTA, *supra* note 1, art. 1709(12), (stating that "[e]ach Party shall provide a term of protection for patents of at least 20 years from the date of filing or 17 years from the date of grant.").

rather provides a set of general guidelines. The U.S. Code contains six categories of statutory bars to patenting:[133] (1) the invention does not fit within one of the statutorily recognized classes of patentable subject matter;[134] (2) it is not the true and original product of the person seeking to patent the invention as its inventor;[135] (3) it is not new at the time of its invention by the person seeking to patent it;[136] (4) it is not useful in the sense of having some beneficial use to society;[137] (5) it is obvious to one of ordinary skill in the art to which the subject matter of the invention pertains at the time of its invention;[138] or, (6) the inventor fails to proceed with due diligence in pursing efforts to file and prosecute a patent application.[139]

The 1991 Mexican Industrial Property Law generally mirrors the U.S. Code in providing statutory bars to patenting,[140] with only slight variations on the six general guidelines. The requirement of statutory subject matter is stated in stricter terms in the Mexican statute.[141] The Mexican statute also addresses the originality of inventorship,[142] novelty,[143] and utility requirements.[144] Nonobviousness is mentioned in two different places in the Mexican statute,[145] but it is not as well defined as in the U.S. statute.[146] The Mexican statute also features a due diligence requirement.[147]

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133. 35 U.S.C. §§ 101-103.

134. *Id.* § 101.

135. *Id.* § 102.

136. *Id.* This is commonly known as the novelty requirement. *See also* NAFTA, *supra* note 1, art. 1709(1) (stating that "each party shall make patents available for any inventions . . . provided that such inventions are new").

137. 35 U.S.C. § 101. This is commonly known as the utility requirement. *See also* NAFTA, *supra* note 1, art. 1709(1) (stating that "a Party may deem the terms 'inventive step' and 'capable of industrial application' to be synonymous with the terms 'non-obvious' and 'useful,' respectively.").

138. 35 U.S.C. § 103. This is commonly known as the nonobviousness requirement.

139. *Id.* § 102.

140. 1991 Mexican Industrial Property Law, *supra* note 27.

141. *Id.* arts. 15-20.

142. *Id.* art. 39.

143. *Id.* art. 17.

144. *Id.* art. 15.

145. *Id.* arts. 12, 19. *See also* NAFTA, *supra* note 1, art. 1709(1) (stating that "a Party may deem the terms 'inventive step' and 'capable of industrial application' to be synonymous with the terms 'non-obvious' and 'useful,' respectively.").

146. *See* 35 U.S.C. § 103.

147. 1991 Mexican Industrial Property Law, *supra* note 27, arts. 38-57.

D. Nonobviousness

The U.S. Code states that a patent may not be granted

> if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.[148]

Clearly, the U.S. Code is more elaborately worded than its Mexican counterpart and sets a well-defined requirement for all inventions.[149] The reason for this painstaking construction may well be that the test of nonobviousness in a patent application is arguably the most difficult to apply and often becomes fertile ground for dispute.[150] A few finer points are addressed here to illustrate the subtlety and sophistication of the language which is designed to more concretely define a nonobvious invention.

First, the subject matter must be judged "as a whole[;]"[151] piecemeal consideration of the parts of claims is improper. As illustrated in previous examples involving "compositions of matter," this phrase is of vital importance.[152] The lack of a similar approach in the 1991 Mexican Industrial Property Law[153] can have broad implications and grave consequences in a determination of patentability.[154] Second, obviousness should be determined as of "the time the invention was made,"[155] and not retrospectively. In other words, hindsight does not support an assertion of obviousness and should be avoided.[156] This is

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148. 35 U.S.C. § 103.

149. *Compare* 35 U.S.C. § 103 *with* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 11, 19. *See also* NAFTA *supra* note 1, art. 1709(1) (stating that a Party may deem the terms "inventive step" and " capable of industrial application" to be synonymous with the terms "non-obvious" and "useful," respectively).

150. *See* Neff Instrument Corp. v. Cohu Electronics, Inc., 298 F.2d 82, 88 (9th Cir. 1961); Tingue, Brown & Co. v. Raybestos-Manhattan, Inc., 181 F. Supp. 134, 137 (D.N.J. 1960), *aff'd*, 283 F.2d 694 (3d Cir. 1960); *In re* Fay, 347 F.2d 597, 602 (C.C.P.A. 1965).

151. 35 U.S.C. § 103.

152. *See id.* § 101.

153. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 15-20.

154. *See, e.g.*, Diamond v. Diehr, 450 U.S. 175 (1981).

155. 35 U.S.C. § 103.

156. In determining obviousness, it is of no significance that "viewed after the event, the means . . . adopted seem simple and such as should have been obvious to

another important element that is absent from the Mexican statute.[157] Third, an invention is to be nonobvious, not simply superior, to one "having ordinary skill in the art."[158] Consequently, simplicity is no bar to patentability if the steps taken are not obvious to the ordinary person skilled in the art.[159] Fourth, since "patentability shall not be negatived by the manner by which the invention was made,"[160] routine experimentation which produced the new and useful subject matter is acceptable.[161] It cannot be predicted how a Mexican court would rule when faced with any one of these situations since they are not expressly addressed in the statute.

E. Living Matter

There are additional considerations for inventions which involve living matter under Mexican law. Article 20 of the 1991 Mexican Industrial Property Law considers the following to be patentable: (1) plant varieties;[162] (2) inventions related to microorganisms;[163] and, (3) biotechnical processes for the production of pharmaceutical, medicine, food and biologically active products.[164]

Under Mexican law, the following subject matters are *not* patentable: (1) essentially biological processes which simply consist of selecting or isolating available biological material and allowing it to act in its natural state;[165] (2) plant species and species or breeds of animals;[166]

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those who worked in the field. . . . [T]his is not enough to negative invention . . . ." Neff Instrument Corp. v. Cohu Electronics, Inc. 298 F.2d 82, 88 (9th Cir. 1961).

157. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 15-20.

158. 35 U.S.C. § 103.

159. "The simplicity of a device may be regarded as evidence of invention." Tingue, Brown & Co. v. Raybestos-Manhattan, Inc., 181 F. Supp. 134, 137 (D.N.J. 1960), *aff'd*, 283 F.2d 694 (3d Cir. 1960).

160. 35 U.S.C. § 103.

161. In determining obviousness, mere "routine" experimentation is "of no consequence." *In re* Fay, 347 F.2d 597, 602 (C.C.P.A. 1965).

162. 1991 Mexican Industrial Property Law, *supra* note 27, art. 20. *But see* NAFTA, *supra* note 1, art. 1709(3)(b) (stating that a Party may also exclude plants and animals other than microorganisms from patentability). Notwithstanding this article, each Party shall provide for the protection of plant varieties through an effective scheme of *sui generis* protection or both.

163. 1991 Mexican Industrial Property Law, *supra* note 27, art. 20. *See also* NAFTA, *supra* note 1, art. 1709(3)(b) (stating that a Party may also exclude plants, animals other than microorganisms from patentability).

164. 1991 Mexican Industrial Property Law, *supra* note 27, art. 20.

165. *Id.*

166. *Id.*

(3) biological material such as found in nature;[167] (4) genetic material;[168] and, (5) inventions relating to the living matter of which the human body is composed.[169]

The U.S. and Mexican laws are generally in agreement with regard to living matters. Under the Plant Patent Act of 1930,[170] a plant patent may be obtained by a person who invents, discovers, or asexually reproduces a distinct and new variety of plant, other than a tuber-propagated plant or a plant found in an uncultivated state.[171] Protection of sexually reproduced plants may be obtained under the provisions of the Plant Variety Protection Act of 1970.[172] A certificate of plant variety protection has a term of eighteen years.[173]

Although not stated explicitly in the U.S. Code, a live human-made microorganism is patentable under 35 U.S.C. § 101[174] since it constitutes either a "manufacture"[175] or a "composition of matter."[176] Similarly, biotechnical "processes"[177] which produce new man-made living products also are protected. On the other hand, the patentability of genetic material and genetically engineered animal breeds is apparently still being debated in the United States.[178] Current statues do not preclude genetic matters from patent protection if they meet the criteria of novelty, utility, and nonobviousness.[179]

F. Patent Right

In the United States, a patent is viewed as a negative monopoly, giving the patent holder only the right to stop others from making, using, or selling the invention.[180] A patent offers the highest form of pro-

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167. *Id.*
168. *Id.*
169. *Id.*
170. 35 U.S.C. §§ 161-164 (1988).
171. *Id.* § 161.
172. Plant Variety Protection Act, 7 U.S.C. §§ 2321-2582 (1988).
173. *Id.* § 2483(b). *See also* NAFTA, *supra* note 1, art. 1709(12) ("Each Party shall provide a term of protection for patents of at least 20 years from the date of filing or 17 years from the date of grant. A Party may extend the term of patent protection, in appropriate cases, to compensate for delays caused by regulatory approval processes.").
174. *See* 35 U.S.C. § 101.
175. *Id.*
176. *Id.*
177. *Id.*
178. *See generally* 60 AM. JUR. 2D *Patents* § 76 (1987).
179. *Id. See also* 35 U.S.C. §§ 101-103.
180. 35 U.S.C. § 271 (1988). *See also* NAFTA, *supra* note 1, art. 1714(1) which

tection of intellectual property because it protects the idea behind the invention, not just the outward expression.

The 1991 Mexican Industrial Property Law allows a third party from the private or academic sector with noncommercial goals, who performs purely experimental activities of scientific or technological research for testing or teaching, and for the purpose of same, to make or use a patented product or process.[181] Also excluded from patent infringement are cases involving patents related to living matter where a third party "uses the patented product as an initial source of variations or propagation to obtain other products, except when said use is affected repeatedly."[182]

The U.S. Code also contains some explicit provisions allowing use of patented inventions for bona fide research.[183] In addition, case law has permitted purely experimental use when there is no commercial intent.[184] A single experimental use of a patent usually does not constitute an infringement.[185]

III. Utility Model & Industrial Design

A. Utility Model

The 1991 Mexican Industrial Property Law defines registrable utility models as "objects, devices, implements or tools that, as a result of a change in their arrangement, configuration, structure, or form, display a different function with regard to the parts of which they are composed, or advantages with respect to their use."[186] Utility models refer to objects that are new and suitable for industrial application[187]

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states:

> Each Party shall ensure that enforcement procedures, as specified in this Article and in Articles 1715 through 1718, are available under its domestic law so as to permit effective action to be taken against any act of infringement of intellectual property rights covered by this Chapter, including expeditious remedies to prevent infringements and remedies to deter further infringements.

181. 1991 Mexican Industrial Property Law, *supra* note 27, art. 22.

182. *Id.*

183. *See, e.g.*, 7 U.S.C. § 2544 (1988).

184. *See, e.g.*, Spray Refrigeration Co. v. Sea Spray Fishing, Inc., 322 F.2d 34, 36-37 (9th Cir. 1963).

185. *See, e.g.*, Chesterfield v. United States, 159 F. Supp. 371, 376 (Ct. Cl. 1958).

186. 1991 Mexican Industrial Property Law, *supra* note 27, art. 28. A utility model clearly embodies a more limited technological advance than that required for patentability. *See id.*

187. *Id.*

and are protected for only ten years.[188]

A utility model is a form of petty patent which is important to developing countries in encouraging inventive activity where initial contribution to existing technology invariably will be small.[189] This form of protection is not found in the United States.

B. Industrial Design

The 1991 Mexican Industrial Property Law protects an "original"[190] industrial design which is not identical to ones known by the public within the country.[191] Article 32 further defines such design in terms of industrial drawings and three-dimensional industrial models.[192] The design must be incorporated into an industrial product with the purpose of giving the product its own distinct and unique appearance without implying technical results.[193] Industrial designs are registrable for a nonrenewable term of fifteen years.[194]

Since an industrial design as defined in the Mexican statute[195] does not have the requirement of novelty[196] and nonobviousness,[197] it would not qualify for a design patent under the U.S. Code.[198] The protection afforded by the Mexican statute is limited to the manner in which the design is expressed, and not the idea itself.[199] This type of protection is similar to that provided by the U.S. Copyright Code.[200]

There is, however, a very important distinction. Under the U.S. Copyright Code, the design of a useful object is protected to the extent

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188. *Id.* art. 29.

189. BLAKENEY, *supra* note 12, at 8.

190. *See* 1991 Mexican Industrial Property Law, *supra* note 27, arts. 31-37 (no requirement of a novel invention for an industrial design as there is in the case of a patent). *See also* NAFTA, *supra* note 1, art. 1713(1) (stating that "[e]ach Party shall provide for the protection of independently created industrial designs that are new or original").

191. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 31.

192. *Id.* art. 32.

193. *Id.*

194. *Id.* art. 36. *See also* NAFTA, *supra* note 1, art. 1713(5), (stating that "[e]ach Party shall provide a term of protection for industrial designs of at least 10 years").

195. 1991 Mexican Industrial Property Law, *supra* note 27, art. 32.

196. *Id.* art. 31. *Compare with* 35 U.S.C. § 102 (providing for a novelty requirement).

197. *Compare* 35 U.S.C. § 103 (providing a nonobviousness requirement).

198. *See* 35 U.S.C. § 171.

199. 1991 Mexican Industrial Property Law, *supra* note 27, art. 36.

200. *See* 17 U.S.C. § 106 (1988).

that "such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the articles."[201] Consequently, an industrial design as defined in the Mexican statute[202] will not be protected by copyright in the United States unless it can be shown to meet the requirements of separate identification and independent existence.[203]

In the United States, a design, which is novel[204] and nonobvious,[205] and can exist independently of the utilitarian aspects[206] of the article, has two available options of legal protection, namely design patent[207] and copyright registration.[208] Each option has its advantages and disadvantages. A patent protects against infringement of the design regardless of whether it was produced through copying or by independent efforts,[209] but the term of the protection is a maximum of fourteen years.[210] On the other hand, while a copyright registration only offers protection against copying,[211] it has a term of fifty to one hundred years.[212]

The overlap between copyright law and patent law in the area of design does not bar the designer from securing both copyright and patent protection of the design.[213] However, the Copyright Office[214] will not permit a copyright registration to be issued on a design that has been patented or on drawings or photographs used in an issued patent.[215] Therefore, while both copyright and patent protection are avail-

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201. *Id.* § 101 (definition of pictorial, graphic and sculptural works). If a design is capable of existing independently and being identified separately from the utilitarian aspects of the article, copyright protection is available. *Id.*

202. 1991 Mexican Industrial Property Law, *supra* note 27, art. 31.

203. 17 U.S.C. § 101.

204. 35 U.S.C. § 171.

205. *Id.*

206. *See* 17 U.S.C. § 101.

207. 35 U.S.C. § 171.

208. 17 U.S.C. §§ 408-412 (1988).

209. 35 U.S.C. § 272 (1988).

210. *Id.* § 173.

211. 17 U.S.C. § 106.

212. *Id.* § 302.

213. *See In re* Yardley, 493 F.2d 1389, 1393-95 (C.C.P.A. 1974). *See also* 17 U.S.C. § 101.

214. *See* 17 U.S.C. §§ 701-710 (1988).

215. 37 C.F.R. § 202.10 (1993). Copyright Office Regulations state that, for pictorial, graphic, and sculptural work, "the potential availability of protection under the design patent law will not affect the registrability of a work of art, but a copyright claim in a patented design or in the drawings or photographs in a patent application

able for a novel design in principle, one must exercise care in seeking registration and one might have to choose between the two by determining which avenue will best protect the design.

IV. TRADE SECRET

Under article 82 of the 1991 Mexican Industrial Property Law, the Mexican government expressly protects the confidentiality of trade secrets.[216] Considering its application to such a wide range of business information, the definition of trade secret is understandably broad. The only restriction is that it be "in reference to the nature, characteristics, or purposes of the products; to the methods or processes of production; or to the means or forms of distribution or marketing of products, or the rendering of services."[217]

Information that is in the public domain or obvious to an expert in the field is not considered an industrial secret;[218] neither is information required to be disclosed by law or judicial order.[219] Industrial secrets that are disclosed to authorities for the purpose of obtaining licenses, permits, authorizations, registrations or other acts of the authority are not considered to be in the public domain.[220]

In the United States, trade secrets are not protected by federal statutes, but rather by state statutes and the law of unfair competition.[221] Consequently, there is no universally acceptable definition of a trade secret in the United States. Nonetheless, historically, a definition from the Restatement of the Law of Torts is frequently cited:

> A trade secret may consist of any formula, pattern, device or compilation of information used in one's business, which gives him an opportunity to obtain an advantage over competitors

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will not be registered after the patent has been issued." *Id.*

216. 1991 Mexican Industrial Property Law, *supra* note 27, art. 82. *See also* NAFTA, *supra* note 1, art. 1711 (addressing the issues of trade secrets).

217. 1991 Mexican Industrial Property Law, *supra* note 27, art. 82.

218. *Id.* art. 82. *See also* NAFTA, *supra* note 1, art. 1711(1)(a) ("the information is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known or readily accessible to persons that normally deal with the kind of information in question").

219. 1991 Mexican Industrial Property Law, *supra* note 27, art. 82.

220. *Id.*

221. Unfair competition is a limited concept with a scope that cannot be precisely defined. "There is no part of the law which is more plastic than unfair competition . . . ." Nevertheless, the theft of trade secret is certainly a form of unfair competition. Ely-Norris Safe Co. v. Mosler Safe Co., 7 F.2d 603, 604 (2d Cir. 1925), *rev'd on other grounds*, 273 U.S. 132 (1927).

> who do not know or use it. It may be a formula for a chemical compound, a process of manufacturing, treating or preserving materials, a pattern for a machine or other device, or a list of customers. . . . A trade secret is a process or device for continuous use in the operation of the business. Generally it relates to the production of goods, as for example, a machine or formula for an article. It may, however, relate to the sale of goods or to other operations in the business, such as a code for determining discounts, rebates or other concessions in a price list or catalogue, or a list of specialized customers, or a method of bookkeeping or other office management.[222]

There are three recognized elements of a trade secret in the United States: novelty, secrecy, and value in the trade.[223] In this context, the term novelty does not imply a new invention, but a new, nonobvious way of integrating known concepts and principles. At issue is the ease or difficulty with which others can properly acquire or duplicate the information.[224] Secrecy is the requirement of confidentiality and restricted access as applied to employees and those involved in the business as well as competitors.[225] Value in the trade can be of a competitive or economic nature and may be reflected in the amount of effort or money expended in its development.[226] All three elements are clearly present in article 82 of the 1991 Mexican Industrial Property Law.[227]

V. TRADEMARK, NAME & SLOGAN

Laws for protection of marks, names and slogans used in trade and commerce have one common purpose—deterrence of unfair competition.[228] The objective is to protect those who are honest in their busi-

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222. *See* RESTATEMENT OF TORTS, *supra* note 45, § 757. *See also* NAFTA, *supra* note 1, art. 1711(1)(a)-(c) which states:

> [T]he information is secret in the sense that it is not . . . generally known among or readily accessible to persons that normally deal with the kind of information in question; . . . the information has actual or potential commercial value because it is secret; and . . . the person lawfully in control of the information has taken reasonable steps under the circumstances to keep it secret.

223. RESTATEMENT OF TORTS, *supra* note 45, § 757.

224. *Id.*

225. *Id.*

226. *Id.*

227. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 82.

228. *See supra* note 221.

ness and to punish the dishonest dealer who takes, or aims to take, a competitor's business by unfair means. While there are slight discrepancies between the laws of the United States and Mexico with regard to these subject matters, they are in fact very similar in most respects.

A. Trademark

Under the 1991 Mexican Industrial Property Law, industrialists, merchants and those who render services may protect a trademark they use in their businesses.[229] The statute defines trademark as "every visible emblem or symbol that distinguishes products and services from others in the market that are of the same type or kind."[230] Under the statute, the following may merit a trademark: (1) visible names and figures that are sufficiently distinctive, capable of identifying the products or services to which they are applied or try to be applied;[231] (2) three-dimensional forms;[232] (3) trade names and firm names or designations;[233] or, (4) an individual's own name.[234]

Trademark registration shall not be granted under the statute for the following: (1) any changing forms expressed in a dynamic manner;[235] (2) words that are technical or commonly used, usual or generic;[236] (3) commonly used three-dimensional forms that lack originality or are imposed by their natural or industrial function so that they are not easily distinguished from others;[237] (4) three-dimensional names, figures or forms that, considering the entirety of their characteristics, are descriptive of the products or services that seek to be protected;[238] (5) isolated letters, numbers, or colors, unless they are combined with, or accompanied by, elements which give them a distinctive nature;[239] (6) translation to other languages, frivolous spelling varia-

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229. 1991 Mexican Industrial Property Law, *supra* note 27, art. 82.

230. *Id.* art. 88. *See also* NAFTA, *supra* note 1, art. 1708(1) (stating that a trademark consists of any sign, or any combination of signs, capable of distinguishing the goods or services of the one person from those of another, including personal names, designs, letters, numerals, colors, figurative elements, or the shape of goods or of their packaging. Trademarks shall include service marks and collective marks, and may include certification marks.).

231. 1991 Mexican Industrial Property Law, *supra* note 27, art. 90.

232. *Id.*

233. *Id.*

234. *Id. See also* NAFTA, *supra* note 1, art. 1708(1).

235. 1991 Mexican Industrial Property Law, *supra* note 27, art. 90.

236. *Id.*

237. *Id.*

238. *Id.*

239. *Id.*

tions, or the artificial creation of words which do not qualify as trademarks;[240] (7) things that copy or imitate designation of officially recognized organizations;[241] (8) things that reproduce or imitate official symbols;[242] (9) things that copy or imitate names or graphic representation of officially recognized decorations and awards;[243] (10) geographic names and other adjectives which are used to indicate the origin of products and services;[244] (11) names of towns and places that are characterized by the manufacturing of certain products, except those of private property locations that are unique and unmistakable;[245] (12) names, pseudonyms, signatures and photographs without consent;[246] (13) titles of literary, artistic and scientific works and of fictitious or symbolic characters without consent;[247] (14) anything which is liable to deceive the public or lead the public to error;[248] (15) anything equal or similar to a widely recognized trademark in Mexico;[249] (16) anything identical or confusingly similar to another trademark already in effect for the same or similar products or services;[250] or, (17) anything identical or confusingly similar to a trade-name unless the application is by the owner of the registered trade-name.[251]

The guidelines under the U.S. Code are very similar.[252] It defines trademark as "any word, name, symbol, or device, or any combination thereof—used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."[253] From the 1991 Mexican Industrial Property Law as discussed above, items (1) through (4) of the list of acceptable trademarks and items (1) through (3) on the list of unacceptable trademarks are comparable to the definition of trademark in the U.S. Code.[254]

Moreover, if the device or symbol was not adopted primarily for

240. *Id.*
241. *Id.*
242. *Id.*
243. *Id.*
244. *Id.*
245. *Id.*
246. *Id.*
247. *Id.*
248. *Id.*
249. *Id.*
250. *Id.*
251. *Id.*
252. *See* 15 U.S.C. § 1127.
253. *Id.*
254. *See id.*

the purpose of indicating origin, manufacture, or ownership, but was placed upon the articles to denote class, grade, style, or quality, it cannot be upheld as a trademark.[255] This is clearly in agreement with Mexico's list of non-qualifiable trademarks. In addition, the U.S. Code prohibits registration of trademarks that consist of, or comprise materials identified in, items (5) through (17) as given above.[256]

Unlike patents and copyrights, which find a basis for their existence in the U.S. Constitution,[257] trademark law is a part of the much broader common law of unfair competition.[258] Federal law on the subject of trademarks is principally embodied in the Trade-Mark Act (Lanham Act).[259] By encouraging registration of trademarks, the Lanham Act is designed to allow Congress to regulate commerce by making actionable the deceptive use of trademarks. Both the 1991 Mexican Industrial Property Law and the U.S. Code offer trademark registration for a renewable period of ten years.[260]

B. Service Mark

The term "service mark"[261] is used in the Lanham Act to apply to services, thus distinguishing it from a trademark which applies to products. The 1991 Mexican Industrial Property Law draws no such distinction.[262] Nevertheless, this difference is not significant.

C. Collective Trademark

Collective trademarks are protected under both the 1991 Mexican Industrial Property Law[263] and the U.S. Code.[264] They are used by

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255. However, such a device or symbol may be upheld as a certification mark, collective mark, or service mark. *Id.*

256. 15 U.S.C. § 1052 (1988).

257. U.S. CONST. art. I, § 8.

258. *See supra* note 19. The law of unfair competition is a judicial creation and development, whereas the law of trademark is statutory.

259. 15 U.S.C. §§ 1051-1127 (1988). The Lanham Act is designed to protect consumers and commercial interests from the effects of false description and advertising, counterfeit, and imitated marks.

260. *Compare* 1991 Mexican Industrial Property Law, *supra* note 27, art. 95 *with* 15 U.S.C. § 1058(a) (1988). *See also* NAFTA, *supra* note 1, art. 1708(7) (stating that each party shall provide that the initial registration of a trademark be for a term of at least 10 years and that the registration be indefinitely renewable for terms of not less than 10 years when conditions for renewal have been met).

261. *See* 15 U.S.C. §§ 1053, 1127.

262. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 87.

263. *Id.* art. 96.

264. *See* 15 U.S.C. §§ 1051-1127 (1988).

members of a cooperative, an association, or other collective group or organization to indicate membership.[265] The qualifications for, and protection afforded to, a collective trademark are similar to those given for a trademark.[266]

D. Trade-Name

The protection of trade-names in Mexico does not require registration of the names.[267] The industrial, commercial or service establishment that owns the trade-name has the right to its exclusive use in the geographic area of the regular clientele of the establishment to which the trade-name is applied.[268] Nevertheless, the user of a trade-name may apply to the Ministry for the publication of such trade-name to establish the presumption of good faith in the adoption and use of the trade-name.[269] The term of registration is for a renewable period of ten years.[270]

In the United States, the use of trade-names is governed, in most respects, by the same rules as those that apply to trademarks.[271] A similar provision is found in the 1991 Mexican Industrial Property Law.[272] The registration in the United States is effective for ten years and can be renewed.[273]

E. Slogan

Slogans, or commercial announcements, which are phrases used to advertise commercial, industrial or service companies and businesses,

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265. *Id.* § 1127. *See also* 1991 Mexican Industrial Property Law, *supra* note 27, art. 96.

266. 15 U.S.C. § 1054. *See also* 1991 Mexican Industrial Property Law, *supra* note 27, art. 98.

267. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 105.

268. *Id.*

269. *Id.* art. 106.

270. *Id.* art. 110.

271. *See* Jarvaise Academy of Beauty Culture v. St. Paul Inst. of Cosmetology, 237 N.W. 183 (Minn. 1931). A firmly established trade-name receives the same protection from the law as a trademark. Their similarities notwithstanding, trademarks and trade-names are not the same. A trade-name involves the individuality of the maker to avoid confusion in business and to secure the advantages of a good reputation. Thus, it has been said to have a broader scope than a trademark. *See* Harryman v. Harryman, 144 P. 262, 264 (Kan. 1914); Bolander v. Peterson, 26 N.E. 603 (Ill. 1891) (applied in the context of business). While a trademark may consist of a name, a trade-name is not regarded as a trademark in the strict technical sense. 15 U.S.C. § 1127.

272. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 112.

273. 15 U.S.C. § 1058(a).

and products or services to the public, are protected in Mexico under the 1991 Mexican Industrial Property Law.[274] The purpose of the slogan, to advertise the products or services, or to advertise a company or business, must be clearly specified in the application for registration.[275] The registration is in effect for a renewable period of ten years.[276]

Even though there are no provisions for slogans in the United States, it has been stated that there is no distinction either in fact or in principle between a trade-name and a trade slogan.[277] This is compatible with the 1991 Mexican Industrial Property Law.[278] Thus, there appears to be little difference between the U.S. and Mexican laws concerning this subject.

F. Denomination of Origin & Certification Mark

"Denomination of origin is understood to be the name of the geographic region of the country that is used to designate an original product of this region, and whose quality or nature are due exclusively to the geographic environment, including in said environment natural and human factors" under the 1991 Mexican Industrial Property Law.[279] The duration of the declaration of protection is determined by the permanence of the conditions that justify the declaration and may be modified at any time.[280] The main purpose of this provision is to eliminate confusion to the consumer and to prevent unfair competition.[281]

Protection is only granted to those who have a legal interest, defined as: (1) individuals, companies or corporations that directly engage in the extraction, production, or processing of the product or products

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274. 1991 Mexican Industrial Property Law, *supra* note 27, art. 100.

275. *Id.* arts. 101-02.

276. *Id.* art. 103.

277. *See* Yellow Cab Co. v. Sachs, 216 P. 33 (Cal. 1923).

278. *See* 1991 Mexican Industrial Property Law, *supra* note 27, art. 104.

279. *Id.* art. 156. The denomination of origin is a recognition based on geographic name which is precluded from the granting of a trademark. *See also* NAFTA, *supra* note 1, art. 1712(1)(a) which states that each Party shall provide, in respect of geographical indications, the legal means for interested persons to prevent

> the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a territory, region or locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good.

280. 1991 Mexican Industrial Property Law, *supra* note 27, art. 165.

281. *See* NAFTA, *supra* note 1, art. 1712(1)(b) (stating that each Party shall provide the means to prevent "any use that constitutes an act of unfair competition within the meaning of Article 10 of the Paris Convention.").

that are intended to be protected by the denomination of origin;[282] (2) the chambers or associations of manufacturers or producers;[283] and, (3) the agencies or organizations of the federal government, and of the governmental entities of the Federation.[284]

The U.S. Code offers protection for similar subject matters through registration of "certification marks."[285] A certification mark is any word, name, symbol, or device, or any combination thereof used to "certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization."[286]

While a certification mark clearly encompasses products of the denomination of origin, its scope is much broader in that it also includes "services"[287] from a certain geographic location. Further, its protection extends to products and services which meet certain standards.[288] This important class of intellectual property, is not expressly recognized in the Mexican statute,[289] and is a significant omission.

VI. CONCLUSIONS

This article has compared the two sets of laws governing industrial property in the U.S. and Mexico. Between these two sets of laws, there are many similarities and some significant differences. In general,

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282. 1991 Mexican Industrial Property Law, *supra* note 27, art. 165.

283. *Id.*

284. *Id.*

285. *See* 15 U.S.C. § 1127. A certification mark can take the form of a geographical name which then serves the same function as a denomination of origin. While a trademark gives the owner exclusive rights, a denomination of origin or a certification mark used in that context must be made available to all those with a legal interest. *Id.*

286. *Id.* In essence, a certification mark acts as a stamp of approval issued to the membership of an association for products and services which conform to association standards. *Id.*

287. *See* 15 U.S.C. § 1127.

288. *Id.* For example, the UL symbol which appears in a product serves as a certification mark by indicating that the product has met the standards set by Underwriter's Laboratory. *See id.*

289. *See* 1991 Mexican Industrial Property Law, *supra* note 27. *See also* NAFTA, *supra* note 1, art. 1712. NAFTA does mention "service."

> Nothing in this Article shall require a Party to prevent continued and similar use of a particular geographical indication of another Party in connection with goods or *services* by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or *services* in that Party's territory.

Id. art. 1712(4) (emphasis added).

where the two laws differ, the protection afforded in the United States is greater than that in Mexico. The most important aspects are summarized as follows:

1. The United States and Mexico have two distinct legal systems, common law and civil law respectively, which are reflected in the laws governing industrial property. Without the flexibility and authority of court decisions that characterize the U.S. system, Mexican laws have the tendency to be rather rigid.

2. In Mexico, the omission of the requirement that an invention must be considered as a whole in determining patentability excludes certain subject matters that are recognized in the United States. Furthermore, the lack of a clear test for nonobviousness in the 1991 Mexican Industrial Property Law poses a potential difficulty for uniform application of the law in a predictable manner.

3. Patents are perhaps the most important form of protection because of the exclusive monopoly the holder has against activities infringing on the idea of the invention itself as well as the expression of the idea. Consequently, any differences between the U.S. Code and the Mexican statute, however subtle, can be of great significance.

4. Patent protection has been extended in Mexico to include pharmaceutical products, chemical products, and biotechnology products and processes. However, medical treatments are still excluded. Products of nature and computer-related inventions are not expressly included and are likely to be judged non-patentable.

5. No design patent is granted in Mexico. An industrial design registration under a substantially lower degree of protection is offered for a design which does not meet the strict requirements of a patentable invention.

6. Mexico provides protection for utility model — a form of petty patent for a model which is not sufficiently different from existing technology to warrant a patent. This form of industrial property is not recognized in the United States.

7. The new statutory provisions protecting trade secrets in Mexico marked an important step in protecting U.S. interests in the transfer of technology across the border.

8. Even though the 1991 Mexican Industrial Property Law makes provisions for denominations of origin, it does not recognize the more general form of trade mark known in the United States as a certification mark. A certification mark represents a seal of approval of quality of a product or service.

The types of industrial property and the level of protection accorded by Mexico are generally consistent with those in the United States. While it remains to be seen whether the requisite enforcement

mechanisms will be developed and implemented in practice, the progress Mexico has made in the latest effort by its Congress should be viewed as a major step forward.