

National/Regional Group: Mexico

Contributors name(s): E. Castillo

E-Mail contact:

Q1- Q12 AIPPI

Q.1. Relating to Article 2(1)(m) of the November 2017 Draft Convention:

"This Convention shall not apply to the following matters - ... [(m) intellectual property rights [and analogous matters]."

- a) **Should any intellectual property rights be included in the scope of the Convention? Please explain why or why not.**

Yes, we think that intellectual property rights (hereinafter, "IPRs") should be included in the Convention on the recognition and enforcement of foreign judgements (hereinafter, the "Convention"). This given that government institutions in a considerable number of countries, including Mexico, are gradually leaning toward strengthening domestic IP protection and demand global Intellectual Property enforcement to maintain technological advantage. Despite the considerable attention paid to the enforcement of IPRs in the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement"), and in bilateral agreements negotiated by different governments, the persistent lack of firm enforcement is a priority trade and IPRs negotiation issue today. In fact, none of the conventions currently administrated by the World Intellectual Property Organization (WIPO) addresses the issue of effective and consistent enforcement, which could take place through the Convention.

The above is the reason why we consider that the Convention shall extend to all categories of intellectual property, mainly the ones that are the subject of Sections 1 through 7 of Part II of the TRIPS Agreement (Copyright and Related Rights, Trademarks, Geographical Indications, Industrial Designs, Patents, Layout-Designs (Topographies) of Integrated Circuits and Protection of Undisclosed Information) as well as other *sui generis* forms of intellectual property that have emerged. This suggestion attends to the purpose of being congruent with such existing Agreement, which includes, in its Part III, a section concerning the enforcement of Intellectual Property Rights, which in our opinion, could be positively complemented with the effective recognition and enforcement of judgements relating to the IP subject to be referred in the Convention.

Please answer Questions 1) b)-d) even if you have answered NO to Question 1) a) (you may e.g. have views on the definition anyway, for the event intellectual property rights would be included)

- b) **Should intellectual property rights be included in the scope of the Convention, what should be included within the concept of "intellectual property"? For example, should the concept of "intellectual property" be limited to the "traditional" intellectual property rights, e.g. patents, designs, trademarks, copyright? Alternatively, should the concept of "intellectual property" also include related rights, such as rights relating to trade secrets, rights arising from licences, unfair competition, etc.? Please explain and specify why or why not certain types of "intellectual property" should be included or excluded.**

The intellectual property system was essentially developed from the thinking of protecting competitors against appropriations of costly efforts and unfair competition. Different forms of intellectual property protection have been emerged. New technologies and developments are partly addressed under existing forms of intellectual property protection, such as software under copyright or patent law, and

partly addressed under laws against unfair competition; eventually, this may lead to new and specific forms of protection, often called *sui generis* forms and systems of protection.

As a general proposition, there is a broad historical trend toward harmonization, strengthening, and integration of the international intellectual property system. Understanding the international regulations framework that governs IPRs involves more than appreciating that the same IPR can or should be protected in more than one country. There remain significant differences, particularly as between developed and developing countries, regarding consequences of the adoption of higher levels of IP protection and its enforcement. Concern among developed countries with a perceived lack of attention to IPRs enforcement in developing countries has manifest itself in negotiations among a group of developed countries on agreements designed to make it easier to enforce IPRs, as well as to enhance the role of government authorities (*i.e.* customs) in enforcement. We therefore consider that all traditional and non-traditional intellectual property shall be included in the Convention.

However, as to Copyright some preliminary analysis shall be conducted. For instance, the Mexican copyright system is a *sui generis* system based on the Civil Law with some specific connections with the administrative law. In fact, one of the main challenges in this regard would be how to enforce “moral” rights of a work within a common law jurisdiction (common Law does not recognize “moral” rights). This is one of the issues that –in our opinion- shall be taken into consideration beforehand.

c) Do you think the wording “... and analogous matters” is clear enough? Please explain why or why not.

Apart from the fact that we believe the Convention shall apply to intellectual property matters, we consider that the wording “*and analogous matters*” referred in Article 2(1)(m) of the Convention is not clear enough. It is a wide term that shall certainly be specified in the event it is decided that the Convention shall not apply to intellectual property rights. Not clearly defining such term would derive in misinterpretations.

d) Please provide any proposals regarding the refinement of the wording of Article 2(1)(m) of the Draft Convention.

As mentioned before, apart from the fact that we believe that the Convention shall apply to intellectual property matters, we suggest excluding the wording “*and analogous matters*” from Article 2(1)(m) of the Convention to avoid any misinterpretations.

Q.2. Relating to Article 5(3)(a) of the November 2017 Draft Convention:

“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

(a) the judgment ruled on an infringement in the State of origin of an intellectual property right required to be granted or registered and it was given by a court in the State in which the grant or registration of the right concerned has taken place or, under the terms of an international or regional instrument, is deemed to have taken place[, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;”

a) Should a judgment that ruled on the infringement of an intellectual property right required to be granted or registered only be eligible for recognition and enforcement if given by a court of the contracting state in which the intellectual property right in question was granted or is registered? Please explain why or why not.

In principle, an intellectual property right can only be recognized in a State if it is properly registered as the scope of protection of these rights is limited to the recognition and compliance of local authorities and national Laws.

Despite of the above, the composition of world trade is changing. Currently, commerce in intellectual property has become an even greater component of trade between nations. On this regard, the world commerce has become even more interdependent, establishing a need for international cooperation.

The international dimension of intellectual property rights is of ever increasing importance. On this regard, it is important to consider that new technologies permit unauthorized copying to take place faster and more efficiently than ever throughout the world, undermining the titleholders' rights.

Thus, for the reasons explained, we consider that a judgment that ruled on the infringement of an intellectual property right should be eligible for recognition and enforcement if given by a court of the contracting state in which the intellectual property right in question was granted or is registered, albeit this recognition should be limited only to cases in which there are no other intellectual property rights undermined or affected with the judgment and in accordance with article 62 of the TRIPS convention.

b) Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.

Yes, there should be an exclusion in the case where the defendant has not acted in the other State, as the judgment is issued based on specific merits and specific circumstances. Thus, only when the merits of the case are similar in both States of the Convention should the judgement be recognized as the Laws and circumstances can vary from State to State.

c) Should there be an exclusion in the case of purely inter partes judgments? Please explain why or why not.

No, there should not be an exclusion in the case of purely *inter partes* judgments as intellectual property cases are usually referred to *inter partes* relations between two or more parties that only binds the parties to that specific case and have no *in rem* consequences.

Q.3 .- Relating to Article 5(3)(b) of the November 2017 Draft Convention:

“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

...

(b) the judgment ruled on an infringement in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed [, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;”

a) Should a judgment that ruled on the infringement of a copyright or related rights, an unregistered trademark or unregistered industrial design, only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.

Yes, in order that the judgment can be eligible, it must be given by a Court in the State for which protection was claimed, as if the protection was not claimed in said State, the defendant could excuse its activity in the fact that the plaintiff has no right over that State, since it was not the intention of the plaintiff to use/commercialize the goods or services protected by the IP right.

In order that the judgment can be eligible it will be suitable that both parties: plaintiff and defendant have acted in the State.

b) Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.

Yes, if the defendant did not act in the State nor have any infringing activity in the same, the judgment must not be eligible and must not have any legal effects or consequences against the defendant. Since otherwise, it would probably exist a violation of the defendant's human rights, as the same could be sanctioned by a State for an infringing conduct not performed in the same.

c) Should there be a requirement that the infringement in question is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.

Yes, it must be preferably that exist a requirement, such as the plaintiff has rights in both States, or that both States recognizes the plaintiff's rights.

Q.4.- Relating to Article 5(3)(c) of the November 2017 Draft Convention:

"Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

...

(c) the judgment ruled on the validity[, subsistence or ownership] in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed."

a) Should a judgment that ruled on the validity, subsistence or ownership of a copyright or related right, an unregistered trademark or unregistered industrial design only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.

Yes, in order that the judgment can be eligible, it must be given by a Court in the State for which protection was claimed, as the validity, subsistence and ownership of the IP right will depend on the laws of each State, same that can vary.

b) Should there be a requirement that the validity, subsistence or ownership referred to in Article 5(3)(c) is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.

Yes, it must be preferably that exist a requirement, such as the invalidation or in-subsistence grounds are the same in both states, or that the requisites for recognizing the ownership are the same, to avoid that the defendant could argue a discrepancy of rights or requirements.

Q.5.- See Article 6(a) of the November 2017 Draft Convention; and also Article 8(3) of the November 2017 Draft Convention:

a) **Should a judgment that ruled on the validity of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting State in which grant or registration has taken place? Please explain why or why not.**

Yes, first because the Intellectual Property rights are territorial therefore the validity of said right should comply with the existence of the same at a contracting State. Moreover, due to fact that IP rights are territorial we should take into account the existence of possible identical or confusingly similar rights in another State that the IP rights are not granted because it can cause a confusing situation for the right holders.

b) **In your jurisdiction, does the word “validity” subsume “registration”? If not, are they related, and if so, how?**

Regarding industrial property rights, for them to be valid they should be registered, such rights include patents, trademarks, and designs, among others.

However, regarding copyrights, due to the fact that Mexico is part of the Bern Convention for the Protection of Literary and Artistic Works of WIPO, are valid as soon as they are fixed in some material form.

It is worth mentioning that the Mexican Copyright office and the Mexican Copyright Law, establish a figure called “Reserva de Derechos”, reserve rights, that is an exclusive right existing in Mexico, therefore in this case it will be necessary for this right to have a registration before the Copyright Office.

c) **Should there be an exception in the case of purely inter partes validity judgments? For example, if validity is subsidiary to infringement and a finding regarding validity is only effective as between the parties in the infringement case, or if the validity judgment only acquires in rem effect once it has been fully appealed and becomes final. Please explain why or why not.**

According to our Law all this type of cases are managed through the principles that are general law and public law therefore, the parties or the judges can not limit the resolutions.

Q.6.- Should a decision from a body other than a court, such as a branch of government or an Intellectual Property Office, in relation to an intellectual property right required to be granted or registered have the same status under Articles 5(3), 6(a) and 8(3) of the Draft Convention as decisions of a court (particularly in view of the fact that it is not just courts that can revoke intellectual property rights, but e.g. also national and regional offices)? Please explain why or why not.

In Mexico the Mexican Patent and Trademark Office (IMPI) is the office in charge of the granting of rights. Only for industrial property e.g. trademarks, patents, designs, utility models. Along with this, said authority is in charge of the first instance litigation actions, therefore they are a mixed authority. The main actions that they implement are infringement, nullifies of rights, non-use cancellation

actions. It is worth mentioning that said authority is Also in charge of the litigation actions regarding copyrights with a commercial interests.

Derived from the above we have a complete stricture established without courts at the first instance, until the nullify trials.

Q.7.- Relating to Article 8(3) of the November 2017 Draft Convention:

“However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, or refused under the preceding paragraph, only where –

(a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State referred to in Article 6, paragraph (a); or

(b) proceedings concerning the validity of that right are pending in that State.

A refusal under sub-paragraph (b) does not prevent a subsequent application for recognition or enforcement of the judgment.”

- a) **Should the wording of Article 8(3) of the Draft Convention be adjusted, particularly in view of the fact that in intellectual property matters, it is not just courts that can e.g. revoke intellectual property rights (see also above)? Please explain why or why not.**

No, the wording seems fine, since reference is made to “a competent authority”, rather than a judicial authority. Thus, administrative courts and intellectual property offices that may be competent to rule on validity are included therein.

- b) **Please provide any proposals regarding the refinement of the wording of Article 8(3) of the Draft Convention.**

“However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, or refused under the preceding paragraph, only where –

(a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State of origin as referred to in Article 6, paragraph (a); or

(b) proceedings concerning the validity of that right are pending in the requested State.

A refusal under sub-paragraph (b) does not prevent a subsequent application for recognition or enforcement of the judgment."

Q.8 - Should the application of a law other than the internal law of the State of origin of a judgment ruled on an infringement of an intellectual property right be a ground for refusal for recognition or enforcement? Please explain why or why not.

Yes, it should be grounds for refusal of recognition or enforcement, particularly in those jurisdictions where Intellectual Property infringement is a coercively sanctionable legal wrong. The Latin expression *Nullum crimen, nulla poena sine lege* is considered a human right and is included within the text of several International Treaties (E.g. Article 11.2 of The Universal Declaration of Human Rights). Even when the origin of the prohibition relates to penal or criminal sanctions, the broad interpretation in some jurisdictions has extended to all types of sanctions, whether penal, administrative or civil sanctions, including punitive damages. Therefore, it would be a clear and evident violation of the procedural rules of a fair trial and the of the basic human rights.

Q.9.- See Article 11 of the November 2017 Draft Convention:

- a) Should the Convention only cover judgments ruling on an infringement to the extent that they rule on a monetary remedy in relation to harm suffered in the State of origin (in addition to the enforceability of a cost award, see Article 15 of the Draft Convention)? Please explain why or why not.

Yes. As the scope of the Convention regarding intellectual property should be limited to those decisions in which a court has ruled on a monetary remedy.

- b) Do you agree with the reformulation of Article 11 (previously 12)? Please explain why or why not.

Yes, based on the same terms of the answer provided in 9(a).

(see also Article 12 of the February 2017 Draft Convention)

- c) If you have answered NO to Question 9)b), how could the wording of Article 11 be refined? Please explain why or why not.

Q.10.- Should there be a rule, such as *res judicata*, to prevent the re-litigation of issues which have already been determined by the court of a State? Please explain why or why not.

Yes, since the judgements covered by the Convention have already decided on the merits of the case. Thus, if the convention allows the re-litigation of the issues determined by the court of a State, it will bring uncertainty to such judgments.

- a) If YES, should the rule only apply between the same parties, and in relation to issues that have been finally determined with no possible appeals remaining?

Yes. For those cases in which the parties and the issues are different (from the ones already decided) the case will have to be initiated before the court of a State, as a judgment will be necessary to apply the Convention.

- b) If YES, should *res judicata* only apply in the case of *in rem* judgments, or also in the case of *inter partes* judgments? In particular, should a prior *inter partes* determination of validity prevent the later re-litigation of validity, e.g. if new prior art is found which is said to invalidate a patent?

It should apply for both cases (*in rem* and *inter partes* judgments). According to Mexican Law, the Patent and Trademark Office (IMPI) is the authority entitled to rule (first instance) the cases regarding the validity of an industrial property right (e.g. patents, trademarks, etc.)

Q11.- To the extent not yet mentioned above (e.g. in your reply to question 1) above) do you have concerns in relation to *res judicata* rules possibly being applicable (e.g. through national laws) should intellectual property be included within the scope of the Draft Convention? Please explain your concerns and potential ways to address those.

We do not have concerns regarding *res judicata* rules given that under Mexican law it is a valid way to defend IPRs, limiting the ability of a party to bring new legal proceedings or re-litigate a case on same issues between the same parties that are no longer subject to appeal. The conditions in which it is applied imply that defendants must prove that a final judgement has been issued; thus, it is certainly an effective way of preventing injustice to the parties of a case already finished and a way of avoiding unnecessary waste of resources in the court system. Moreover, *res judicata* clearly prevent future judgements from contradicting earlier ones.

Q.12.- Do you have any other comments (including wording suggestions) in relation to the intellectual property related aspects of the Draft Convention?

Apart from the unclear scope of Intellectual Property rights to be included in the Convention, Article 1 states that, besides revenue and customs matters, the same shall not extend to administrative matters. In our opinion, such limitation affects the scope of recognition and enforcement of administrative judgements that would be the base to claim damages raised from an infringement

action. Therefore, Article 1 shall not exclude the recognition and enforcement of judgements relating to administrative matters, at least with regards to the subject of intellectual property.