

# THE PHILOSOPHICAL APPROACHES TO INTELLECTUAL PROPERTY AND LEGAL TRANSPLANTS. THE MEXICAN SUPREME COURT AND NAFTA ARTICLE 1705.

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## I. INTRODUCTORY NOTE

Some philosophical approaches are so deeply attached to legal systems that any legal development based on another normative justification would be misread or just neglect it. This seems to be the particular case of the Mexican Supreme Court

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regarding the North American Free Trade Agreement [hereinafter NAFTA] Article 1705(3).<sup>1</sup> This paper analyzes both common law and continental (or civil law) normative approaches to copyrights. It also explains the continental conceptions about authors' rights that played a significant role in two recent decisions of the Mexican Supreme Court on the issue of alienability restrictions in the Mexican Copyright Act.

NAFTA Article 1705 binds parties to provide transfers without any restriction for copyrights and related rights.<sup>2</sup> The Mexican Copyright Act establishes certain constraints on free alienability of copyright and related rights.<sup>3</sup> These constraints include restrictions on the assignment of authors' rights in general, and those assignments are not to exceed fifteen years.<sup>4</sup> Also, the Copyright Act contains a right of remuneration for public broadcasting and communication granted to performers, phonogram producers, and authors.<sup>5</sup> This right is defined by the Mexican Copyright Act as non-transferable.<sup>6</sup> Consequently, under a facial interpretation of the statute, this right cannot be waived by contract.<sup>7</sup> Alienability restrictions on copyrights are normal in civil law countries.<sup>8</sup> Those restrictions are mainly due to several normative justifications for authors' rights. The purpose of this Article is to explain briefly common law and continental normative justifications for copyrights. It also attempts to explain how the Mexican Supreme Court deals with the contradiction between NAFTA Article 1705(3) and several provisions of the Mexican Copyright Act in recent decisions on the issue. It is important to explore whether those continental normative justifications present in the statute are also present

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1. North American Free Trade Agreement art. 1705(3), U.S.-Can.-Mex., Dec. 17, 1992, 32 I.L.M. 605 [hereinafter NAFTA].

2. *Id.*

3. Ley Federal del Derecho de Autor [hereinafter L.F.D.A. (Mexican Copyright Law)], *as amended*, Diario Oficial de la Federación [hereinafter D.O.], arts. 26 *bis*, 33, 83 *bis*, 117 *bis*, and 131 *bis*, 24 de Diciembre de 1996 (Mex.).

4. *Id.* arts. 30, 31, and 33.

5. *Id.* arts. 26 *bis*, 117 *bis*, 131 *bis*.

6. *See id.*

7. *See id.*

8. Neil Netanel, *Copyright Alienability Restrictions and the Enhancement of Author Autonomy: A Normative Evaluation*, 24 RUTGERS L.J. 347, 364 (1993).

in the recent decisions of the court, whether directly, or merely as a subtle influence that made the court misread NAFTA Article 1705(3).

The most important philosophical approaches or normative justifications for copyright law are instrumentalism or utilitarianism, natural rights based principally on Locke, and moral rights based on Kant and Hegel.<sup>9</sup>

This Article includes a brief explanation of each of these normative justifications in the following order: instrumental or utilitarian justifications, natural justifications and moral rights justifications. All of these developments help explain different views of the perception of copyright law. Having explained and compared these normative justifications, the paper analyzes Article 1705(3) and the recent decisions of the Mexican Supreme Court related to alienability restrictions of copyrights. Before exploring these philosophical justifications, this paper will discuss copyright evolution and its justifications around the world.

There are several justifications for copyright. In the United States, for example, copyright is conceptualized by some as a utilitarian device designed to promote the creation of artistic or useful works that will benefit society.<sup>10</sup> This approach is based on a utilitarian justification.<sup>11</sup> Another predominant common law normative justification defines copyright as a natural right over property, justified by the labor of its creator.<sup>12</sup> This is the natural right justification based on Locke.<sup>13</sup> Both utilitarian and natural rights justifications are present mostly in the United States and other civil law systems. Another justification is that happiness of an individual and development of his personality depend upon property; thus, copyright should be considered

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9. *See id.* at 350, 354, 356–57.

10. *See id.* at 365.

11. *Id.*

12. *Id.* at 369.

13. *Id.* at 356–57.

property.<sup>14</sup> The latter moral rights justification for copyright is often present in continental or civil law.<sup>15</sup> Almost all justifications are present, with different levels of influence, in every legal system.<sup>16</sup>

While any one justification may predominate in a particular state, still, other justifications remain influential. To illustrate this point, it is necessary to remember some leading international treaties establishing minimum levels of protection for specific subject matter. For example, the Berne Convention for the Protection of Literary and Artistic Works,<sup>17</sup> the Agreement on Trade Related Aspects of Intellectual Property Rights,<sup>18</sup> and NAFTA chapter XVII<sup>19</sup> all provide minimum standards for protection that signatories, which are from both continental and common law countries, agree to provide for protected subject matters. However, in certain cases, these minimum standards of protection are more attached to the normative justifications of one legal tradition, neglecting contradictory normative justifications of other legal traditions. This could result in situations like the one discussed in this Article: alienability restrictions versus free transferability of copyrights or authors' rights.

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14. *See id.* at 371–72.

15. *See* Stephen Fraser, *The Copyright Battle: Emerging International Rules and Roadblocks on the Global Information Infrastructure*, 15 J. MARSHALL J. COMPUTER & INFO. L. 759, 810 (1997) (explaining copyright laws in countries following the civil law tradition of continental Europe protect works on the basis of a natural/personal right in the author).

16. *See, e.g.*, Netanel, *supra* note 8, at 351 (noting that some U.S. courts have “fashioned analogues to certain Continental autonomy inalienabilities out of American tort and contract law”).

17. *See* Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, *revised* Jul. 24, 1971, 828 U.N.T.S. 221 [hereinafter Berne Convention].

18. *See* Agreement on Trade-Related Aspects of Intellectual Property Rights, Dec. 15, 1993, 33 I.L.M. 81 [hereinafter TRIPs]. The TRIPs agreement is part of the overall World Trade Organization framework [hereinafter WTO], as appendix 1C of the Uruguay Round of 1986. *Id.*

19. *See* NAFTA, *supra* note 1, arts. 1701, 1703.

## II. UTILITARIAN OR PUBLIC INTEREST

Under this approach, copyrights are not derived from natural law but from an act of the legislature.<sup>20</sup> Usually, this approach is based on instrumentalism and utilitarianism which, I argue, overlap here. It can be considered that in this case utilitarianism is a subset of instrumentalism because in the case of utilitarianism the purpose is the maximization of the utility of society.<sup>21</sup> Nevertheless, for copyright law, both approaches represent the same thought, consisting of an institution created by the state in order to accomplish a public purpose.<sup>22</sup> Instrumentalism refers to the philosophy of pragmatism.<sup>23</sup> In the law field, it refers to the idea that law is a tool that serves a general purpose.<sup>24</sup> When applied to property, instrumentalism does not reflect the essential nature of property; it only reflects its purpose.<sup>25</sup> Therefore, for instrumentalism, legal institutions serve a purpose, but that purpose is not necessarily connected to the maximization of utility of society.

On the other hand, like instrumentalism, utilitarianism denies the existence of natural rights, but the difference is that the principal goal of legal institutions is connected to the utility of society.<sup>26</sup> Bentham is considered the father of this doctrine; he stated that “[t]he end and aim of a legislator should be the [happiness] of the people. . . [General utility] should be [the] guiding principle.”<sup>27</sup> Bentham also argued that “[a]n adherent to the [principle of utility] holds virtue to be a good thing by reason only of the pleasures which result from the practice of it: he esteems vice to be a bad thing by reason only of the pains which follow.”<sup>28</sup> Another utilitarian thinker, Mill, established a version of utilitarianism that would maximize the pleasure of society

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20. See Netanel, *supra* note 8, at 370–72.

21. See PETER DRAHOS, *A PHILOSOPHY OF INTELLECTUAL PROPERTY* 200–01 (1996).

22. See *id.* at 223.

23. See *id.*

24. See *id.*

25. See *id.* at 214.

26. JEREMY BENTHAM, *THEORY OF LEGISLATION* 1 (C.M. Atkinson trans., Oxford Univ. Press 1914) (1802).

27. *Id.*

28. *Id.* at 5.

while at the same time protect the interest of particulars.<sup>29</sup> Therefore, the difference between instrumentalism and utilitarianism is that, under instrumentalism, the law serves a purpose and, under utilitarianism, that purpose should be the pleasure of the majority of the people. In the case of copyright law, there is an overlap because the general purpose of copyright is to benefit the majority of society.<sup>30</sup> The benefit consists in the availability of artistic works for the society to enjoy such works as literature, sculptures, and paintings.

Professor Drahos separates instrumentalism from utilitarianism. According to his explanation, utilitarianism is a form of proprietarianism alongside doctrines developed by Locke, Kant, and Hegel.<sup>31</sup> When he criticizes proprietarianism, he quotes Bentham as follows: “a state cannot grow rich except by an inviolable respect for property.”<sup>32</sup> He establishes a positivistic approach based on Kelsen as an alternative:

Property, argues Kelsen, ‘is the prototype of subjective right.’ Subjective right has, for Kelsen, a clear ideological function. This function stems from the realization that with a positivistic conception of law the state is free to chart its own destiny. The content of its legal order is to be determined only by the legal order . . .<sup>33</sup>

He also establishes that subjective rights must be balanced with the liberties of others.<sup>34</sup> When he refers to intellectual property rights, he says that those rights must exist in order to promote an artistic good.<sup>35</sup> The connection between intellectual property and its public purpose is strong. He argues that an instrumentalist view of intellectual property would require

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29. See Jason Lloyd, *Let There be Justice: A Thomistic Assessment of Utilitarianism and Libertarianism*, 8 TEX. REV. L. & POL. 229, 235–36 (2003).

30. Lydia P. Loren, *The Purpose of Copyright*, OPEN SPACES Q., <http://www.openspaces.com/article-v2n1-loren.php> (last visited Apr. 12, 2009).

31. See DRAHOS, *supra* note 21, at 200; see generally *id.* at 73–94 (comparing Hegel and Kant’s philosophies of property).

32. *Id.*

33. *Id.* at 216.

34. See *id.* at 217.

35. See *id.* at 218.

substituting property language for the language of monopoly privileges.<sup>36</sup> These granted monopolies are tied to a duty.<sup>37</sup> This duty relates to the fact that intellectual property has a purpose—the promotion of arts and science in society.<sup>38</sup> Therefore, the holder of the copyright is subject to the purpose of intellectual property, which is the heart of an instrumentalist view of intellectual property.<sup>39</sup> Several examples of these instrumental duties, which are always related to the public purpose of copyright, include compulsory licenses, copyright misuse defenses, and patent misuse defenses.<sup>40</sup>

Finally, the differences between the utilitarian approach and the instrumentalist approach are minimal when applied to the copyright. Therefore, in this copyright study I will consider that both connotations refer to the same thought. Regardless of considering copyright as monopoly privilege or private property, copyright law is a system of protection not derived from natural rights but created by the state in order to pursue a social benefit.<sup>41</sup>

There is an explanation for copyright derived from U.S. case law: “[c]opyright signifies a system of protection designed and intended primarily to serve the public interest in the creation and dissemination of creative works, rather than the private interest of enriching those who create and disseminate such works.”<sup>42</sup> It is also clear that the U.S. Legislature was motivated by an instrumentalist approach when enacting the U.S. Copyright Act of 1909.<sup>43</sup>

The enactment of copyright legislation by Congress

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36. *See id.* at 223.

37. *See id.*

38. *See, e.g.*, U.S. CONST. art. I, § 8, cl. 8 (noting that in the United States, promoting arts and science is achieved by securing, for limited times to authors and inventors, the exclusive right to their intellectual property).

39. *See id.*

40. *See id.*

41. *See* Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975).

42. Glynn S. Lunney, Jr., *The Death of Copyright: Digital Technology, Private Copying, and the Digital Millennium Copyright Act*, 87 VA. L. REV. 813, 813 (2001).

43. Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075, *superseded by* 17 U.S.C. §§ 101-914 (2006).

under the terms of the Constitution is not based upon any natural right that the author has in his writings, for the Supreme Court has held that such rights as he has are purely statutory rights, but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted by securing to authors for limited periods the exclusive rights to their writings. The Constitution does not establish copyrights, but provides that Congress shall have the power to grant such rights if it thinks best. Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given. Not that any particular class of citizens, however worthy, may benefit, but because the policy is believed to be for the benefit of the great body of people, in that it will stimulate writing and invention, to give some bonus to authors and inventors.<sup>44</sup>

The instrumentalist approach over copyright is derived from the first modern copyright statute created in England, the Act of Anne of 1709.<sup>45</sup> This statute was enacted “for the Encouragement of Learned Men to Compose and write useful Books.”<sup>46</sup> It has a utilitarian approach that has influenced several legal systems in their constitutions and statutes.<sup>47</sup> To illustrate this point, the U.S. Constitution gives Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries[.]”<sup>48</sup> Those legal provisions are utilitarian because the principal purpose is the overall result that will benefit the society.<sup>49</sup> Under this approach, copyrights exist because of the benefit they provide to society, not because of the benefit to the particular authors.

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44. H.R. REP. NO. 2222, at 7 (1909).

45. See DRAHOS, *supra* note 21, at 14.

46. Statute of Anne, (1710), 8 Ann., c.19 (Eng.).

47. Charlotte Miczek, *Copyright—A Tradable Asset?*, 1 FREIBURG LAW STUDENTS JOURNAL 2, 4–5 (2006), [http://www.freilaw.de/journal/eng/edition%201/1\\_Miczek%20-%20Copyright%20-%20a%20tradable%20asset.pdf](http://www.freilaw.de/journal/eng/edition%201/1_Miczek%20-%20Copyright%20-%20a%20tradable%20asset.pdf).

48. U.S. CONST. art. I, 8, cl. 8.

49. LIOR ZEMER, *THE IDEA OF AUTHORSHIP IN COPYRIGHT* 9 (2007).

Other constitutions do not contain this utilitarian wording. For example, paragraph 8 of Article 28 of the Mexican Constitution is not explicit about this utilitarian approach.<sup>50</sup> The Mexican Constitution places its copyright clause as an exception to the general prohibitions of monopolies: “excepting . . . the privileges for limited times granted to the authors and artists for the reproduction of their works and those for the exclusive use granted . . . to [the] inventors” of any form.<sup>51</sup> While the language defining the substantive right at issue, i.e. “privileges for limited times,” is similar to the U.S. Constitution, the utilitarian wording of the Mexican Constitution is not explicit.<sup>52</sup> Therefore, we cannot assume there is a utilitarian purpose for copyrights in it. The utilitarian approach disappeared from the Mexican Constitutional framework. Before the present Mexican Constitution of 1917,<sup>53</sup> Mexico had two previous constitutions, the Constitution of 1824,<sup>54</sup> and the Constitution of 1857.<sup>55</sup> Much of the Mexican Constitution of 1824—no longer in force—was a translation of the U.S. Constitution, including its copyright clause.<sup>56</sup> Therefore, the first Mexican Constitution expressed an explicit instrumental justification.<sup>57</sup> It no longer does so,<sup>58</sup> but that

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50. See Constitución Política de los Estados Unidos Mexicanos, *as amended*, art. 28, para. 8, D.O., 5 de Febrero de 1917 (Mex.).

51. See *id.*

52. Compare *id.* (excepting from monopoly treatment certain “privileges for limited times”, without expressly giving the reason behind this exception) with U.S. CONST. art. I, § 8, cl. 8 (containing language regarding the promotion of “the Progress of Science and useful Arts . . .”).

53. Constitución Política de los Estados Unidos Mexicanos, *as amended*, D.O., 5 de Febrero de 1917 (Mex.).

54. Constitución Política de los Estados Unidos Mexicanos, *as amended*, D.O., 4 de Octubre de 1824 (Mex.).

55. Constitución Política de los Estados Unidos Mexicanos, *as amended*, D.O., 12 de Febrero de 1857 (Mex.).

56. See Clayton E. Cramer, *The 1824 Constitution of Mexico: Roots Both Foreign and Domestic* 1 (Apr. 24, 1993), <http://www.claytoncramer.com/unpublished/Mexconst.pdf>.

57. See Constitución Política de los Estados Unidos Mexicanos, art. 50, D.O., 4 de Octubre de 1824 (Mex.) (“Promover la ilustración” or “Promote illustration”).

58. Constitución Política de los Estados Unidos Mexicanos, *as amended*, D.O., 5 de Febrero de 1917 (Mex.).

justification arguably may still exist. However, this may explain why the English term “privilege” is in the Mexican Constitution.<sup>59</sup>

In England, the legal justification for copyrights is utilitarian<sup>60</sup> but this was not the case before the enactment of the Statute of Anne.<sup>61</sup> In the 15th century, books were printed and produced by a craft guild formally known as the Stationers.<sup>62</sup> Like all guilds, even today’s, it was interested in maximizing its members’ profits.<sup>63</sup> In order to achieve that result, it had to limit competition.<sup>64</sup> Consequently, it obtained in 1557 a royal charter of incorporation.<sup>65</sup> Queen Mary gave to the Stationers the control of printing as a means by which she could control the printing of material that the crown considered seditious and heretical.<sup>66</sup>

The monopoly granted to the printers, conceived first as a means to control ideas, was a system of privileges that gave profits to the printers.<sup>67</sup> Nevertheless, this system did not include any benefit for the authors.<sup>68</sup> The right to print belonged to the Stationers, not to the authors.<sup>69</sup> This right lasted more

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59. See DRAHOS, *supra* note 21, at 217 (explaining that instrumentalism for intellectual property offers “privilege” seekers opportunities to gain greater privileges with respect to intellectual property rights).

60. John Tehranian, *Et Tu, Fair Use? The Triumph of Natural-Law Copyright*, 38 U.C. DAVIS L. REV. 465, 468 (2005). In civil law countries, copyrights are not called copyrights; they are called author’s rights. Central Advisory Service on Intellectual Property, Consultative Group on International Agriculture Research, Frequently Asked Questions About Copyrights—Author’s Rights, [http://www.cas-ip.org/?page\\_id=22](http://www.cas-ip.org/?page_id=22) (last visited Apr. 12, 2009). Both connotations indicate the same, even with different beginnings. *Id.* Since this is an international study, I will use the term copyright or author’s rights indistinctly.

61. See DRAHOS, *supra* note 21, at 23.

62. See *id.* at 22.

63. *Id.*

64. See *id.* (“Like all craft guilds, [the Stationers] had a serious interest in monopoly profits and a commensurate fear of competition.”).

65. *Id.*

66. See *id.*

67. See *id.* at 22–23.

68. See *id.* at 23.

69. See *id.*

than a century, until the Licensing Acts expired in 1694.<sup>70</sup> When this occurred, printers not belonging to the Stationers started to print books.<sup>71</sup> As a consequence, the Stationers pushed for a copyright statute in Parliament.<sup>72</sup> Efforts initially were unsuccessful, but in 1710, they got a statute that gave them less than they expected.<sup>73</sup> This law was the Statute of Anne, which recognized the rights of authors over their writings.<sup>74</sup>

The most important provision of the Statute of Anne was an express time limit on protection; it granted the author of a new work the exclusive right to print his or her book for fourteen years with a renewal period for another fourteen years.<sup>75</sup> The remedies offered by the Statute were as follows:

[i]f any other Bookseller, Printer or other Person whatsoever, . . . shall Print, Reprint or Import, . . . without the Consent of the Proprietor . . . [t]hen such Offender . . . shall [f]orfeit such Book . . . to the Proprietor . . . of the Copy . . . and make Waste-Paper of them . . . [a]nd further . . . such Offender . . . shall forfeit one Pen[n]y for every Sheet which shall be found in his, her, or their Custody.<sup>76</sup>

As mentioned before, the Statute of Anne was utilitarian—enacted in order to benefit the society as a whole and not only the Stationers.<sup>77</sup> Its preamble established that the purpose of protecting works was “the [e]ncouragement of [l]earning.”<sup>78</sup> The move from guild benefits to social benefits was substantial because they are different goals. The purpose of copyright

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70. See ROBERT A. GORMAN & JANE C. GINSBURG, *COPYRIGHT: CASES AND MATERIALS* 1 (5th ed. 1999).

71. *Id.*

72. LEE A. HOLLAAR, *LEGAL PROTECTION OF DIGITAL INFORMATION* (BNA Books 2002), available at <http://digital-law-online.info/lpdi1.0/treatise4.html>.

73. GORMAN & GINSBERG, *supra* note 70, at 1.

74. DELIA LIPSZYC, *COPYRIGHT AND NEIGHBORING RIGHTS* 40 (UNESCO 1999) (1993).

75. See Statute of Anne, *supra* note 46 §§ 1, 11 (Eng.).

76. *Id.* §1.

77. See DRAHOS, *supra* note 21, at 23 (stating that its “role was to encourage writers to produce, thereby serving the larger purpose of encouraging and adding to learning”).

78. Statute of Anne, *supra* note 46 at pmb1.

changed and, as a scholar has remarked: “[n]o longer would the protection of creative works serve primarily the printing guild’s private interests. Instead, protection would serve primarily to advance general social welfare.”<sup>79</sup> Therefore, this utilitarian goal was different from both the crown’s goal of censorship and the Stationers’ goal of maximizing its profits.

The Stationers arranged several cases that would test the limits embodied in the Statute of Anne. They did this because their monopoly control over existing books had ended and the protection granted to those published books was limited to twenty-one years.<sup>80</sup> While the Stationers had pushed for the Statute of Anne, they were not perfectly happy with all of its provisions, particularly its limited term.<sup>81</sup> Rather than challenge the statute directly, they argued that the Statute of Anne did not displace, but rather coexisted with perpetual copyright protection under the common law.<sup>82</sup> Consequently, courts were forced to enter into the uncharted waters of the philosophy of copyrights.<sup>83</sup> The issue was whether authors have a common law right of copy, and if so, whether this common law right was taken away by the Statute of Anne.<sup>84</sup> At first, in *Millar v. Taylor*, the Stationers were successful in achieving a holding sustaining that common law protection coexisted with the Statute of Anne.<sup>85</sup> Subsequently, however, in *Donaldson v. Becket*, the English legal system rejected that argument and held that the Statute of Anne abolished the common law copyright.<sup>86</sup>

The judges deciding *Millar v. Taylor*, in upholding common law perpetual protection for authors, supported their decision in several ways: natural justice, utilitarianism, and property based on labor with social benefits. Judge Mansfield argued that even

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79. Lunney, *supra* note 42, at 817.

80. See DRAHOS, *supra* note 21, at 23.

81. WILLIAM F. PATRY, *LATMAN’S THE COPYRIGHT LAW* 3–4 (6th ed. 1986).

82. See DRAHOS, *supra* note 21, at 23–24.

83. See *id.* at 23.

84. See *id.* at 23–24.

85. See *id.* at 24 (citing *Millar v. Taylor*, (1769) 98 Eng. Rep. 201 (K.B.)).

86. See *id.* at 24; GORMAN & GINSBURG, *supra* note 70, at 2–3 (citing *Donaldson v. Becket*, (1774) 98 Eng. Rep. 257 (H.L.)).

before or after publication, author claims are based on justice.<sup>87</sup> In his words, “it is just, that an author should reap the pecuniary profits of his own ingenuity and labour. It is just, that another should not use his name, without his consent.”<sup>88</sup> Judge Willes in his part of the opinion, gave a utilitarian basis: “[i]t is wise in any state, to encourage letters, and the painful researches of learned men.”<sup>89</sup> The easiest way to do so, he stressed, is to secure property for creators.<sup>90</sup> For his part, Judge Aston based his reasoning on mental labor.<sup>91</sup> He referred to Locke’s discussion about property but only to establish that Locke’s thoughts have no relevance to copyrights.<sup>92</sup> For Aston, mental labor alone is sufficient reason to create property over writings.<sup>93</sup>

The dissenting judge, Yates, found that general principles of property are based on natural law, but he concluded that abstract objects cannot be occupied and therefore cannot be property.<sup>94</sup> He stressed that even if these abstract objects have value, “mere value does not [by itself] constitute property.”<sup>95</sup> Yates thought that possession was necessary in order to get property:

But the property here claimed is all ideal: a set of ideas which have no bounds or marks whatever, nothing that is capable of a visible possession, nothing that can sustain any one of the qualities or incidents of property. Their whole existence is in the mind alone.<sup>96</sup>

The assumption of Judge Yates is that once published, these ideas are open to all and are incapable of being enjoyed or possessed by only one person. Therefore, even if he agreed that an author should be rewarded, he found that general principles

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87. See DRAHOS, *supra* note 21, at 24.

88. *Id.*

89. *Id.*

90. *See id.*

91. *See id.* at 24.

92. *See id.* at 24–25.

93. *See id.* at 25–26.

94. *See id.*

95. *Id.* at 26.

96. *Id.* at 26–27.

of property could not be applied to authors' works.<sup>97</sup> Therefore, this reward should be given by an act of the legislature.<sup>98</sup> He referred, like Judge Aston, to Locke's discussion about property but reached a different result.<sup>99</sup> The majority in *Millar v. Taylor* found considerations of justice, incentives, and natural rights sufficient to justify recognition of a perpetual common law copyright.<sup>100</sup>

Most scholarly writing about intellectual property philosophy is founded on Locke; however, it usually considers the occupation of an abstract object as a possibility.<sup>101</sup> Judge Yates, on the contrary, concluded that authors do not have common law copyright beyond the Statute of Anne.<sup>102</sup> This dissenting opinion would be the prevailing thought in *Donaldson v. Becket*, in which a majority (six to five) concluded that the Statute of Anne abolished the common law copyright.<sup>103</sup> This opinion reflected a utilitarian approach, which considers copyright as a creation of the statute<sup>104</sup> and not a natural right.

In copyright history, from its beginnings, this same approach has been tested by courts around the world.<sup>105</sup> The result in most cases remains the same. For instance, in several copyright decisions, the U.S. Supreme Court established that the limited monopoly granted to the authors was designed to increase an important public purpose—the motivation of creative activity.<sup>106</sup> Therefore, in the United States, copyright law has a utilitarian approach; it does not exist in order to

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97. *Id.*

98. *Id.*

99. *Id.* at 26.

100. *Id.* at 27.

101. See generally Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO L. J. 287, 319–21 (1988) (introducing intellectual property philosophy in Lockean terms and concluding that some ideas should be granted protection under property theory).

102. DRAHOS, *supra* note 21, at 27.

103. *Id.*

104. See *id.* at 200–01.

105. See, e.g., DRAHOS, *supra* note 21, at 24 (discussing *Donaldson v. Becket*, (1774) 98 Eng. Rep. 257 (H.L.) (appeal taken from Chancery Court)); *Sony Corp. of America v. Universal City Studios*, 464 U.S. 417, 429 (1984).

106. See *Sony*, 464 U.S. at 429; *Twentieth Century Music Corp v. Aiken*, 422 U.S. 151, 156 (1975).

recognize preexisting natural rights. Nor does it exist to recognize the efforts of the authors. Yet, even if this is the prevailing reasoning in the United States, in an earlier decision, the language of the Court suggested that the desert theory is significant for copyright law. In *Mazer v. Stein*, it emphasized the utilitarian incentive purpose and then went on to hold that “[s]acrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.”<sup>107</sup> But, as mentioned before, this reasoning was implicitly rejected by later decisions.<sup>108</sup> For example, in *Sony Corp. v. Universal City Studios*, the Court noted that the limited monopoly privileges granted to the authors “are neither unlimited nor primarily designed to provide a special private benefit. Rather, the limited grant is a means by which an important public purpose may be achieved. It is intended to motivate the creative activity of authors and inventors by the provision of a special reward . . .”<sup>109</sup>

In Mexico, at first glance and due to the absence of explicit utilitarian justifications in the Mexican Constitution,<sup>110</sup> it seems that there is no utilitarian approach for copyrights. Nevertheless, the Legislative Report on the draft of the Mexican Copyright Act of 1996 suggests that instrumentalist goals play a central role in Mexican copyright as well:

The strengthening of a country, and the achievement of its project of nation and state, can only be based on vigorous cultural institutions, maintained by effective systems that stimulate the creativity of its people . . . [t]he historic experience shows that . . . a favorable environment for the literary and artistic creation is only possible when is based on a sufficiently extensive legal framework.<sup>111</sup>

Therefore, even if the utilitarian goal is not explicit in the Mexican Constitution, arguably it can be inferred it is

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107. *Mazer v. Stein*, 347 U.S. 201, 219 (1954).

108. See *Sony*, 464 U.S. at 429; see also *Aiken*, 422 U.S. at 156.

109. *Sony*, 464 U.S. at 429.

110. See *supra* notes 57–59 and accompanying text.

111. Reprinted in FERNANDO SERRANO MIGALLON, *NUEVA LEY FEDERAL DEL DERECHO DE AUTOR* 219 (1998).

implicit.<sup>112</sup> At least that is the interpretation of the Mexican Legislature when it enacted the Mexican Copyright Act.<sup>113</sup> The Mexican Copyright Act is just like the first modern copyright statute, the Statute of Anne, which was enacted for a public purpose objective—the advancement of social welfare.<sup>114</sup>

### III. NATURAL RIGHTS

Natural rights scholars generally refuse the presumption that rights in society, including copyrights and intellectual property, depend only upon statutory or constitutional provisions for their justification.<sup>115</sup> Natural law reasoning can justify legal protections for life, freedom, tangible property, or privacy, but does not work well in justifying legal rights for intangibles.<sup>116</sup> Unlike freedom or tangible property, copyright must balance the interests of authors with those of both subsequent authors and the rest of society.<sup>117</sup> The evolution of art and science depends on the right balance between those players. Without the right balance, there can be no copyright because the creation of new works would be impossible.<sup>118</sup> It is best to find the real circumstances under which a society chose its legal structure. This part of the paper will briefly describe how natural law is thought to justify copyright.

The influence of John Locke and his political philosophy has been remarkable. In the fifth chapter of the second book of his *Two Treatises of Government*,<sup>119</sup> first published more than three hundred years ago, Locke discussed private property. Today,

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112. See L.F.D.A. (Mexican Copyright Act), *supra* note 3, art. 1, (stating that the objective of the Mexican copyright law, which is a regulation stemming from Article 28 of the Mexican Constitution, is the “safeguarding and promotion of the cultural heritage of the Nation . . .”).

113. *Id.*

114. Statute of Anne, *supra* note 46.

115. See Hughes, *supra* note 101, at 288.

116. *Contra id.* at 288–90 (discussing how both labor theory and personality theory justify intellectual property rights).

117. See *id.* at 295–96 (discussing limits on intellectual property rights).

118. See *id.* at 296 (analogizing the lack of durational limits for copyright to a one-hundred percent inheritance tax).

119. See JOHN LOCKE, *TWO TREATISES OF GOVERNMENT* 285–302 (Peter Laslett ed., Cambridge Univ. Press 1988) (1690).

there are several scholars who apply Locke's theory of physical property to intellectual property, which is an abstract property.<sup>120</sup>

*Two Treatises of Government* is considered to be an attack on monarchical government,<sup>121</sup> specifically, in response to the argument written by Robert Filmer in his book *Patriarcha: or the Power of the Kings*.<sup>122</sup> According to Filmer, Adam had absolute authority over the world, so his heirs, the kings, inherited such absolute authority.<sup>123</sup> Locke's *Second Treatise* declares that this idea is impossible.<sup>124</sup> For Locke, God gave the earth to mankind, not to Adam and his heirs.<sup>125</sup> In chapter V of his *Second Treatise* Locke resolved the question that he asked: how can any individual have property in anything?<sup>126</sup>

For Filmer, private property could not be based on the existence of the commons, because if this were the case, a commoner would need the permission of all mankind in order to get private property over a thing that, at the beginning, was part of the commons and was given to all mankind.<sup>127</sup> Filmer continues by claiming that the mere impossibility of obtaining such permission shows that mankind as a whole did not have common rights over earth, and the earth had been given instead to Adam and Adam's heirs.<sup>128</sup> This is why Locke's central question focuses on how any individual can possess anything as property if it is impossible to get the permission of all the commoners, which happened to be all of mankind.<sup>129</sup>

Locke's answer begins by assuming that "every man has a

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120. Richard A. Spinello, *Intellectual Property Rights*, 25 LIBRARY HI TECH 12, 12 (2007).

121. See DRAHOS, *supra* note 21, at 42.

122. *Id.*

123. *Id.*

124. *Id.*

125. LOCKE, *supra* note 119, at 286.

126. See *id.* at 287–88.

127. See Wendy J. Gordon, *A Property Right in Self Expression: Equality and Individualism in Natural Law of Intellectual Property*, 102 YALE L.J. 1533, 1563 (1993).

128. *Id.*

129. See *id.*

*Property* in his own *Person*.”<sup>130</sup> This assumption led Locke to conclude that a person’s labor belongs precisely to that person.<sup>131</sup> Then, Locke explained the beginning of property as follows: “[w]hatsoever then he removes out of the State that Nature hath provided, and left it in, he hath mixed his *Labour* with, and jo[i]ned to it something that is his own, and thereby makes it his *Property*.”<sup>132</sup> In order to get property from nature, Locke established two conditions. First, it must be acquired “where there is enough [property], and as good left in common for others.”<sup>133</sup> The second condition is that acquisition of property must be done according to God’s purposes.<sup>134</sup> Locke considered that God made “things for people to enjoy and not to spoil or destroy.”<sup>135</sup>

This second condition is known as the “no waste condition,” or “no spoilage provision.”<sup>136</sup> Nevertheless, the introduction of money abrogates the need for this condition because through the process of exchange, an individual may avoid the destruction and spoilage of perishable goods by exchanging them for other needed goods.<sup>137</sup> Locke recognized that this provision would not limit large property holdings because individuals may accumulate nonperishable wealth.<sup>138</sup> One criticism of this position is that according to Locke, “[o]ne could . . . acquire fabulous wealth through stocks and money but it was morally reprehensible to allow a bag of plums to go to waste.”<sup>139</sup>

Professor Drahos has summarized Locke’s principles of property.<sup>140</sup> The summary is as follows:

1. God has given the world to people in common.
2. Every person has property in his own person.

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130. LOCKE, *supra* note 119, at 287.

131. *Id.* at 287–88.

132. *Id.* at 288.

133. *Id.*; DRAHOS, *supra* note 21, at 43.

134. LOCKE, *supra* note 119, at 290; DRAHOS, *supra* note 21, at 43.

135. DRAHOS, *supra* note 21, at 43; *see* LOCKE, *supra* note 119, at 290.

136. *See* LOCKE, *supra* note 119, at 290.

137. DRAHOS, *supra* note 21, at 43.

138. *Id.*

139. *Id.*

140. *Id.*

3. A person's labour belongs to him.
4. Whenever a person mixes his labour with something in the commons he thereby makes it his property.
5. The right of property is conditional upon a person leaving in the commons enough and as good for other commoners.
6. A person cannot take more out of the commons than they can use to advantage.<sup>141</sup>

This property theory is widely accepted by theorists.<sup>142</sup> It has the ability to justify different property systems ranging from expansive communitarianism to capitalist interpretation.<sup>143</sup> Although Locke's property theory was designed for physical property, it has been adapted by theorists to intellectual property.<sup>144</sup> Theorists who use Locke to justify intellectual property do so because they do not want intellectual property to have its source in a statute or a utilitarian justification.<sup>145</sup>

Nevertheless, a critique that Locke receives is that equal labor does not always generate equal results. This is due to differences among men regarding their talents.<sup>146</sup> "All men are *not* created equal in talent, and all men are not, therefore, equally positioned to develop common resources to their best advantage."<sup>147</sup> For example, Professor Sterk compared farmers, with more physical strength or intelligence, to their "weaker or duller neighbors."<sup>148</sup> According to his interpretation, this creates a problem of justice because, as farmers differ in strength and intelligence, not all men are equally capable of creating the same copyrighted materials.<sup>149</sup> If this is the case, equal labor

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141. *Id.*

142. Benjamin G. Damstedt, *Limiting Locke: A Natural Law Justification for the Fair Use Doctrine*, 112 *YALE L.J.* 1179, 1179–80 (2003).

143. *See id.*

144. *See* DRAHOS, *supra* note 21, at 47–48.

145. *Id.* at 48.

146. *See* Stewart E. Sterk, *Rhetoric and Reality in Copyright Law*, 94 *MICH. L. REV.* 1197, 1236 (1996).

147. *Id.*

148. *Id.* at 1236–37.

149. *See id.* at 1237.

will not create equal results.<sup>150</sup>

In his critique of Locke, John Rawls focused on this problem. For him, natural assets and contingencies of their development are arbitrary from a moral point of view.<sup>151</sup> He believed that premiums earned should cover the costs of training and encourage learning.<sup>152</sup> According to Rawls, rewards are not earned solely on natural talent but in order to encourage learning, which is an instrumentalist point of view.<sup>153</sup> Rawls went to say that “[i]n a well-ordered society individuals acquire claims to a share of the social product by doing certain things encouraged by the existing arrangements.”<sup>154</sup> Nevertheless, the differences in natural abilities among human beings do not necessarily lead to the rejection of the Lockean theory of intellectual property. We would face inequalities even if we consider an instrumentalist justification for copyrights. In any case, the problem would be that these differences in natural ability make it impossible to satisfy Locke’s first condition to acquiring private property.<sup>155</sup>

Another important issue about Locke’s theory is the scope of the commons in the field of intellectual property, known as the intellectual commons. One interpretation considers that the commons is derived from the state of nature, like the commons conceived by Locke when he justified physical property.<sup>156</sup> According to this interpretation there is no intellectual commons.<sup>157</sup> This supports the position of those seeking stronger or broader copyright protection: “[i]f, as is possible, there is no equivalent of the earthly commons for abstract objects, building a case for the ownership of such objects becomes easier.”<sup>158</sup>

Another position allows consideration that the commons covers everything that can be used by subsequent authors when

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150. *Id.* at 1236.

151. See JOHN RAWLS, A THEORY OF JUSTICE 311–12 (1971).

152. *Id.* at 311.

153. See Sterk, *supra* note 146, at 1237.

154. RAWLS, *supra* note 151, at 313.

155. DRAHOS, *supra* note 21, at 43.

156. *Id.* at 42–44.

157. *Id.* at 49.

158. *Id.*

they create their works, like existing works that are in the public domain, or all that can be used by means of fair use defenses. If this is the case, regardless of whether it is a creation or discovery, it is not derived from the state of nature because it requires intellectual labor.<sup>159</sup> By this interpretation, there is an intellectual commons, and this is the normative justification for a limited period of protection of the copyright and also for the fair use defenses.<sup>160</sup> However, if the commons includes fair uses or public domain, then the statute must be relied on and not Locke. As a result, then the statute would be the justification for Locke, rather than Locke being the justification for the statute containing copyrights.

Another interpretation is that there is an intellectual commons, which is defined as a “set of discoverable abstract objects.”<sup>161</sup> However, it is not clear whether this definition includes intellectual creations or only discoveries—things coming from God and not public domain materials. Even if there are differences among scholars on this subject, I believe that the intellectual commons should also include all knowledge developed by humankind, human creations in the public domain, or accessible by fair use.

To illustrate this point, Professor Damstedt explains that: “A public domain is not equivalent to the Lockean common, however, because the Lockean common contains undeveloped materials, whereas a public domain contains developed goods.”<sup>162</sup> He then supports his position through the use of Barbara Friedman’s contrary point of view by pointing out that: “she relies on questionable interpretations of Locke that have recently been proposed in an effort to give his property theory a more left-wing slant.”<sup>163</sup> For both Damstedt and Friedman, the commons is a gift from the Creator and does not include human creations.<sup>164</sup> However, for Gordon the commons is formed by all

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159. *See id.*

160. *Id.* at 49–50.

161. *Id.*

162. Damstedt, *supra* note 142, at 1192.

163. *See id.* at 1192–93; Barbara Friedman, *From Deontology to Dialogue: The Cultural Consequences of Copyright*, 13 *CARDOZO ARTS & ENT. L.J.* 157, 165 (1994).

164. *Id.* at 166 (interpreting Locke’s idea of the commons). Damstedt, *supra* note

“intellectual creations already in existence.”<sup>165</sup> Gordon questions whether Locke could have foreseen a common of intangibles but believes that “[n]ew creators inevitably and usefully build on predecessors.”<sup>166</sup> In order to achieve intergenerational equity, she interprets Locke’s commons to include a public domain that encompasses “those intellectual creations already in existence but not privately owned.”<sup>167</sup> This argument could be reasonable if we consider that Locke’s theory serves an objective not foreseen by him. Therefore, if we attempt to apply a tangible theory to include intangible objects, we may interpret the commons as including all human creations in existence.

In order to create, authors almost invariably borrow from preceding works in the public domain or parts of works by using a fair use defense. These arrangements between generations of authors must be done by a legislature, which is supposed to represent a wide range of interests. This is because they use all the best materials available to them. As Professor Landes and Judge Posner explained: “[t]he less extensive copyright protection is, the more an author, composer, or other creator can borrow from previous works without infringing copyright and the lower, therefore, the costs of creating a new work.”<sup>168</sup>

Like Gordon, Drahos includes human creations in the commons—creations that are now part of the public domain. Drahos defines the commons as “consist[ing] of that part of the objective world of knowledge which is not subject to any of the following: property rights or some other conventional bar (contract, for instance); technological bar (for example, encryption) or physical bar (hidden manuscripts).”<sup>169</sup>

Gordon has argued that culture is part of the Lockean commons.<sup>170</sup> Damstedt criticized her because she includes the

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142, at 1192–93 (quoting Friedman with approval).

165. Gordon, *supra* note 127, at 1559.

166. *See id.* at 1556.

167. *Id.* at 1559.

168. William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325, 332 (1989).

169. DRAHOS, *supra* note 21, at 54.

170. *See* Gordon, *supra* note 127, at 1563–64.

idea that the commons contains things developed by humans.<sup>171</sup> For Damstedt, fair use is based on Locke's second condition to acquiring property, which is to avoid spoilage,<sup>172</sup> and not a device related to the commons. Therefore, in order to prevent spoilage, government may create fair use defenses.<sup>173</sup> It is not easy to establish what the intellectual commons is or what it should be or if it is correct to justify fair uses with the spoilage provisions. This discussion reflects different points of view among scholars that apply Locke's property theory to justify copyrights. If we focus on Locke's mixing metaphor, and at the same time ignore his religious metaphysical scheme, we will obtain a normative justification for copyrights that enables strong ownership and drives us to create an environment where only a few abstract objects escape individual ownership.<sup>174</sup> Regardless of the correct interpretation of the commons in the copyright field, I believe that it is best to look for other justifications for copyright.

Another problem with the labor and property dichotomy is that it does not set the limits for acquiring property. One philosopher, "raises [this] problem when he asks whether, by mixing my tomato juice with the ocean, I can claim property rights in the ocean."<sup>175</sup> The two Lockean conditions to acquire property would not resolve the problem because those provisions set restrictions on the acquisition of property rights but do not set their boundaries.<sup>176</sup> Locke seems to suggest that there are natural limits to physical objects subject to property, but if there are problems in setting the limits of physical property, there would be magnified problems with abstract property. After all, abstract objects may reside in one or many physical objects.<sup>177</sup>

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171. Damstedt, *supra* note 142, at 1192.

172. *See id.* at 1183.

173. *Id.* at 1221.

174. *See* DRAHOS, *supra* note 21, at 48.

175. *Id.* at 51.

176. *Id.*

177. DRAHOS, *supra* note 21, at 52.

## IV. MORAL RIGHTS

The main difference between the common law copyright doctrine and the continental or civil law copyright doctrine is that the common law copyright doctrine applies general principles of property to the field of copyright.<sup>178</sup> In civil law countries, authors' rights derive from the relationship of the author to the work.<sup>179</sup> The property that may derive from this relationship is incidental.<sup>180</sup> The fundamental goal, therefore, is "the protection of an author's individual character and spirit as expressed in his . . . creation."<sup>181</sup> In the continental law's authors' rights doctrine, property principally exists for the development of the personality; it is something over which people exercise control and use to develop responsibility.<sup>182</sup>

The most important copyright doctrines in civil law countries are derived from Immanuel Kant and Georg Hegel.<sup>183</sup> Some scholars found the analogy of copyrights with property complicated because of the limited duration of copyrights.<sup>184</sup> For other scholars, the property analogy did not correctly express the connection between authors and their creations.<sup>185</sup> As a result, the copyright normative justifications in civil law countries are based principally in the German idealism of Kant and Hegel.<sup>186</sup>

For Kant, an author's rights were personality rights rather than property rights, expressing the author's inner personality.<sup>187</sup> Therefore, Kant considered an author's rights not

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178. See Neil Netanel, *Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law*, 12 *CARDOZO ARTS & ENT. L.J.* 1, 7 (1994).

179. *Id.*

180. *See id.*

181. *Id.*

182. See Tom G. Palmer, *Are Patents and Copyrights Morally Justified? The Philosophy of Property Rights and Ideal Objects*, 13 *HARV. J.L. & PUB. POL'Y* 817, 819 (1990).

183. See Netanel, *supra* note 178, at 16–17.

184. *See id.* at 16, n.62.

185. *Id.* at 16.

186. *See id.* at 16–17.

187. *Id.* at 17.

as a right over an object, “but an innate right inherent to his own person.”<sup>188</sup>

Kant considered literary work was to be a discourse addressed to the public through a specific form<sup>189</sup>—a narration made by the author about his thoughts.<sup>190</sup> Therefore, when a person illicitly publishes and distributes an author’s work, that person is infringing upon the freedom of the author because he is speaking in the author’s name without the author’s consent.<sup>191</sup> In other words, the infringement is forcing the author to speak. It is necessary to emphasize that even if Kant limits these rights to literary products, most civil law countries protect other kinds of artistic work:

Works of art, as things, can, on the contrary, from a copy of them which has been lawfully procured, be imitated, modeled, and the copies openly sold, without the consent of the creator of their original, or of those whom he has employed to carry out his ideas . . . [b]ut the writing of another is the speech of a person—*opera*—and he who publishes it can only speak to the public in the name of the author. He himself has nothing further to say than that the author, through him, makes the following speech to the public.<sup>192</sup>

Kant visualized the diffusion of the author’s work or discourse as a tripartite operation involving the author, the publisher, and the general public.<sup>193</sup> By this approach, the publisher disseminates the author’s discourse and the public receives it.<sup>194</sup> The task of the publisher is defined as a simple agency by which the publisher acts in the author’s name.<sup>195</sup>

The author’s right or copyright is not transferable; in other words, this copyright is inalienable because the author’s right is

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188. *Id.*

189. *Id.*

190. *Id.*

191. *Id.*

192. IMMANUEL KANT, *VON DER UNRECHTMÄSSIGKEIT DES BÜCHERNACHDRUCKS*, IN *COPYRIGHTS AND PATENTS FOR INVENTIONS* 585 (R. MacFie ed. 1883).

193. Netanel, *supra* note 178, at 18.

194. *Id.*

195. *Id.*

considered a part of the author instead of as an external thing.<sup>196</sup> This is why in most civil law countries, copyright transfers are not allowed or only temporarily allowed.<sup>197</sup> Generally speaking, in civil law countries copyright is not assignable, although authors may grant licenses to use their works.<sup>198</sup> This is a consequence of considering an author's work as an extension of himself instead of as an external object.

Hegel believes that private property is justified when the person has established his will over a thing.<sup>199</sup> For Hegel, intellectual property is not considered an extension of the author's inner personality but is instead an external object.<sup>200</sup> Hegel believes private property is necessary for the survival of an individual—both biologically and socially.<sup>201</sup> Hegel does not explain intellectual property based on the relationship of the author with society. For Hegel, property is an external “thing” that allows the individual to exercise control over it, considering this control as a manifestation of freedom and development of the author's personality.<sup>202</sup> Hegel considers that “[i]f emphasis is placed on my needs, then the possession of property appears as a means to their satisfaction, but the true position is that, from the standpoint of freedom, property is the first embodiment of freedom and so is in itself a substantive end.”<sup>203</sup> Therefore, like the possession of “things,” e.g., property, intellectual property is a manifestation or a means for the individual's development.<sup>204</sup> Mental attitudes, erudition, and artistic skill are all classified as property.<sup>205</sup>

This theory of private property easily could be understood

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196. *Id.* at 18–19.

197. *See, e.g., id.* at 21–23 (comparing the German Act dealing with Copyright and Related Rights of 1965 with the French Copyright Act of 1957).

198. *See id.* at 5, 18–19, 21.

199. *See* Friedman, *supra* note 163, at 167.

200. Netanel, *supra* note 178, at 19.

201. DRAHOS, *supra* note 21, at 77.

202. GEORG HEGEL, *HEGEL'S PHILOSOPHY OF RIGHT* 40–42 (T. Knox trans., Oxford Press, 1952) (1965).

203. *Id.* at 42.

204. *See id.* at 47.

205. *Id.* at 40–41.

considering the following: “[s]ince my will, as the will of a person, and so as a single will, becomes objective to me in property, property acquires the character of private property.”<sup>206</sup> If the free will of a person is realized when it becomes external or objective, then private property is necessary.<sup>207</sup> This point is illustrated by Hegel’s belief that man is not naturally free and does not have natural ownership of himself—a principal difference from the belief Locke.<sup>208</sup> The freedom or natural ownership of a human over himself is obtained through the process of objectification of his will: “[i]t is only through the development of his own body and mind, essentially through his self-consciousness’s apprehension of itself as free, that he takes possession of himself and becomes his own property and no one else’s.”<sup>209</sup> Therefore, self-ownership arises only through the process of self-confrontation in the course of the possession and transformation of the external world.<sup>210</sup> Therefore, for Hegel, private property is necessary for the development of an individual’s freedom.<sup>211</sup>

With respect to intellectual property, Hegel limits the protection for intellectual property to literary works and inventions, of which copying or reproduction “is of a mechanical kind.”<sup>212</sup> No protection is given to other kinds of artistic work because the copy is the product of the copyist’s own mental and technical ability.<sup>213</sup> Even if this reasoning results in something similar to Kant’s discourse approach,<sup>214</sup> Hegel’s reasons are different. Hegel views the right over a literary work from the copyist’s perspective.<sup>215</sup> Kant on the other hand, views it from the author’s perspective regarding his discourse.<sup>216</sup>

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206. *Id.* at 42.

207. *See id.*

208. *See id.* at 47.

209. *Id.*

210. *See id.* at 47–48.

211. *See id.* at 42.

212. *Id.* at 54.

213. *Id.*

214. Netanel, *supra* note 178, at 17–19.

215. *Id.* at 19–20.

216. *See id.* at 17–19.

Later thinkers expounded the ideas conceived by Kant and Hegel. As a consequence, Kant's thoughts laid the foundation for those who considered author's rights from the monistic point of view.<sup>217</sup> The most prominent monistic thinkers are Otto von Gierke and Philipp Allfeld.<sup>218</sup> They hold that the author's right is fundamentally personal.<sup>219</sup> Therefore, the author's right is a personality right rather than a property right.<sup>220</sup>

"Monists believe [an] author[s] right[] [is] unitary and inalienable."<sup>221</sup> The only way to transfer it is by testamentary disposition.<sup>222</sup> The German Copyright Act, which regulates copyrights and related rights, provides an example of the application or adoption of this monistic or unitary view.<sup>223</sup> It does not divide an author's right into patrimonial (or economic) rights on one hand, and moral (or personality) rights on the other. Author's right is a unitary body of rights.<sup>224</sup> Like the Mexican Copyright Act, Articles 29 and 31 of the German Act establish the prohibition of indefinite transfer of copyrights.<sup>225</sup>

In opposition to the monistic thoughts based on Kant, Hegel's adherents developed a dualistic theory, which assumes that an author's moral or personal rights and economic interest are each protected by a different set of rights.<sup>226</sup> The most prominent of these dualist thinkers is Josef Kohler, who "follow[ed] Hegel's position that intellectual works are externalized products."<sup>227</sup> At the same time, Kohler recognized that copyrights also protected the author's will.<sup>228</sup> This means that copyright encompasses both patrimonial or economic rights

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217. *Id.* at 20.

218. *Id.*

219. *Id.*

220. *Id.*

221. *Id.* at 21.

222. *Id.*

223. *See id.*

224. *See id.* at 20–21.

225. *See id.* at 21.

226. *Id.*

227. *Id.* at 22.

228. *See id.*

and personality or moral rights.<sup>229</sup> The French Copyright Act of 1957 is an example of this dualist doctrine, dividing copyrights into rights of intellectual or moral nature and rights attributing economic benefits.<sup>230</sup> In separating moral rights from patrimonial rights Kohler stated:

The writer can not only demand that no strange work be presented as his, but that his own work not be presented in a changed form. The author can make this demand even when he has given up his copyright. This demand is not so much an exercise of dominion over my own work, as it is of dominion over my being, over my personality which thus gives me the right to demand that no one shall share in my personality and have me say things which I have not said.<sup>231</sup>

The assumption that an author keeps the aforementioned moral rights even if he has given up his patrimonial rights is the basic assumption of the dualist theory of copyrights.<sup>232</sup> One set of rights is inalienable, even if the other set of patrimonial rights has been exhausted.<sup>233</sup>

Mexico has been influenced by both the monists and dualists. The Mexican Copyright Act of 1996 divides an author's rights into moral rights (Articles 18 to 23) and patrimonial or economic rights (Articles 24 to 29), thus reflecting the dualist theory.<sup>234</sup> At the same time, Mexico has been influenced by the monistic theory in the sense that patrimonial author's rights as well as moral rights are inalienable.<sup>235</sup>

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229. *See id.* at 21.

230. *See id.* at 22–23.

231. *See id.* at 22 (quoting J. KHOLER, UNREBERRECHT AN SCHRIFTWERKEN UND VELAGSRECHT 15 (1907), as reprinted in Edward Damich, *The Right of Personality: A Common-Law Basis for the Protection of the Moral Rights of Authors*, 23 GA. L. REV. 1, 29 (1988)).

232. Netanel, *supra* note 178, at 21–22.

233. *See id.* at 19–22.

234. L.F.D.A. (Mexican Copyright Act), *supra* note 3, arts. 18–29.

235. *See* Netanel, *supra* note 178, at 20–21.

## V. NAFTA ARTICLE 1705(3) AND THE MEXICAN SUPREME COURT DECISIONS.

A. *NAFTA Article 1705*

NAFTA's chapter 17 has the same origin as the TRIPs agreement.<sup>236</sup> In December of 1991, the Director General of GATT, Arthur Dunkel, issued a draft containing the TRIPs agreement.<sup>237</sup> When this draft was issued, NAFTA negotiators discarded their respective drafts and accepted negotiations under this TRIPs draft.<sup>238</sup> Consequently, NAFTA has similar provisions and concepts from the TRIPs agreement.<sup>239</sup> This is not extraordinary since both came from the same draft.<sup>240</sup> Like the TRIPs agreement, NAFTA requires member states to give effect to the provisions of prior international intellectual property agreements, e.g., the Berne Convention of 1971 and the Geneva Convention for the Protection of Producers of Phonograms.<sup>241</sup>

However, there are differences between TRIPs and NAFTA's chapter 17. NAFTA is considered to exceed protection required by TRIPs, e.g., it has stronger national treatment and shorter periods for implementation.<sup>242</sup> On the other hand, while NAFTA provides for free transferability of rights, TRIPs does not require member states to provide for it.<sup>243</sup> NAFTA Article 1705(3) establishes that:

Each Party shall provide that for copyright and related rights: (a) any person acquiring or holding economic rights may freely and separately transfer such rights by contract for purposes of their exploitation and

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236. See Martin D.H. Woodward, *TRIPs and NAFTA's Chapter 17: How Will Trade-Related Multilateral Agreements Affect International Copyright?*, 31 *TEX. INT'L L.J.* 269, 274 (1996).

237. See *id.* at 273.

238. See *id.* at 274.

239. See *id.*

240. *Id.*

241. See NAFTA, *supra* note 1, art. 1701(2).

242. See GRAEME B. DINWOODIE ET AL., *INTERNATIONAL INTELLECTUAL PROPERTY LAW AND POLICY* 563 (2001).

243. See Woodward, *supra* note 236, at 280.

enjoyment by the transferee; and (b) any person acquiring or holding such economic rights by virtue of a contract, including contracts of employment underlying the creation of works and sound recordings, shall be able to exercise those rights in its own name and enjoy fully the benefits derived from those rights.<sup>244</sup>

The literal and predominant interpretation of this provision is meant to cover both the right to transfer economic rights and the right to exercise those rights acquired by contract.<sup>245</sup> However, this provision is contrary to inalienable characteristics of an author's rights in civil law countries and influenced by the already mentioned monistic interpretation of them developed by Kant, von Gierke, and Allfeld.<sup>246</sup> Such limitations on the will of an author to transfer his rights are also based on the notion that unequal negotiation power could produce contracts disadvantageous to the weaker party, which in most cases is the author.<sup>247</sup> The limitations on free transferability of rights may vary depending on the statute of the protecting country. Those limitations may include the form of contracts (requiring them to be in writing), the setting of certain rights as non-renounceable, or even the total prohibition of any transfer.<sup>248</sup>

If the continental normative justifications on copyrights remain influential in one legal system, this would mean a work would be considered an inner part of the author, neither an item for sale, nor an external device necessary to the author's survival in society.<sup>249</sup> This view is quite different from considering the work as a property right or even as a privilege for the purpose of encouraging the production of more works. In the latter case, the author may contractually give up his property rights over the work in the same way that he may

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244. NAFTA, *supra* note 1, art. 1705(3).

245. See Sharan L. Golsby, *Protection of Intellectual Property Rights Under NAFTA*, 4 NAFTA L. & BUS. REV. AM. 5, 19 (1998); see also Woodward, *supra* note 236, at 280.

246. See Netanel, *supra* note 178, at 20–21.

247. See LIPSZYC, *supra* note 74, at 278.

248. See *id.* at 277.

249. See Netanel, *supra* note 178, at 20–21.

contractually transfer any other kind of physical property, such as a car or a house.<sup>250</sup>

A similar provision is not present in the TRIPs agreement due to the large membership of developed civil law countries that had stronger bargaining positions than Mexico during NAFTA negotiations.<sup>251</sup> Therefore, a “contractual right assurance” provision is not included in TRIPs because most of the civil law countries that have restrictions on the alienability of copyrights opposed its inclusion in the agreement.<sup>252</sup> However, in the case of NAFTA, the only civil law country, Mexico, agreed to this provision.<sup>253</sup> It has been suggested that “[h]egemonic power pretty much explains how the United States imposed its will on Mexico over intellectual property rights in the NAFTA negotiations.”<sup>254</sup> While this suggestion goes beyond the purposes of this Article, it would be fair to mention that

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250. See generally *id.* at 1, 18–22 (defining the principle of unlimited alienability and then comparing the monistic and dualistic approaches to copyright theory).

251. See TRIPs, *supra* note 18 (noting that a contractual right assurances clause is conspicuously absent); see also Office of the Secretary, Overview of Intellectual Property Rights and the TRIPs Agreement, <http://www.osec.doc.gov/ogc/occic/ipr.htm> (last visited Apr. 12, 2009) (espousing the view that the TRIPs Agreement applies to all WTO members); see, e.g., Jack Yu, *How to Practice in China*, THE LAW SOCIETY OF ENGLAND AND WALES, Sept. 28, 2007, <http://international.lawsociety.org.uk/ip/asia/586/practise> (illuminating the effect of the civil law regime of China having joined the WTO and the strong outlook for other countries desiring to do business with China).

252. See Andreas P. Reindl, *Choosing Law in Cyberspace: Copyright Conflicts on Global Networks*, 19 MICH. J. INT’L L. 799, 866–70 (1998); PAUL E. GELLER & MELVILLE B. NIMMER, INTERNATIONAL COPYRIGHT LAW AND PRACTICE 246–50 (2003); Paul E. Geller, *Conflicts of Laws in Copyright Cases: Infringement and Ownership Issues*, 51 J. COPYRIGHT SOC’Y U.S.A. 315, 356–58 (2004). While TRIPs Article 40 allows states to control anticompetitive practices in contractual intellectual property agreements, it cannot be said that this provision constitutes a burden for the states to allow free transferability of rights. See TRIPs, *supra* note 18, art. 40. The only free transferability burden in the TRIPs agreement covers patents. See *id.* art. 28(2).

253. See CANADIAN HERITAGE INFORMATION NETWORK, THE LAW, NAFTA AND DISTRIBUTED ENVIRONMENTS: LEGAL INHIBITORS TO TECHNOLOGICAL INNOVATION?, DOMESTIC LAW ON DATA AND DATABASE PROTECTION IN THE NAFTA COUNTRIES (2002), [http://www.chin.gc.ca/English/Intellectual\\_Property/Law\\_Nafta/domestic\\_law.html](http://www.chin.gc.ca/English/Intellectual_Property/Law_Nafta/domestic_law.html) (explaining that Mexico is a civil law tradition country); Howard P. Knopf, *The Database Dilemma in Canada: Is “Ultra” Copyright Required?*, 48 U. NEW BRUNSWICK L.J. 163, 174 (1999) (explaining that, after ratifying NAFTA, Mexico is bound by Article 1705).

254. MICHAEL P. RYAN, KNOWLEDGE DIPLOMACY: GLOBAL COMPETITION AND THE POLITICS OF INTELLECTUAL PROPERTY 3 (1998).

Mexican negotiators accepted this and other NAFTA provisions in order to achieve other economic benefits of the agreement.<sup>255</sup> However, as the following cases show, this provision seems to be ignored in the Mexican legal system.

*B. Mexican Copyright Act*

On July 23, 2003, a decree amending and adding several provisions to the Mexican Copyright Act was published in the official gazette.<sup>256</sup> Among those amendments, Mexico added the right to remuneration for any broadcasting or communication granted to performers and producers of phonograms.<sup>257</sup> Even if this was not explicitly established by the legislative history or by the statute itself, this is the kind of right established by Article 12 of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations [hereinafter Rome Convention].<sup>258</sup> This right, as defined by the Rome Convention, consists of an equitable remuneration for performers or producers of phonograms: “[i]f a phonogram published . . . or a reproduction of such phonogram, is used directly for broadcasting or for any communication to the public, a single equitable remuneration shall be paid . . .”<sup>259</sup>

There are two special remarks about the Mexican copyright statute provisions. The first is that those provisions not only provide remuneration rights for performers and producers of

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255. Heidi Sommer, *The Economic Benefits of NAFTA to the United States and Mexico*, NATIONAL CENTER FOR POLICY ANALYSIS (Jun. 16, 2008), <http://www.ncpa.org/pdfs/ba619.pdf>.

256. L.F.D.A. (Mexican Copyright Law), *supra* note 3, arts. 26 *bis*, 27, 78, 83, 86, 88, 89, 90, 92 *bis*, 117 *bis*, 118, 122, 131 *bis*, 132, 133, 134, 146, 213, 216 *bis*.

257. *Id.* arts. 117, 131.

258. Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations art. 12, Oct. 26, 1961, 496 U.N.T.S. 43 [hereinafter Rome Convention]. The Convention entered into force in Mexico on May 18, 1964. WIPO, Contracting Parties to the Rome Convention, [http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty\\_id=17](http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=17) (last visited Apr. 12, 2009). Mainly due to the opposition of broadcasting organizations, the United States is not a party to this convention. See Roberto Garza Barbosa, *Revisiting International Copyright Law*, 8 BARRY L. REV. 43, 56 (2007) (analyzing the history and evolution of this convention, including the opposition of broadcasting organizations to Article 12).

259. Rome Convention, *supra* note 258, art. 12.

phonograms, but also establish remuneration rights for authors.<sup>260</sup> Second, on its face, the statute provides that those remuneration rights cannot be waived by contract.<sup>261</sup>

The remuneration right granted to authors is defined as “the author and his successor in title have the right to receive remuneration for the communication or public transmission of their work in any means and the author’s right is not renounceable.”<sup>262</sup> As to the performers, the Mexican Copyright Act states that they have a non-renounceable right to receive remuneration for the use or exploitation of their performances made for direct or indirect economic purposes, by any means.<sup>263</sup> Phonogram producers have the same right, but the provision makes no indication as to whether that right may be waived.<sup>264</sup>

Under the Rome Convention, performers have a very limited set of rights over their unfixed performances. Those rights include preventing the broadcasting, the communication to the public, and the fixation of the performer’s live performances.<sup>265</sup> Performers also have the right to prevent the reproduction of fixations made without their consent.<sup>266</sup> However, once the performer has consented to the fixation of his performance, all of those rights have no further application.<sup>267</sup> They only cover unfixed live performances.<sup>268</sup> The Mexican Copyright Act also provides for the Rome Convention rights and establishes that those rights become extinguished once the performer has authorized the fixation of his performance.<sup>269</sup> Thus, the exhaustion of the mentioned rights seems to be the reason for the remuneration right contained in the Rome Convention for

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260. See L.F.D.A. (Mexican Copyright Law), *supra* note 3, art. 26 *bis*.

261. *Id.*

262. *Id.* art. 27.

263. *Id.* art. 117 *bis*.

264. See *id.* art. 131 *bis*.

265. Rome Convention, *supra* note 258, art. 7.

266. *Id.*

267. See *id.* arts. 7, 19.

268. See L.F.D.A. (Mexican Copyright Law), *supra* note 3, art. 118.

269. *Id.*

broadcastings and transmissions, a right that, in the case of the Mexican Copyright Act, cannot be waived.<sup>270</sup>

Unlike the protections granted for performers, the protection under the Mexican Copyright Act for producers of phonograms seems to be more in accord with the WIPO Performances and Phonograms Treaty, which includes the right to direct and indirect reproduction, importation, distribution, adaptation, and rental.<sup>271</sup> However, there are certain rights in the WPPT (e.g., the “making available” right), particular obligations concerning technological measures, and key management information, that have yet to be fully implemented in the Mexican statute.<sup>272</sup>

The limited rights of performers under the Rome Convention are a result of an apparent tension between authors and performers; while performers perform the songs and lyrics composed by authors, authors still have rights over secondary uses of their works, including the reproduction or broadcasting of any performance of their works.<sup>273</sup> There would be risk to the author if the performer prevented the exploitation of the author’s work by opposing to the broadcasting or reproduction of the fixation of his performance.<sup>274</sup> Even if this situation were very unlikely since it would be against the interests of the performer, the dangers persist, which is why the Rome Convention has limited performers’ rights to unfixed performances.<sup>275</sup> Otherwise, both performers and authors would

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270. *Id.* art. 26 *bis*.

271. See WIPO Performances and Phonograms Treaty, arts. 11–14, Dec. 20, 1996, 36 I.L.M. 76 [hereinafter WPPT]. The Mexican statute does not contain the right to “making available” their performances as established in WPPT. See *id.* art. 14; L.F.D.A. (Mexican Copyright Law), *supra* note 3, art. 131. For the performers, the WPPT contains rights for unfixed performances and also rights for fixed performances that go beyond those granted by the Rome Convention. WPPT, arts. 6, 10. For performers, the Mexican statute has only implemented the rights established by the Rome Convention, those that disappear once the performer has authorized the fixation of his performance. See L.F.D.A. (Mexican Copyright Law), *supra* note 3, art. 118. Art. 15 of WPPT establishes the right to a remuneration for broadcasting or communication by performers as well as producers of phonograms. See WPPT, *supra* note 271, art. 15.

272. See WPPT, *supra* note 271, arts. 10, 18–19.

273. See LIPSZYC, *supra* note 74, at 385.

274. *Id.*

275. See *id.* at 385–86.

have rights over the same object.<sup>276</sup> However, the right contained in Article 12 of the Rome Convention has been characterized as a non-voluntary license in response to the limited rights of performers.<sup>277</sup> If performers surrender their rights to the producer of phonograms to authorize the fixation of their performances, it would be of value to them to keep the right to remuneration when those performances are broadcasted or communicated to the public.<sup>278</sup> Producers of phonograms may be at disadvantage when they negotiate their licenses or contracts with entities that have more economic power, usually those broadcasting the phonogram.<sup>279</sup> Unequal bargaining positions also have contributed to these kinds of provisions that protect performers<sup>280</sup> and phonogram producers, even though phonogram producers may not be as weak in their bargaining positions. However, for authors, there is no counterpart for Article 12 of the Rome Convention in any international copyright convention.<sup>281</sup> This lack of a similar provision for authors exists because contrary to performers, authors always enjoy the right to authorize or prohibit any communication of their works to the public.<sup>282</sup> Therefore, this royalty payment for authors in the Mexican Copyright Act seems to be contradictory to the reasons why this legal device was first created.

### C. Mexican Supreme Court Decisions

#### 1. *Cinemex Toluca II*

The judgment follows an action filed in *Cinemex Toluca II*, seeking a declaration that several provisions of the above-mentioned amendments to the Mexican Copyright Act were

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276. *See id.*

277. *See id.* at 386.

278. *See id.* at 385–86.

279. *See, e.g.,* Reto M. Hilty & Alexander Peukert, “Equitable Remuneration” in *Copyright Law: The Amended German Copyright Act as a Trap for the Entertainment Industry in the U.S.?*, 22 *CARDOZO ARTS & ENT. L.J.* 401, 413–14 (2004) (German law).

280. *See id.*

281. *See* Rome Convention, *supra* note 258, art. 12.

282. *See* LIPSZYC, *supra* note 74, at 21–22.

unconstitutional.<sup>283</sup> The original action of *Amparo* was filed in the Seventh District Court for the Federal District, which dismissed the action, upholding the constitutionality of the statute.<sup>284</sup> On appeal, a First Circuit Federal Court reviewed the District Court's decision, sending the constitutionality question to the Mexican Supreme Court; the Second Chamber upheld the constitutionality of the amendments to the Mexican Copyright Act.<sup>285</sup> Consequently, the *Cinemex Toluca II* decision does not come from the bench of the Mexican Supreme Court sitting all justices, but instead from one chamber composed of only five justices.<sup>286</sup>

The plaintiffs alleged that the amendments were contrary to the Mexican Constitution for several reasons. First, they alleged a lack of certainty in the statute about who would be entitled to receive the remuneration.<sup>287</sup> Since the plaintiffs were companies owning movie theaters, they argued that several Articles of the amendment, including Articles 26 *bis*, 117 *bis*, and 118, encouraged double or triple payments of royalties for the same

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283. See *Amparo en Revisión 105/2005. Cinemex Toluca II et al.*, the complete final judgment of the Second Chamber of the Mexican Supreme Court, is available on the Supreme Court home page, <http://www2.scjn.gob.mx/expedientes> (last visited Apr. 12, 2009). See also "Cinemex Toluca II et al.," 22 Dec. S.J.F. 397–403 (9a época 2005) (the official federal reporter, which publishes *Tesis aisladas*, consisting of abstracts of the complete decision). Constitutional review in Mexico is different than in the United States. It is a mixed system based on the European centralized system and the American diffuse system of constitutional review. It could be abstract or concrete, depending on the procedure. There are two procedures of constitutional review. One, based on Article 105 of the Mexican Constitution, is centralized and may be initiated directly in the Supreme Court by certain representatives and certain public officers. See *Constitución Política de los Estados Unidos Mexicanos, D.O.*, art. 105, 5 de Febrero de 1917 (Mex.). The second is the *Amparo*, a constitutional litigation procedure, which is performed only by the federal judiciary and may be initiated by anyone having standing. See *id.* arts. 103, 107. This latter procedure looks more like the American model since it may be carried out not only by a constitutional court but also by federal courts. See Vicky C. Jackson & Mark Tushnet, *COMPARATIVE CONSTITUTIONAL LAW* 461 (1999). However, it is a special procedure; constitutional review is never dealt with in ordinary litigation. For a comprehensive comparison between American and European models of constitutional review, see *id.*

284. See *Cinemex* at 39.

285. See *id.* at 180.

286. See *id.* at 181.

287. See *id.* at 5.

exhibition of a movie.<sup>288</sup> Movie theaters would have to pay not only movie producers, from whom they traditionally acquire the right to exhibit the movies, but also authors of scripts, performers, and so on.<sup>289</sup> This lack of certainty was alleged to violate the due process clauses contained in Articles 14 and 16 of the Mexican Constitution.<sup>290</sup>

In the same allegation, the plaintiffs pointed out that the wording of the statute encouraged double payment.<sup>291</sup> However, on this point, the Supreme Court read the Article as defining a successor in rights to be only those who inherited those rights, because the rights in question are not renounceable.<sup>292</sup> Therefore, it would be the author or his heirs as successors in title who are entitled to this right, not the author and his heirs at the same time.<sup>293</sup> The real double payment at issue was not this wording, but the ability to have a non-renounceable right.<sup>294</sup> Even if movie producers agree with everyone working in the realization of the movie, including scriptwriters, actors, and performers, that they should relinquish their concerning royalty rights, such a contractual agreement would be void, and authors and performers would keep the right to demand the mentioned royalties for any public communication, including exhibitions in movie theaters.

The Supreme Court held that the statutory provisions for the royalties did not create uncertainty because the determination of the amount of those royalties is clearly established by the statute.<sup>295</sup> Additionally, the Court held that even if the user of the work had to compensate the right-holder, a royalty does not impose a double payment for the same concept because they are two different things.<sup>296</sup> As a consequence of

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288. *See id.*

289. *See id.* at 6–7.

290. *See* Constitución Política de los Estados Unidos Mexicanos, D.O., arts. 14, 16, 5 de Febrero de 1917 (Mex.); *Cinemex* at 4.

291. *See* L.F.D.A. (Mexican Copyright Act), *supra* note 3, art. 26 *bis*; *Cinemex* at 34.

292. *See Cinemex* at 124–25.

293. *See id.*

294. *Id.*

295. *Id.* at 134.

296. *See id.* at 145.

this reasoning, there is nothing uncertain, and thus, users have to pay to the right-holder and those who participated in making the work.<sup>297</sup>

The Supreme Court reasoned that economic rights include exploitation by reproduction, distribution, communication, and transmission to the public.<sup>298</sup> Furthermore, economic rights are transferable by contract. However, the Supreme Court held that royalty rights are not related to economic rights but are a different set of rights that cannot be waived by contract.<sup>299</sup> The result of interpreting royalty rights as a different set of rights is of remarkable consequence.<sup>300</sup> The traditional dualistic conception created by Hegel's followers divided authors' rights into moral rights and economic rights.<sup>301</sup> As previously mentioned, there are some civil law countries that follow this concept;<sup>302</sup> Mexico appears to be one of them. However, Supreme Court's reasoning seems to create a new type of non-renounceable super-right that has pecuniary value but is not subject to ordinary rules for economic and moral rights.<sup>303</sup>

There was also an allegation based on the suggestion that those remuneration rights were a tax imposed upon the plaintiffs contrary to the rules established by the Mexican Constitution for imposing and collecting taxes.<sup>304</sup> The plaintiffs argued that according to Article 74 of the Mexican Constitution, any statute or amendment imposing taxes must be discussed first in the lower house of the Congress.<sup>305</sup> In this case, the draft was first discussed in the Senate, thus violating constitutional procedures for creating taxes.<sup>306</sup> They also argued that according to Article 31 of the Mexican Constitution, taxes must

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297. *See id.*

298. *See id.* at 134.

299. *See id.* at 132.

300. *See id.*

301. *See* Netanel, *supra* note 178, at 21.

302. *See supra* notes 252–53 and accompanying text.

303. *See Cinemex* at 132.

304. *See id.* at 36–37.

305. *See id.* at 38; *see* Constitución Política de los Estados Unidos Mexicanos, D.O., arts. 74-IV, 5 de Febrero de 1917 (Mex.).

306. *See Cinemex* at 38.

be proportional, equitable, and bound for public spending by the government.<sup>307</sup> This argument was unsound and frivolous because royalty payments are not taxes and thus do not violate the Mexican Constitution.<sup>308</sup> The Supreme Court extensively explained the characteristics of taxes and how they were different from these royalty payments.<sup>309</sup> It pointed out, among other characteristics, that taxes are for the public state's funding and spending, and that tax authorities have special administrative procedures to collect taxes.<sup>310</sup> Contrary to taxes, the royalty payments included in the amendment were for private authors and performers.<sup>311</sup> As support, the Supreme Court cited several tax scholars.<sup>312</sup> It also reasoned that even if the obligation to pay royalties came from the statute, this fact by itself does not transform royalty payments into taxes.<sup>313</sup> The problem of this tax discussion is that it contains more prose and explanation than Supreme Court rulings on other important issues, such as the contradiction of the statutory scheme to NAFTA Article 1705.<sup>314</sup> This was an unnecessarily extensive analysis since it covered an elemental premise of Mexican law; any kind of royalties for authors are not government taxes.<sup>315</sup>

In sum, the Supreme Court analyzed the statutory scheme, concluded there was no lack of certainty, and clarified the scope of the amendments and the rights they contain. In the analysis of almost all the plaintiffs' arguments, the Supreme Court relied heavily on legislative history, giving great deference to the Congress' policies as reflected in the statute.

It seems that the most important argument presented by the plaintiffs was that those provisions, containing royalty payment rights that cannot be waived by contract, are contrary to Article

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307. *See id.* at 37; *see* Constitución Política de los Estados Unidos Mexicanos, D.O., arts. 31-IV, 5 de Febrero de 1917 (Mex.).

308. *Cinemex* at 118.

309. *See id.* at 111–12.

310. *See id.* at 116.

311. *See id.* at 116–17.

312. *See id.* at 109.

313. *See id.* at 117.

314. *See id.* at 107–22.

315. *See id.* at 117.

1705(3) of NAFTA.<sup>316</sup> According to the Mexican Supreme Court's interpretation of the Mexican supremacy clause in Article 133 of their Constitution, international treaties made in accordance with the Constitution prevail over any existing federal or state statute.<sup>317</sup> In total, *Cinemex Toluca II* is a 182-page Supreme Court decision.<sup>318</sup> Non-NAFTA arguments, including those already explained, were dealt with in 169 pages.<sup>319</sup> The Mexican Supreme Court spent fewer than thirteen pages of prose analyzing the probable contradiction between the Mexican Copyright Act and international treaties.<sup>320</sup>

The allegation about the international treaties was focused not only on NAFTA Article 1705(3) but also on Article 6 *bis* of the Berne Convention<sup>321</sup> and Article 11 of the 1946 Inter-American Convention on Copyrights.<sup>322</sup> Basically, the plaintiffs argued that the provisions established an obligation for free transferability of rights for the member states.<sup>323</sup> However, the Mexican Supreme Court read the plaintiffs' argument as

[f]undamentally demonstrating that international treaties establish that only the author or his successor in title could be entitled to the economic rights of a work of authorship, while Article 26 *bis* grants those rights to both the author and the successor in title, that

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316. *See* at 29.

317. *See* "Mc Cain México, S.A. de C.V.," 24 Apr. S.J.F. 6 (9a época 2007). In this decision, the Mexican Supreme Court held that international treaties are an integral part of the supreme law of the union and are above general, federal, and state statutes. *Id.* Therefore, when a provision in a federal statute is contrary to any provision of an international treaty, like NAFTA, the statutory provision would be held unconstitutional and the international treaty provision would prevail. *See also* "Sindicato Nacional de Controladores de Tránsito Aéreo," 10 Nov. S.J.F.G. 46 (9a época 1999).

318. *See Cinemex.*

319. *See id.* at 1–168.

320. *See id.* at 169–79.

321. *See id.* at 29.

322. *See id.* at 26.

323. *See id.* at 29.

is, the mentioned treaties recognized that right to one or the other, while the precepts at hand grant those rights to both.<sup>324</sup>

The Court disagreed and quoted the mentioned provisions of treaties, including Article 6 *bis* of the Berne Convention and Article 14 *ter* containing the “*droit de suite*” right.<sup>325</sup> However the question at issue could not be applied to Article 13 *ter* because *droit de suite* gives rights to authors over original manuscripts or original works of art, like paintings.<sup>326</sup> The litigation concerned only the non-renounceable remuneration right for broadcasting and communication to the public, not the remuneration right for subsequent sales of original works of art or manuscripts.<sup>327</sup> The court also quoted Article 11 of the Inter-American Convention on Copyrights and all of Article 1705 of NAFTA.<sup>328</sup>

After quoting these treaty provisions, the Supreme Court came to the conclusion that under the treaties, especially Berne Convention Article 6 *bis*, an author has the right to transfer his rights, and the right to receive a remuneration for the subsequent sales of the work cannot be waived by contract.<sup>329</sup> The Supreme Court also concluded that the statutory scheme did not contradict NAFTA Article 1705.<sup>330</sup>

Nevertheless, Article 6 *bis* of the Berne Convention is an emblematic provision containing moral rights.<sup>331</sup> When the United States acceded to the Berne Convention, it made reservations in order not to be bound by the provision containing

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324. *Id.* at 172. In another part of the decision there is a transcription of the plaintiffs’ arguments in which they literally argued that international treaties “agree that the author has the power and ability to transmit the economic rights to third persons, natural or not, doubtless supports the criteria that economic right is temporal, transferable, renounceable and able to be extinguished by time.” *Id.* at 29. The plaintiffs’ argument referred to the literal meaning of NAFTA Article 1705(3). *See id.*

325. *Seed.* at 173–74.

326. *See* Berne Convention, *supra* note 17, art. 14 *ter*.

327. *See Cinemex* at 5.

328. *See id.* at 174–78.

329. *See id.* at 178.

330. *See id.* at 179.

331. *See* Berne Convention, *supra* note 17, art. 6 *bis*.

rights commonly granted by civil law countries.<sup>332</sup> Article 6 *bis* could not take a common law approach to copyrights or bind member states to provide free transferability of rights.<sup>333</sup> To the contrary, it contains the most civil law-like right in the Berne Convention. However, the Court read the provision as establishing an obligation to the parties to give free transferability of rights.<sup>334</sup> The confusion was derived from a literal and isolated reading of a part of a sentence of the provision: “[i]ndependently of the author’s economic rights, and even after the transfer of the said rights . . .”<sup>335</sup> Contrary to the Court’s interpretation, the prevailing opinion about Article 6 *bis*, held even by negotiators of the Berne Convention, is that economic rights exist independent of the author’s moral rights.<sup>336</sup> This provision has not been read as establishing a right to transfer moral rights.<sup>337</sup>

The correct reading of Article 6 *bis* and 13 *ter* of the Berne Convention is that they establish different rights. The first one relates to moral rights that are independent from economic rights, and the second relates to provisions usually called *droit de suite*, consisting of an inalienable remuneration right for subsequent sales of original manuscripts or original pieces of art.<sup>338</sup> However, the Mexican Supreme Court interpreted Article 13 *ter* of the Berne Convention as backing the non-renounceable royalty rights at issue.<sup>339</sup>

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332. See NAFTA, *supra* note 1, art. 1701.3(2) (stating the Agreement confers no rights nor imposes obligations on the United States with respect to Article 6 *bis* of the Berne Convention).

333. See Berne Convention, *supra* note 17, art. 6 *bis*.

334. See *Cinemex* at 178.

335. Berne Convention, *supra* note 17, art. 6 *bis*.

336. See generally 1 SAM RICKETSON AND JANE C. GINSBURG, INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND § 10, at 599 (2nd ed. 2006) (1987) (discussing the reasons for, evolution of, and interpretation of Article 6 *bis* of the Berne Convention).

337. See *id.* § 10.17, at 599–600 (explaining that while the Berne Convention alone does not make moral rights inalienable, it also does not provide a right to transfer them, and many countries choose to make them inalienable by statute).

338. See U.N. EDUC., SCI. AND CULTURAL ORG., TUNIS MODEL LAW ON COPYRIGHT FOR DEVELOPING COUNTRIES 8, 16–17 (1976) (discussing each provision’s separate and independent implications).

339. See *Cinemex* at 173–74.

On the other hand, the applicability of Article 11 of the 1946 Washington Inter-American Convention on Copyrights is of questionable importance because this Convention was superseded in most cases by Article 18 of the Universal Copyright Convention.<sup>340</sup> A bridge between both Conventions, the Universal Copyright Convention supersedes the Inter-American Convention and is itself superseded by the Berne Convention. It states that it is not applicable when the Berne Convention applies or when works originate in countries that withdrew from the Berne Union after January 1, 1951.<sup>341</sup> The Second Chamber should have analyzed the 1946 Washington Inter-American Convention on Copyrights to decide whether it was superseded by the Universal Copyright Convention or the Berne Convention.<sup>342</sup> The Inter-American Convention has been characterized as follows:

The importance of the conventions of the Inter-American system today resides in their historic value. Although many of them continue to be formally valid, their application to the countries of the continent . . . has been superseded by accession to the Berne Convention and the Universal [Copyright] Convention.<sup>343</sup>

The Second Chamber of the Mexican Supreme Court gave no further analysis about the scope of NAFTA Article 1705(3). However, its prevailing interpretation was discussed earlier in this essay.<sup>344</sup> In conclusion, while Article 1705(3) seems to provide for the free transferability of economic rights, in this

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340. See Universal Copyright Convention, art. XVIII, Sept. 6, 1952, 6 U.S.T. 2731, 216 U.N.T.S. 132. Mexico is a party to the convention. *Id.* at 2759; see also 2 SAM RICKETSON AND JANE C. GINSBURG, *INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND* § 18.17, at 1182 (2nd ed. 2006) (1987); DINWOODIE ET AL., *supra* note 242, at 532 (discussing the evolution of Pan-American Conventions and how the Universal Copyright Convention served as a bridge for Latin-America countries that in those times did not belong to the Berne Convention).

341. See Universal Copyright Convention, *supra* note 340, art. XVII; see also Appendix Declaration Relating to Article XVII, at 2746.

342. See Universal Copyright Convention, *supra* note 340, art. XVII; Berne Convention, *supra* note 17.

343. LIPSZYC, *supra* note 74, at 614.

344. See *supra* § V(A); NAFTA, *supra* note 1, art. 1705.

case the Mexican Supreme Court interpreted it to the contrary. They interpreted the royalty rights in question as outside of the traditional dualistic approach, which establishes economic and moral rights. They also neglected the predominant interpretation and the process of negotiating several international treaties.

## 2. *The Contradicción Case*

In a subsequent decision, the Mexican Supreme Court, sitting en banc, overruled the *Cinemex Toluca II* decision, at least as to the right granted by Article 26 *bis* (the remuneration for broadcasting and communication to the public for authors).<sup>345</sup> The decision did not explicitly cover the rights of performers and producers of phonograms.<sup>346</sup> Therefore, all rights seemed to continue to stay the same; performers and producers of phonograms still cannot contractually waive the remuneration rights established by Articles 117 *bis* and 131 *bis* of the Mexican Copyright Act.<sup>347</sup> However, for authors, the Supreme Court held that:

[t]he right to receive royalties for the public communication or broadcasting of a work for any mean, contained in Article 26 *bis* of the [Copyright Act]. . . is transmissible to [third parties] . . . The mentioned legal precept when establishing that the right to receive a

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345. See *Contradicción de Tesis*, Pleno de la Suprema Corte de Justicia [S.C.J.N.] [Supreme Court], *Semanario Judicial de la Federación y su Gaceta*, Novena Época, 28, Enero de 2008, Pagina 652 (Mex.) [hereinafter *Contradicción*]. According to Articles 94 and 107–XIII of the Mexican Constitution, and Articles 192, 197, and 197-A of the Ley de Amparo, the bench of the Supreme Court must decide which criteria should prevail when there is a split either between its two chambers or among the federal appeal courts; the procedure is called *Contradicción de Tesis*. *Constitución Política de los Estados Unidos Mexicanos* [Const.], *as amended*, D.O., 5 de Febrero de 1917 (Mex.); *Ley de Amparo, Reglamentaria de los Artículos 103 y 107 de la Constitución Política de los Estados Unidos Mexicanos* [Protection Act, regulations of the Articles 103 and 107 of the Constitution of the United Mexican States], D.O., 10 de Enero de 1936 (Mex.).

346. See *Contradicción*, *supra* note 345.

347. See L.F.D.A. (Mexican Copyright Law), *supra* note 3, arts. 117, 131. However, because the rights are very similar and were added to the statute at the same time and for the same reason by the Mexican Congress, litigants may argue in future cases that the holding in this case is also applicable to performers and producers of phonograms. See generally *id.*

royalty for the public communication or broadcasting of the work is . . . not renounceable, should be interpreted in the sense that the author is not allowed to repudiate the exercise of such a right by any kind of [contract] that produces those effects, however this does not imply that [the author] is forbidden to transmit the right in live [performances].<sup>348</sup>

This tricky interpretation of the statute resulted in exactly the opposite meaning of its literal wording. The dissenting opinion argued that if the statute contains a non-renounceable right, it is because it attempts to prevent authors from renouncing their statutory remuneration rights, either through unequal bargaining positions or in response to pressures from economically powerful parties.<sup>349</sup> It characterized the majority's reasoning as interpreting the non-renounceable wording of Article 26 *bis* as applying to rights not yet in existence, or rights that have not yet entered into the patrimony of the author.<sup>350</sup> However, the dissenting justices also noted that in the Mexican legal system there are other non-renounceable rights, such as workers' salaries or child alimony, and the prevailing interpretation for non-renounceable rights is that those rights cannot be waived by contract.<sup>351</sup> The dissenting justices concluded that the wording of the statute and the legislative history indicated that the non-renounceable right should be interpreted as a right that cannot be waived by contract.<sup>352</sup>

The majority also reasoned that the remuneration right contained in Article 26 *bis* of the statute was an economic right.<sup>353</sup> While the Second Chamber concluded that the right is a different kind of right, not economic or moral, the *en banc* Supreme Court characterized the right as an economic one.<sup>354</sup> The Court noted that the legislature had established two kinds of rights, economic rights and moral rights. It recognized that

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348. *Contradicción*, *supra* note 345 at 688–89.

349. *See id.* at 698.

350. *See id.* at 694.

351. *See id.* at 695.

352. *See id.* at 700.

353. *See id.* at 657.

354. *See id.*

even if doctrine could offer other perspectives, the Court followed the one adopted by the legislature in order to resolve the issue as clearly as possible.<sup>355</sup> However, as shown in the philosophical section of this Article, the approach followed by the en banc Supreme Court went more in accordance to doctrinal interpretation, especially in regards to the continental dualistic approach. To the contrary, the troublesome “three ways” approach developed by the Second Chamber diverges from the doctrine and also from a facial interpretation of the statute.

In both decisions, great deference was given to legislative history. Both opinions quoted from the legislative draft using the example of royalty payments received by survivors of the late actor and singer Pedro Infante, arguing that no family can live or even survive on approximately four thousand pesos a year.<sup>356</sup> The concern rested on the idea that if he was one of the greatest figures of Mexican cinematographic industry, the cases could be much worse for less famous figures. However, even if both decisions relied heavily on legislative history, in the *Contradicción* decision the result was completely different because it interpreted the right as an economic one and not as an additional, different kind of right.<sup>357</sup> Moreover, the *Contradicción* case interpreted the non-renounceable wording of the statute as referring only to non-acquired rights and not prohibiting the forfeiture by contract of acquired rights.<sup>358</sup>

The Court concluded that its reading of Article 26 *bis*, and the “normative context” in which it is embedded, precluded an interpretation of Article 26 *bis* as a non-renounceable right.<sup>359</sup> By allowing authors to relinquish their statutory remuneration right for broadcasting and communication to the public, this

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355. See *id.* at 666. But as indicated above, the doctrine only recognizes monistic or dualistic approaches, not approaches focused on three different types of rights.

356. See *Cinemex* at 80; *Contradicción* at 677. However, this is an inaccurate example for the present case since Article 26 *bis* refers exclusively to authors, and according to Article 116 of the Mexican Copyright Act, an actor of a movie is considered to be covered by neighboring rights, a different set of rights in civil law. L.F.D.A. (Mexican Copyright Law), *supra* note 3. For an explanation of neighboring rights, see Barbosa, *supra* note 258, at 54–55.

357. See *Contradicción*, *supra* note 345 at 657.

358. See *id.* at 695.

359. See *id.* at 685.

decision turned Article 26 *bis* of the Copyright Act into a contradiction of NAFTA Article 1705(3),<sup>360</sup> even if no mention of NAFTA or its provisions were made in the whole decision.

Even if the *Contradicción* case seems to resolve the issue of whether a national statute contradicts NAFTA Article 1705(3), as mentioned before, the *Contradicción* case is not clear about the scope of its reasoning. In both the headings and the analysis of the judgment, it only covers Article 26 *bis*, which contains the royalty payment for authors.<sup>361</sup> However, it would not be surprising if the Supreme Court in future cases applied this reasoning to Articles 117 *bis* and 131 *bis*, allowing performers and producers of phonograms to relinquish by contract their royalty payments for any broadcasting or communication to the public. It seems that the NAFTA negotiators' goal of contractual right assurances was met. However, it was not due to any NAFTA provision, legislative will, or normative justifications behind the statute. The result was completely incidental and circumstantial. The real issue at hand was the probable clash between Article 1705 of NAFTA and traditional normative justifications behind the Mexican copyright statute.<sup>362</sup>

The relationship between a normative justification and a copyright statute in a country is not solely an academic exercise. These rationales are usually written into constitutional provisions or even judicial decisions.<sup>363</sup> Legislators and judges are supposed to understand those rationales and, after all the legal advances and interpretations they make, they should consider those rationales. Otherwise, statutes will not reflect a coherent set of principles. In the case of judicial interpretation, if judges consider those principles to be inadequate, they may correct them. However, they must expressly consider those principles to be inadequate.

Proprietary principles of copyrights present in the United States, based on utilitarianism and, to a lesser degree, property

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360. *See id.*

361. *See id.* at 653–54.

362. *See id.*

363. *See* U.S. CONST. art. 1, § 8, cl. 8 (identifying the promotion of the progress of science and useful arts as the normative justification for intellectual property protections in the U.S. Constitution).

theories, analogize the objects of copyrights to any other commodity.<sup>364</sup> Other features of these doctrinal foundations present in the U.S. Copyright Act include the minimalist implementation of the Berne Convention regarding moral rights, requirements of registration and notice, at least until the United States' accession to the Berne Convention, and work-for-hire provisions that consider the employer to be the author.<sup>365</sup> On the contrary, in civil law countries, authors' rights are considered neither personal rights nor real rights, but are based in something called personality rights, which fall under the classical Roman law division of rights.<sup>366</sup> As personality rights, authors' rights contain moral rights and establish alienability restrictions, among other things.<sup>367</sup>

From a theoretical point of view, there is no superior doctrine. Neither proprietary rights nor personality rights are better or worse. While one doctrine focuses on the economic advantages of works for the society, the other focuses on the idea of the author and his relationship to the work.<sup>368</sup> It is most important for legal actors, such as legislators or judges, to have in mind where they want to place authors' rights within their legal systems, and not to lose sight of or neglect these doctrines.

In the case of Mexico, the decisions discussed above leave no reliable precedent that is useful to predict future cases. Obviously, the *Contradicción* case must be followed by principles similar to *stare decisis*. While giving great deference to congressional wording and policies by upholding the constitutionality of the statute, the Second Chamber's decision misread underlying normative continental justifications for authors' rights and misinterpreted almost every provision of the international treaties discussed in the decision.

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364. See Netanel, *supra* note 178, at 7–8.

365. See *id.* Arguably, until recently the only alienability restriction on the U.S. Copyright Act was a termination right for the author or his heirs after thirty five years have elapsed from the signing of a grant. See *id.* However, this was not based on any continental doctrine, but rather it was because bargaining positions were unequal and because it is difficult to determine the real value of a work before it is exploited. See *id.*

366. See *id.* at 14.

367. See *id.*

368. See *id.*

## VI. CONCLUSION

When a treaty provision entirely contradicts the normative conceptions of a legal provision, or contradicts the mere foundations and understandings of legal devices, the result could be uncertain. It could result in the express rejection of a treaty provision, or it could result in the neglect of a treaty provision. There is no justification for breaching an international obligation merely because it contains provisions that are contrary to the philosophical foundations or understandings of a country's legal institution.

In the cases discussed in this Article, the results were consistent with neither doctrinal nor philosophical foundations of the statute, nor the wording and prevailing interpretation of the international treaty.