

DRAFTING AN AGREEMENT

In Mexico, contracts between exporters and their agents are not subject to government regulation. However, be careful to define the relationship with the agent clearly so that it is not construed as an employer-employee relationship, which is subject to tax and labour regulations. If the agent has the legal power to bind the Canadian exporter, this may be construed as an employer-employee relationship. In that case, the exporter would be obliged to provide the agent with a series of statutory benefits and pay taxes on the agent's income to the Mexican government.

It is important to protect the company's interests, especially if it owns proprietary technology. An agent or distributor who knows a lot about the technology could cause damage if the firm does not protect itself against divulging proprietary information.

- Are there measures in place in the agreement that has been drawn up to protect the firm's technology, ideas, patents and processes?
- Is the firm familiar with Mexican intellectual property laws? Does it know how to apply them to protect itself?
- What practical measures can be taken to preserve confidentiality or to guard against unfair appropriation of know-how?