

Mexico's intellectual property laws were changed in 1991, significantly increasing the security of licensing or transferring of trademarks, designs, know-how or processes to Mexico. The *Ley de Fomento y Protección de la Propiedad Industrial*, Law for the Promotion and Protection of Industrial Property, stipulates that:

- the initial term for trademark protection is up to ten years;
- terms for patents are up to 20 years;
- industrial designs, which encompass industrial models and drawings, receive 15 years protection, as well, protection from copyright piracy is increased significantly and extended to computer software;
- Mexico now recognizes internationally accepted markings for trademarks and copyrights; and
- stiff penalties are imposed for infractions of these laws.

FRANCHISING

The franchise can be considered a form of licensing. The franchisee is given the right to use a manufacturing or service delivery process, along with relevant business systems or trademarks, and the franchiser controls their use by contractual agreement. The franchiser is remunerated through an initial franchise agreement fee, through royalties on sales and, in some cases, through control of supplies to the franchisee.

Franchising is one of the fastest-growing industries in Mexico. Within 18 months of Mexico's deregulation of franchising in 1990, the number of franchises operating in the country grew from less than a dozen to more than 80. To date, most franchises in Mexico have been American, entering Mexico via joint ventures and master-franchise sales. Most franchises are in the hotel and fast-food industries. The protection offered by the new law on intellectual property is expected to encourage significant growth in the service and product franchise areas.

CHOOSING THE BEST OPTION

Each of the four market entry strategies has advantages and disadvantages. Much depends on the company's primary interests and concerns. Each of these strategies must be correlated to a list of typical company concerns. Canadian firms looking to enter the Mexican market can adjust their choice of entry strategy to address those issues that are of primary concern to them.