



Mexico City, January 31, 2025

Royalty Payments to Authors in Mexico

In Mexico, proper compliance in the payment of royalties and related rights is crucial for companies seeking to legally exploit third party works, as it not only avoids the imposition of penalties, but also strengthens business reputation by demonstrating commitment to good practices in the creative industry. Ignoring these obligations can result in legal and financial risks that hinder operations, while proper royalty management fosters sustainable business relationships and continued access to high-quality creative content.

For companies wishing to use third-party works, complying with royalty payments is not only a legal obligation, but also offers a number of strategic and commercial benefits. Adequate and timely payment of royalties ensures respect and recognition of creators' rights, which fosters a relationship of trust and collaboration with them. This can open up opportunities for future negotiations and access to a larger repertoire of protected works, essential for the development of quality content.

According to the Federal Copyright Law and its Regulations, royalties represent the economic remuneration that the authors, performers and interpreters involved are entitled to receive and are generated by the transmission or public communication of their works, executions and interpretations by third parties. The payment of royalties must be made directly to the right holder, through a legal representative or through collective management societies. These societies administer and protect the rights of creators, facilitating the process and ensuring that payments are made in a fair and efficient manner.

The amount of royalties is negotiated between the rights holder, or its collecting society, and the company wishing to exploit the work. If an agreement cannot be reached, the National Copyright Institute (INDAUTOR) may intervene to set the rates, taking into account industry practices and international standards. It is important to note that royalties are not always generated in all cases. Article 150 of the LFDA establishes exceptions, such as when the works are communicated through domestic devices without charging for access, are not retransmitted for profit or when the receiver belongs to a micro-industry or is a minor taxpayer.

In the Intellectual Property Area of ECIJA Mexico, we offer a specialized legal service to advise companies on how to negotiate, manage and comply with the legal obligations related to the payment of royalties. Our experience guarantees the respect of authors' rights and regulatory compliance, which is essential to maintain a legal, efficient and best practice operation within the sector.

ECIJA Mexico

socios.mexico@ecija.com

(+52 55) 56 62 68 40

www.ecija.com