

Cambridge Intellectual Property and Information Law

Intellectual Property Ordering Beyond Borders

Henning Grosse Ruse-Khan
and Axel Metzger



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INTELLECTUAL PROPERTY ORDERING BEYOND BORDERS

During the past century, intellectual property (IP) law has expanded within and beyond national borders. The field of IP law was once a niche area concerning authors, inventors, and trademark owners. Today, IP law acts as a complex regime of instruments, institutions, and actors that negotiate overlapping, diverging, and occasionally competing public policies on a global scale. As IP continues to expand beyond borders, the instruments and tools utilised for its global protection rely on public international law as the common denominator and unifying frame. *Intellectual Property Ordering Beyond Borders* provides an evaluation of the most pertinent public international law questions raised by this multidimensional expansion. This comprehensive and far-reaching volume tackles problems such as generalist approaches under the law of treaties; custom and general principles; interfaces between IP and other normative orders, such as trade and investment; and interdisciplinary accounts from the economic, political, and social science perspectives. This title is also available as Open Access on Cambridge Core.

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Intellectual Property Ordering Beyond Borders

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Preface

This book is the outcome of a two-year research project jointly hosted by the Centre for Intellectual Property and Information Law (CIPIL) and the Lauterpacht Centre for International Law (LCIL) – both at the University of Cambridge – and the Weizenbaum Institute for the Networked Society, Berlin. The concept was to go significantly beyond a mere collection of conference papers, and rather to start with a structured approach that aims at shedding light on under-researched and often ignored interfaces between IP and various generalist topics as well as critical and socio-economic discussions in international law. At the two workshops in June 2019 in Berlin and in May 2020 (virtually) in Cambridge, initial ideas, then more refined draft papers, were presented to a group of around twenty eminent scholars and experts in the field of international law and intellectual property (IP) law.

The book is aimed at filling a gap in ongoing debates that concern different aspects of IP ordering beyond borders, and which in the last two decades have rather focused on responses to new technologies, critiques of continuous expansion of IP protection and enforcement, as well as on practical matters raised by cross-border IP conflicts – in particular, the jurisdiction of courts, applicable law, coordination of international proceedings, and the recognition and enforcement of judgments. The respective projects of the Hague Conference, the World Intellectual Property Organization (WIPO), and the International Law Association (ILA) have been finalised. Against this background, this book aims to push in a different direction, perhaps to some extent a turning point in the international IP discourse, which has changed part of its focus towards the public international side of global IP ordering. Some of that public international law dimension of course has long been analysed and discussed, at least since the ‘marriage’ of IP and international trade in the 1990s, later complemented by the protection of IP rights via international investment law. The book hence acknowledges, but significantly moves beyond, the literature on IP as part of the global trading regime, and, more recently, the IP–investment interface. It does so by taking a further step back from these specific and by now well

researched interfaces, instead considering what we identify as some (but by no means all – as discussed in the introductory chapter) common denominators within public international law and theory, as applied to the protection of IP beyond borders.

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PART I

The Broad Environment for Intellectual Property Protection
beyond Borders

The International Intellectual Property System from an Economist's Perspective

Keith E. Maskus

ABSTRACT

The globalized system of protection for intellectual property rights continues to evolve, from the TRIPS Agreement and WIPO treaties to modern regulation-based preferential trade agreements. All these mechanisms require substantive strengthening of intellectual property (IP) rights, particularly in emerging and developing countries. This chapter surveys evidence on how these policy reforms have affected key economic variables, ranging from early studies of growth, research and development, and innovation to new research on trade, foreign investment, and production and knowledge networks. The evidence regarding growth and innovation does not paint a clear picture, largely due to difficulties in measurement and estimation. Considerably more research, especially at the microeconomic levels, is needed to understand the channels through which innovation is encouraged or discouraged. Recent work on how detailed trade flows and firms react to rigorous and globalized protection has unearthed numerous subtleties in the microeconomics of IP, trade, and technology transfer. This research is becoming highly granular. For example, the status of patent rules in importing countries affects the decisions of foreign firms to patent and export to those locations. Another point is that preferential trade agreements with "TRIPS-Plus" IP standards tend to expand the export of detailed, patent-sensitive goods to external countries. Patent laws also influence the development of global innovation networks.

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A. INTRODUCTION

The modern international intellectual property (IP) system has been under continuous construction since the inception, in 1995, of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) at the World Trade Organization (WTO). As one of the foundational accords establishing the WTO, TRIPS requires all member countries to meet its minimum IP standards, which are considerably more comprehensive and prescriptive than those involved in prior international agreements. TRIPS obligations are enforceable under the WTO system of settling disputes. In essence, the agreement set a policy benchmark that greatly internationalized the protection of IP rights (IPRs) as its requirements were implemented over the succeeding years.¹

Twenty-seven years later, the IP system has achieved even greater globalization through additional norm-setting in treaties of the World Intellectual Property Organization (WIPO); bilateral investment treaties among nations; and – especially – the many bilateral, regional, and “mega-regional” preferential trade agreements (PTAs) that feature elevated “TRIPS-Plus” protective standards. Prominent among the last category are the recently renegotiated North American Free Trade Agreement, the Comprehensive and Progressive Agreement for Trans-Pacific

¹ For extensive descriptions and analysis, see, among many treatments, Deere (2008), UNCTAD (2005), WIPO (2004), and Maskus (2012).

Partnership, and the Comprehensive Economic and Trade Agreement between the European Union and Canada. Together, such initiatives have considerably extended the scope of international IP protection, both in terms of coverage and substantive standards as well as with regard to enforcement requirements. They have also established a complex system of rules that are simultaneously overlapping and potentially fragmented across countries. Broadly put, the majority of poor countries are bound minimally by TRIPS, with which they sometimes struggle to comply, but remain outside the elevated system constructed via PTAs among developed and key emerging countries.

Policy reforms on this vast scale must inevitably have important economic impacts, and searching for those impacts through extensive data analysis has become a large sub-specialization within economics. Research in this area is challenging for several reasons.

First, IPRs – including patents, copyrights, trademarks, trade secrets, and numerous variations on those themes – are themselves complex policy interventions that may generate cross-cutting incentive and disincentive effects. Their purpose is to address information problems and market failures that operate both statically and dynamically. In this inherently distorted environment, policies that may enhance innovation in one set of socioeconomic circumstances can diminish competition in another. Consequently, even the manner in which a research question is framed depends on specific national and temporal conditions.

Second, IPRs are (usually) national regulations facing all forms of economic activities and sectors, unlike product-specific or sectoral taxes, subsidies, and tariffs. Cutting specific taxes directly reduces costs and would almost inevitably expand the taxed activity – such as output, trade, and investment. In contrast, increased patent scope or copyright duration has differential effects across countries and industries, with those effects being highly dependent on local conditions such as the endowments of skills, depth of financial markets, and efficacy of the judicial system. In that context, it is challenging to make theory-based accurate predictions about how national, let alone global, IP reforms may affect measurable economic activity.

Third, data limitations are endemic in this area, particularly across countries at different levels of economic development. For example, we would like to know how IP reforms affect innovation incentives and outcomes. Patent statistics offer an obvious outcome measure, but simply counting patent applications or grants fails to recognize their considerable heterogeneity, while much innovation in poor countries is not patented. Investments in research and development (R&D) are the corresponding input measure, but such data rarely exist beyond the developed and key emerging economies. Moreover, innovation should be measured at the microeconomic or firm level, and such datasets remain scarce, although they are gradually increasing in scope and availability. Little wonder, then, that much of the empirical research on incentive effects has centered on international trade, for

which data are comprehensive and reasonably consistent internationally. But even that solution runs into its own research problems, such as the technical difficulty of detecting microeconomic impacts from national reforms that happen sporadically. Beyond that, the data limitations become severe: how do we consistently and appropriately measure competition, prices, and markups, as well as entry and exit across countries?

Most challenging, however, is the essential difficulty of assigning causality from IP reforms to, first, these microeconomic factors and, second, macroeconomic concepts such as economic growth, sectoral reallocation, and inequality. All of these are critical issues about which we have little solid information and need more research. The primary reason causality is so difficult to detect is that there are many complex confounding factors that must be accounted for, not least the fact that IP policy may be endogenous to those changes. It is evident that IP policy exists and evolves in a milieu of other conditions that affect technological and cultural change and which is itself often path-dependent.²

Despite these problems, economists have made progress in studying particular questions and improving our understanding of how the evolving IP system influences economic outcomes, particularly at the microeconomic and sectoral levels. Research also has shed light on the ways in which such effects are conditional upon other economic factors. This chapter is a progress report on this research, with an emphasis on the most recent and current studies in international trade, investment, and strategic IP use. The international focus reflects my comparative advantage in studying trade, foreign investment, and technology transfer, the areas of my own inquiry. In fact, however, these areas have attracted the most research attention by empirical economists largely because of the relatively thick data sets and the likelihood that IP will leave detectable traces in trade flows. For completeness, I supplement the review with comments on important recent findings in the areas of innovation and pricing. The final portion of the chapter sets out useful directions in which this research agenda should move.

Readers may wonder about the suitability of a chapter that reviews economic analyses of the effects of IP reforms and related policies in a volume centered on the theme of public international law of IPR. One reason for this inclusion is that legal scholars in this area sometimes make strong claims based largely on intuition or common sense, without reference to available evidence. It is important, therefore, to bring to the attention of those scholars the many complex factors that matter for the economic outcomes of international IP reforms. A second reason is to alert policy-makers to the impacts, both wanted and unwanted, of changing the global IP system. Sometimes the consequences are as intended, but often they are not; furthermore, indirect effects can be dominant. The studies analyzed here should

² See Odagiri et al. (2010).

therefore inform future deliberations about IP regulation and international IP treaties.

B. COMMENTS ON IP REFORMS, INNOVATION, AND ECONOMIC GROWTH

Implicit in the discussion above is the idea that it is next to impossible to make credible claims that global IP reforms in the post-TRIPS era have materially affected international investments in R&D, invention, or literary and artistic creativity. The investment variables, if measured (poorly) at the national or broad sectoral levels, are macroeconomic; they vary primarily with the business cycle, expectations, taxes and subsidies, education, competition, and a host of other socioeconomic conditions. For example, real business expenditure on R&D among OECD countries showed no clear upward trend break after TRIPS implementation and only recently returned to shares of gross domestic product (GDP) that existed prior to the 2009–2010 financial crisis.³ Neither can strong assertions about effects on aggregate economic growth be supported by rigorous empirical research in the presence of compounding factors across countries. Moreover, IP standards and enforcement, even in this time of effective harmonization, remain sufficiently endogenous to economic conditions that identifying aggregate causal effects is challenging. The protection of IP is a regulatory incentive that is presumably important in some contexts. However, finding its traces in aggregate data has not been achieved satisfactorily, in my view.

I. *Growth Regressions*

Despite these limitations, it is worth reviewing a few recent studies in order to highlight some conclusions that are intriguing and could support further debate and research. Consider first how patent laws interact with real GDP growth. Falvey et al. (2006) studied this question using a panel of eighty countries over discrete five-year periods between 1975 and 1994, the pre-TRIPS period. The authors noted the standard arguments that the innovation gains from stronger patent rights – in terms of both new products and technology diffusion – could be offset by higher imitation costs and reduced static competition. These impacts should vary among countries at different levels of economic development and technological capabilities. The authors estimated a standard growth equation in which average real growth in GDP per capita, for each country and within each period, was regressed on several variables: initial GDP per capita, gross domestic investment, population growth, degree of secondary education in the economy, ratio of exports to GDP, average inflation rates, a measure of IP protection, and country- and time-specific fixed

³ See WIPO (2019).

effects. The IP variable was the widely used Ginarte–Park (GP) index, which essentially counts the number of patent provisions in each country’s national laws (Ginarte and Park, 1997).

In their basic estimation, Falvey et al. (2006) found no impact of IP protection on economic growth, which is unsurprising in light of the problems discussed above. Instead, they argued that if there were such a relationship, it would likely depend on threshold effects in how IP protection interacts with initial GDP per capita. In fact, they found evidence of two thresholds. In countries with real per-capita incomes below \$671 (in 2005 prices) and those with incomes above \$10,289, a rise in patent rights significantly increased GDP per capita across the time periods. Countries in the middle-income ranges experienced no effect, positive or negative. It should be noted that the estimated effects, while significant, were economically small. The authors interpreted their findings to mean that poor countries can achieve income growth through the ability of IPRs to attract foreign investment and new products from abroad, whereas rich countries gain from increased technological innovation. In contrast, the middle economies see any inward diffusion benefits offset by lower domestic imitation and competition.⁴

While these results are intriguing, as is the absence of any negative effect of IP on growth, the study exemplifies the econometric difficulties in aggregate growth estimation. No attempt was made to control for endogenous changes in the GP index, while simple fixed effects were insufficient to control for other factors that could drive these results. In short, the paper does not reliably demonstrate a causal effect. Moreover, the approach sheds no light on what precise economic mechanisms could drive the varying growth impacts, if in fact they exist.⁵

Hu and Png (2013) offered a better design by studying panels of about fifty manufacturing industries across about seventy countries, in five-year periods from 1981 to 2000, thereby bringing in a disaggregated sectoral focus and a period overlapping the early TRIPS era. Their basic specification regressed the growth in real value added at the sector–country level on several variables: initial value added, an interaction between sectoral patent intensity and national patent rights, and country and industry fixed effects. Their measure of “effective patent rights” was the product of the GP index and a national measure of contract enforcement, the Fraser Institute’s index of legal systems and property rights. The logic is that GP fails to incorporate IP enforcement and interacting it with the Fraser index – assuming it applies *mutatis mutandis* to patents – should better capture the effective scope of

⁴ This finding is reminiscent of the U-shaped relationship between GDP per capita and patent rights first noted in Maskus and Penubarti (1995).

⁵ See also Gold et al. (2019), in which economic growth was regressed on an extended index of IP protection. In the authors’ basic specification the relationship was positive and significant, but they found additional results that seem inconsistent with an IP–growth connection. For example, they found limited evidence of increased usage of IP rights after reforms, which raises questions about how policy changes actually flow through to growth.

protection. Industry-level measures of patent intensity were taken from US data and assumed to be constant across countries. The variable of interest was the interaction term: it should be that manufacturing industries with higher patent intensity grow faster than other industries in countries with strong patent rights.⁶

This expectation was born out in the study. The coefficient of the interaction variable was positive for all periods but statistically significant only for 1991–1995 and 1996–2000. Moreover, the size of this coefficient grew over time, offering some suggestion that in the TRIPS era, we may be seeing stronger manufacturing growth effects. Using 1990 figures, Hu and Png (2013) computed that a one-standard-deviation increase in effective patent rights (roughly, the difference between the regimes in Turkey and Singapore) would raise value-added growth by 0.75 percentage points, a large effect in the context of an average growth rate of around three percentage points. This effect was strongest for the most economically advanced countries. The results withstood a battery of robustness tests.

The study is noteworthy largely for its focus on detailed industries and the finding that if patent rights matter for output growth, that is true mainly for high-patent sectors and developed economies. However, the paper can be criticized for not dealing adequately with endogeneity, and it does not permit inferences about overall economic growth effects beyond manufacturing.

A more nuanced approach was taken by Kim et al. (2012). They studied the thorny question of whether different forms of technology protection, specifically invention patents versus utility models, have different effects on innovation and economic growth in developed and developing economies. For this purpose, they specified a “knowledge production function” in which the stock of knowledge (cumulated ideas) depends on the number of patents registered at the US Patent and Trademark Office (USPTO), which in turn depends on legal rights to protect the patents. The production function was specified as a growth equation, in which increases in per-capita income in each nation depend on lagged knowledge and IP applications, along with physical and human capital stocks, population growth, and fixed effects. This function was estimated together with an equation for patenting – itself a function of lagged patents, R&D spending, and a productivity term. The latter equation was augmented by a dummy variable indicating which countries had a utility model law in place, which enabled investigating whether the existence of such laws spurred patenting; that is, whether protecting utility models encouraged patentable invention. The authors demonstrated that the existence of a utility model regime was due primarily to each country’s colonial origins rather than current economic factors that would generate sample selection bias, so that inclusion of the binary

⁶ This is an example of the approach pioneered by Rajan and Zingales (1998) in their study of financial markets and growth. It is now widely used in international studies of innovation, contract enforcement, and related elements.

variable would not suffer from endogeneity problems. This careful relation between theory and estimation marks the study by Kim et al. (2012) as particularly credible.

Using their preferred estimation approach, the authors found evidence for the idea that different forms of patent rights are “appropriate” for varying development levels. First, the strength of patent rights (the GP index) had a positive and significant effect on patenting, but only for developed high-income (HI) countries. It had no evident effect on USPTO patent applications from lower-income and middle-income economies. Second, the coefficient for the existence of a utility model law increased future USPTO patent applications, but only in middle-income and lower-income economies. The effect in HI countries was negative but insignificant. In brief, protection of utility models can be an important determinant of the flow of internationally patentable inventions, a novel finding in the literature.

The next question is whether patenting activity raised the per-capita economic growth. Again, Kim et al. (2012) found that the propensity to patent in the USPTO positively affected per-capita growth, but only for HI countries. There was no effect in low-income and middle-income nations. The authors argued that this result reflected the relatively high costs of technology inputs in these countries from increased patenting, which offsets any growth benefit from stronger protection. In contrast, the existence of utility model laws had a positive and significant relationship with economic growth rates in these locations. Thus, policies protecting incremental innovations seem to correlate positively with economic growth in lagging economies. While many observers have argued for this form of tailoring IP policies to suit development needs, this study was the first credible demonstration of the empirical effects on invention and, perhaps, on growth rates.

II. Innovation

If stronger patent rights correlate with economic growth, presumably it is because they encourage innovation and technology diffusion. It remains difficult to find such causal links empirically, for reasons discussed above. Again, however, it is useful to review selected recent studies to elicit certain conclusions that seem robust.⁷

Branstetter et al. (2006) analyzed the responses of affiliates of US multinational enterprises (MNEs) to major reforms of patent laws in sixteen countries, most of them developing or emerging, between 1982 and 1999. Their event analysis considered changes in aggregate resident and non-resident patent filings in a six-year window surrounding the dates of reforms. In their econometric model, the patent reforms showed no impact on domestic applications. However, the reforms had a

⁷ For a review of earlier econometric studies, see Maskus (2012). There is also important evidence, albeit inconclusive and context-specific, from careful studies of historical innovation episodes, as discussed in Moser (2013).

significant and positive impact on foreign patent applications, both in the short and long run, raising non-resident filings in the average nation by more than 50 percent. These findings reinforced the conventional wisdom, analyzed further in Lerner (2009), that multinational firms are more responsive to increases in patent rights in developing countries than are domestic firms. This point is unsurprising, particularly when one considers that the greatest short-term beneficiaries of domestic patent strengthening are likely to be global firms seeking to deploy their technologies locally.

In an important contribution, Qian (2007) analyzed twenty-six countries that, between 1978 and 2002, implemented laws establishing patent protection for pharmaceutical products; the study examined how that move influenced innovation in the industry. Her primary innovation measure was citation-weighted drug patent applications registered in the USPTO, and the analysis compared matched country pairs that differed in whether they adopted reforms. Various national and industry control variables were included in the regressions. Qian found no significant direct impacts of legal changes on US drug patent applications, even up to ten years later. However, there were important interaction effects: countries with higher educational attainment and per-capita income as well as greater measured market freedom significantly increased such applications post-IP reforms. Qian's results suggest that the innovation impact of IPRs depends heavily on complementary socioeconomic factors. Low-income economies with limited educational attainment and technical skills as well as restricted markets are less likely to motivate more internationally protectable inventions simply by improving their IP regimes. This result is likely relevant to other patent-sensitive sectors as well, but to my knowledge, this question has not yet been studied.

Kyle and McGahan (2012) studied global pharmaceutical innovation in the periods just before and after TRIPS was negotiated. That this new regime would expand innovation incentives, especially in treatments for diseases endemic to poor countries, was a key promise by TRIPS advocates. The authors exploited the fact that TRIPS compliance occurred at different times and across countries with different relative disease burdens. This diversity enabled them to study how global disease-specific R&D investments (measured as Phase I clinical trials) were changed after TRIPS, controlling for the global market in each medicine. They distinguished global diseases (experienced in most countries) from neglected diseases (also experienced in most countries, but of greatest interest in poor regions). In this difference-in-difference (DID) setup, the authors found increases in clinical trials for drugs aimed at both types of disease after TRIPS compliance, but significantly more for drugs aimed at global diseases. They next broke down these impacts into country groups classified by income levels. Here they found no indications of an increase in clinical trials for drugs aimed at neglected diseases after TRIPS compliance was achieved within developing countries. Rather, there were significant increases in R&D spending on illnesses with a large presence in HI countries. Such findings

reinforce the fact that pharmaceutical companies are profit-seeking entities and that stronger global patent regimes are unlikely to induce more private spending on drugs that offer limited market potential.⁸

Two final papers are of interest, in that they demonstrate the reliance of innovation effects of IPRs on other factors. Aghion et al. (2015) investigated whether the innovation responses of firms to competition-raising product market reforms in the European Union varied according to the strength of national patent rights. They presented a model in which competition enhancements are complementary to patent strength in driving innovation, particularly in industries that are patent-intensive. The product market reform they analyzed was the formulation in 1992 of the Single Market Program, which worked over several years to remove regulatory barriers to trade across the European Union. This initiative resulted in considerable increases in product market integration and competition in the years before national patent laws became harmonized. The authors studied innovation responses in two groups of countries, those with stronger patent rights and those with weaker rights, in the period 1987 to 2003.

At first blush, the idea of complementarity in patents and product competition seems odd. Patents limit static competition in order to generate temporary monopoly rents, leading – in theory – to faster and deeper dynamic competition. Product competition, in contrast, should reduce market rents statically, potentially diminishing innovation incentives. However, the model of similar firms showed that a company could escape the competition through successful innovation, an incentive enhanced by patent protection. Aghion et al. (2015) were the first researchers to identify that complementarity empirically. They regressed measures of innovation (such as R&D over value added, and patents granted at the USPTO) on a product-reform variable, which was zero before 1992 and between zero and one post-1992, with the value depending on how much each industry was expected to be affected by reforms. This variable was interacted with a dummy variable over the two country groups, indicating strong and weak patents. Also included were control variables and country-year and industry-year fixed effects.

Their data included a panel of two-digit manufacturing industries, characterized as more or less patent-reliant on the basis of US data. In this DID setup, the findings showed that product market reforms did not directly raise R&D intensities, but the interaction of such reforms with patent rights was significant and positive in industries with high or medium patent relevance and located in countries with strong patent rights. However, in countries with weaker patent rights, there were no R&D

⁸ See also Bhattacharya et al. (2020), who found significant increases in pharmaceutical R&D among Indian firms after implementation of the 2002 Patent Amendments Act, which implemented TRIPS standards. There was little indication of a shift in investment resources toward neglected diseases.

impacts in either patent-relevant or other industries. These results also held true when the dependent variable was USPTO patent grants.

The paper has empirical weaknesses, particularly concerning its measures of patent strength and its limited disaggregation of industries. But it does suggest that incentives to invest in innovation are spurred by product market competition in countries with strong patent regimes. One lesson is that as developing nations strengthen their IP regimes in the hope of encouraging technological activity, they should also consider relaxing their barriers to domestic competition.

A final point to recognize is that the scope of patent rights may have differential impacts on R&D, depending on the availability and structure of financial resources to fund R&D. Maskus et al. (2019) set out a straightforward theoretical model in which costly R&D must be financed through external channels. Further, the outcome of R&D is uncertain, and investments are therefore vulnerable to shirking in a principal–agent relationship. Hence, firms could – for example – borrow in the domestic bond market, which is an arm’s-length relationship and involves little or no monitoring by creditors (the principals) of research managers at the inventor firms (the agents). Such investments are liable to carry a risk premium and to be relatively costly. Alternatively, R&D investments could be financed through bank loans and issuing equity, both of which offer greater scope for the lenders or investors to oversee the innovator’s efforts. A third possibility is that domestic innovators could arrange financing through inward foreign direct investment (FDI), becoming affiliated with international firms as a source of funding. The authors argued that patent protection can offset some of the R&D disincentives arising from limited financial development, for several reasons. Primarily, poorly developed financial systems are inefficient at allocating resources to promising investment projects with uncertain returns, particularly where intangible assets (e.g., the potential for future profits garnered through patents) cannot be collateralized. Put briefly, patents permit potential innovators to reveal more details about the nature of their R&D programs to lenders. All this suggests that the responsiveness of R&D to IP protection should be stronger in countries with limited financial development in general and with deficient equity and bank-lending markets in particular.

These questions were studied using panel data on R&D intensity in twenty-two industries across twenty OECD countries from 1990 to 2009. To implement their DID approach, Maskus et al. (2019) noted that two industry characteristics could be used to identify the interrelationships between financial development and IPRs. First, industries differ considerably in the intensity with which they register patents. Second, they vary in their dependence on external sources of finance as opposed to internal sources (retained earnings). Controlling for these two elements, the authors hypothesized that industries with higher patent intensity should be more responsive to patent protection, as in the conventional wisdom. In addition, this sensitivity should be higher in countries with limited lending and ownership markets (bank financing and equity). In contrast, the elasticity of R&D to patent strength should be

higher in countries with highly developed bond markets, where enforceable patents effectively reduce the monitoring costs.

These hypotheses were clearly born out in the econometric model, in which private business enterprise R&D intensity, by industry, was regressed on multiple variables: country-level measures of financial development; patent enforcement (the product of GP and the Fraser Index); interaction terms between the variables of interest; industry patent intensity; external financial dependence; asset tangibility; and country, industry, and year fixed effects. The results showed that the patent index itself had little effect on R&D shares. However, there was a significant and positive coefficient for the interaction between patent intensity and IP protection in countries with below-median private credit and below-median stock market capitalization (both relative to GDP). In contrast, this interaction was significant and positive for countries with above-median private bond market size. Interestingly, the same interaction was highly significant and positive for all countries when financial development was measured as the stock of inward FDI.

The authors interpreted these results to mean that patent protection effectively substitutes for inadequate direct monitoring possibilities (that is, where bank lending and stock markets are weak) and expands the access of inventors to bond financing in relatively developed economies. Most powerfully, increased availability of foreign finance through FDI works together with patents to increase local R&D incentives, at least within these OECD economies. This last result is important for it sheds light on the common finding that FDI reacts positively to patent reforms among middle-income and emerging economies.⁹

III. Summary

Before proceeding, it is worth taking stock of the messages the recent research seems to be offering. In my view these conclusions remain tentative and in need of further validation but do offer food for thought.

First, economic growth may be positively influenced by a strong patent scope, but this conclusion must be heavily qualified. Aggregate national-level growth regressions remain highly suspect for their inability to establish causality. In particular, the mechanisms for such a relationship remain understudied. Moreover, such growth impacts seem conditional in that they may exist for upper-income emerging countries and developed countries with threshold levels of education, market competition, adequate governance, and other factors. To date, there is virtually no evidence of a growth effect – positive or negative – from IP protection in poor developing economies.

Second, studies done with industry- or enterprise-level data are considerably more informative than those aggregate data. It remains technically challenging to find

⁹ See Maskus (2012) for a review.

such data, especially for the enterprise level, and to devise appropriate hypotheses and testing techniques. However, the findings of various DID approaches support the view that R&D and patenting within high-technology goods are sensitive to domestic patent rights at the microeconomic level – again when attention is limited to HI and emerging countries.

Third, types of knowledge protection, such as patents versus utility models, may matter differentially for innovation as economic development proceeds, at least beyond certain thresholds. There is empirical merit in thinking of such devices as “appropriate” or “inappropriate” IP protection.

Fourth, the ability of strong patent rights to encourage innovative activity depends on other economic factors, such as product market competition and financial development. There is a long list of such factors, including simple trade liberalization, that could alter this elasticity, which itself would vary across industries and countries. This possibility calls for more research that combines micro data with measurable policy and economic variables through models that identify such interactions. This remains a large research agenda.

Fifth, readers who pay attention to the details of this review will have seen that little of the extant research, even in recent papers, directly asks whether innovation incentives have changed in the post-TRIPS era. There are hints that they might have, again heavily conditioned by additional factors. But additional research aimed at this question is sorely needed.

Finally, there are other important research questions that have yet to be asked. I will mention just two of many. We have yet to introduce meaningfully other elements of IP protection – such as copyrights, trademarks, and trade secrets – into consistent innovation analysis. This task will necessarily be more difficult, both for reasons of limited data and conceptual ambiguities, but it should be undertaken. And economists have not yet studied systematically what has happened to competition processes in emerging and developing countries after the implementation of patent reforms. Do domestic firms leave the market, and to what extent? Are they more likely to become acquired by foreign enterprises, particularly in high-technology sectors? On what other factors do such decisions depend?

C. NEW RESEARCH IN IP PROTECTION AND INTERNATIONAL TRADE

It is fair to say that international trade economists have devoted considerable effort to understanding how IP reforms in the post-TRIPS era may be influencing international trade, FDI, and licensing, all forms of both purposeful technology transfer and learning spillovers. In some ways this focus is natural, because, for all the difficulty in isolating the innovation effects of patents, it is straightforward to argue that IPRs should encourage technology transactions across borders. After all, patents encourage innovation only indirectly by safeguarding the rights of rights holders to use, sell, and license their technologies and new products. Thus, incentive or

disincentive effects of IP reforms should be most easily detectable in international technology flows. It also helps that trade data are easily available, highly detailed, and consistently organized across countries. Finally, increases in trade and investment may, in many circumstances, be interpreted as a major form of innovation.

The role of IPRs in international trade, FDI, and licensing is the subject of many empirical studies, dating back to Maskus and Penubarti (1995). Doing justice to that literature would take up far too much space in this chapter and there are numerous published reviews available.¹⁰ In this section, I wish to highlight important new results that extend international trade research in novel directions and expand our framework for thinking about global IP. For completeness, however, I briefly summarize what might be called a consensus position among trade specialists from earlier research, including a major reference or two for each result. In much simplified form, that consensus would involve the following claims, among others.

First, significant patent reforms, including those associated with TRIPS, increase flows of high-technology exports and FDI to emerging countries that possess an existing base of human capital and some R&D capacity (Ivus, 2010). Second, these increases include positive investments in new technological activities by local affiliates of MNEs in high-technology sectors, including R&D, licensing, new product development, exports, and employment. There is also evidence of positive spillover effects for local firms (Branstetter et al., 2011). Third, MNEs are a source of considerable knowledge spillovers for upstream suppliers, and the extent of those spillovers is positively affected by IP protection (Javorcik, 2004). Fourth, international licensing responds positively to both affiliated and unaffiliated local firms, but particularly the latter (Yang and Maskus, 2001; Nagaoka, 2009). Finally, these impacts generally do not carry through to the poor developing countries. I turn next to seven important new areas of research linking IP protection to trade in crucial ways.

I. TRIPS, PTAs, and IP Reforms Increase High-Technology Exports in High-Income and Middle-Income Countries

It is intuitive that the strong IP standards imposed by TRIPS would increase high-technology exports from advanced economies to emerging and developing countries. Less expected is the robust finding in recent papers that the standards also are pro-export in emerging nations with at least moderate technological capacity. This was first noted by Delgado et al. (2013), who estimated the determinants of both imports and exports across countries in a DID framework. Specifically, they regressed sectoral imports or exports across countries on a dummy variable for the years following TRIPS compliance, along with interactions of that variable with indicators for high-IP goods and three-way interactions (also involving dummies) for

¹⁰ See Park (2008), Maskus (2012), and the update in Maskus (2019).

HI countries and for developing countries. Traded goods in manufacturing were allocated to either IP-sensitive sectors (the treatment group) or sectors that are not sensitive to IP use (the control group) for 158 countries over the period 1993–2009. The definition of high-IP goods varied across specifications, including high-IP clusters such as biopharmaceutical products, medical devices, and information-communication technologies.

The initial regressions showed that in the years after TRIPS implementation, there were large increases in high-IP exports, and this finding held true for both HI countries and developing countries (DCs). Moreover, the coefficients grew in magnitude as the years elapsed, suggesting both a significant and a time-distributed effect. Total imports of high-IP goods were also sensitive to TRIPS, but with lower coefficients. Interestingly, exports of nearly all the high-IP clusters were highly elastic to TRIPS in both the HI and DC groups. The DC imports remained relatively insensitive to this breakdown, although there were significant effects on imports from innovative countries in chemicals and information technologies. In brief, the findings suggest that TRIPS is strongly expanding the export of high-technology goods (relative to low-technology goods) from both HI and DC markets.

Maskus and Ridley (2020) extended this analysis to the trade impacts of PTAs that embody elevated TRIPS-Plus standards at the request of either the United States or the EU – the major *demandeurs* of highly protective IP standards. The researchers labeled such accords “IP-related trade agreements” (IPAs), and these have proliferated greatly in the last twenty years. Their econometric specification departed from that in Delgado et al. (2013) by, first, including both IPAs and TRIPS in the interactions; and second, setting up the control group as low-IP goods in countries that do not join an IPA, and the treatment group as high-IP goods in countries that do. Moreover, they estimated a version of the gravity trade model using highly detailed bilateral trade statistics, accounting for IPA membership of both exporters and importers. Trade flows to the major partner country were excluded in order to avoid that source of endogeneity in agreement formation. Country groups were broken down into low-income (LI), lower-middle income, upper-middle income, and HI. There were 187 countries included over the period 1995–2014, covering much of the post-TRIPS era.

Among many results in the paper, two are most novel. First, both TRIPS and IPAs have significant impacts on bilateral trade, but often these effects are more pronounced for IPAs. Both policy interventions significantly raise exports of most high-IP clusters from all country groups except LI. The effects on bilateral imports are generally insignificant, except in biopharmaceuticals and medical devices, where imports are stimulated by IPAs that involve developing and emerging countries. Second, there is a marked “comparative advantage” effect, in that IPAs tend to reduce exports of low-IP goods and raise exports of high-IP goods – at least relative to the control group of other countries.

These studies are interesting in shedding light on how trade patterns may evolve in the wake of major international IP agreements. However, they leave unanswered some fundamental questions that require considerably more research. For example, what are the channels through which trade agreements may (relatively) expand exports of high-IP products? The results in Maskus and Ridley (2020) suggest that IPAs may encourage multinational firms to increase production and exports from local affiliates, but that is only a surmise. How do local firms become competent exporters within such agreements? Does this happen because they acquire and adapt new technologies and products of higher quality? Is the export expansion the result of greater entry into exports by firms that had not been exporting?

Such questions occupy the authors of two other studies that I highlight here. Maskus and Yang (2018) estimated models, based on trade theory, of how exports of patent-intensive goods respond to national effective patent rights rather than membership in TRIPS or IPAs. The authors used trade data concorded to the standard industrial classification across 102 countries in five-year increments over the period 1995–2010, along with several industry characteristics interacted with country factor endowments and policy measures. The results showed that exports of patent-intensive goods were significantly higher in countries with stronger domestic patent rights, with some evidence of higher coefficients over time. Interestingly, the export effects in developing and emerging countries were also positive, although significantly lower than those for developed nations. In their final specification, they included additional interactions with three variables commonly thought to embody technology transfer: the inward stock of non-resident applications by technology class, within-firm imports of intermediate inputs from the United States (aggregated to industries), and industry employment in affiliates of US MNEs. All three variables increased the elasticity of exports with respect to patent rights in patent-intensive sectors. This finding suggests that all the examined variables were sources of technology transfer and quality upgrading.

The second study was by Lai et al. (2020). Their question was whether stronger IP enforcement would encourage innovation and export growth among Chinese firms during the period just after China joined the WTO. They developed a theoretical model of heterogeneous firms, in which the dividing lines separating firms that are productive enough to export, import new capital goods, and invest in new products depended both on tariff cuts and IPRs. IP protection was measured as the ratio of judicial cases in each province in which the IP owner, as plaintiff, prevailed. These figures for the early 2000s and 2006 were compiled from legal reporting sources and combined with firm-level data on exports, capital and intermediate-goods imports, and new product development. The findings supported the theory: more productive firms export and invest in capital and new products.

The model predicted that stronger IPRs would encourage more of all three activities – exports, capital importation, and new goods – among highly productive firms, while forcing less productive Chinese firms out of the market. Moreover, most

of the positive impacts should occur at the “extensive margin,” meaning new entry into those activities by firms that were not previously active in those areas. Careful estimation found results supporting these hypotheses, although there were also positive effects along the intensive margins. In brief, the combined effect of trade liberalization and patent enforcement tended to push surviving Chinese firms into higher-productivity activities and to both export and innovate more. These findings point to induced innovation as a primary channel for export growth at the micro level.¹¹

II. *IP Protection Correlates with Export Quality and Sophistication*

I noted earlier the evidence that exports of high-technology and high-IP goods to emerging economies rise significantly after IP reforms. This broad insight has been refined with more detailed trade figures and firm-level data to understand the sources of these increases. Is there a simple intensive margin effect, where existing exporters simply sell more to the same markets? Is it an extensive margin effect, where firms enter exporting and may export to new markets? Or is it the result of higher export quality, which finds more international markets and permits higher export-price markups? All of these scenarios are possible, and all contribute, as noted by Lai et al. (2020) in their paper on China.

Three recent papers have studied the characteristics of high-IP exports that increase in the wake of IP reforms. Ivus (2015) studied detailed product-level US exports to foreign destinations from 1990 to 2000. She estimated how such exports reacted to changes in patent laws abroad, measured by the GP index, which was instrumented to control for policy endogeneity. Her identifying factor was that countries that were not former colonies of European powers were required by TRIPS to strengthen their patent rights significantly more than those that were. Her statistical analysis found a significantly higher entry of new varieties of products into emerging markets with relatively stronger expansion of patent rights in the 1990s. Nearly all of this relative increase in trade came through the introduction of new products, implying that extensive margin effects dominated export growth. Put in simpler terms, developing economies with relatively greater expansion of patent rights in this period gained access to significantly more new product varieties, implying a gain from trade through enhanced choice.

Lin and Lincoln (2017) took this analysis further by analyzing confidential export data of US firms to different locations, matching those figures to firm-level data on US patents owned and industry characteristics from the Census of Manufactures. Using 1997 data, they found that just 9 percent of US manufacturing firms owned at least one patent at the USPTO. However, these firms were quite large and

¹¹ There is an emerging literature on productivity growth and exports induced by tariff cuts, exemplified by Bustos (2011), Aghion et al. (2017), and Bloom et al. (2015).

accounted for 89 percent of US manufacturing exports, demonstrating the joint concentration of size, innovation, and exporting. They estimated a simple DID model to see if firms owning patents were more likely to export to countries with stronger patent rights, measured by the GP index, than to other countries. They included several other interactions between firm characteristics and the GP index, plus additional controls and fixed effects, in the 1997 cross-section. The authors discovered that a substantial rise in a foreign country's GP index would raise the probability by 2.9 percent that a firm owning a US patent would begin exporting to that country; this increase was statistically significant. Similar results were found for patent-owning firms with relatively high average wages and skills in their employment mix. The authors extended this analysis by tracking how US enterprises chose to serve six emerging markets that engaged in substantial IP reforms, as identified in Branstetter et al. (2011). Using matched pairs analysis, with the treatment firms being those that owned a US patent, Lin and Lincoln (2017) found significantly larger increases in exports by the treatment firms, compared to other firms, to five of six reforming economies. These findings suggest that at least part of the reason for the positive export response of high-technology goods to patent reforms is that patent-owning firms choose to enter new markets. In turn, the reforming economies benefit from access to newer technologies and new products.

A third paper, by Sweet and Maggio (2015), studied the characteristics of manufactured exports from developing economies with differing levels of IPRs. The authors equated innovation with the sophistication of exports, measured by an index of product complexity at the national level. This index (ECI) measured the diversity of exports across industry classes, in comparison with a global or development-consistent standard across countries. It was computed from detailed trade data. The authors regressed ECI on the GP index, a vector of national controls, and country and year fixed effects every five years between 1965 and 2005. They found robust evidence that patent protection was positively correlated with export sophistication. In this context, emerging economies may benefit from higher export earnings after patent reforms. Again, however, this result pertained only to countries above a threshold level of initial GDP per capita. This finding supports a common theme: simply adopting stronger patent in poor countries is unlikely to generate many innovation or export benefits – as reviewed in this chapter.

III. *High-Technology Exports from Developing Countries May Be Impeded by IP Rights in Rich Countries*

Shin et al. (2016) studied an important question: is the composition of exports from developing countries (the Global South) affected by IP protection in developed economies (the Global North)? They noted that developed economies – such as the United States and the EU – have laws in place protecting their IP-owning firms from infringing imports through bans or anti-dumping actions. Thus, the possibility exists

that higher IP protection in the North could diminish imports from the South through such actions.

The authors constructed a measure of each country's level of technology (LT), defined as either the total number of foreign patents or US patents its residents own. They estimated a basic gravity model of the determinants of bilateral exports, augmented by the importer's IP protection, the exporter's LT, an interaction between those variables, and various fixed effects. IP protection was measured by the annual survey of global technology managers by the World Economic Forum.

The primary results reported by Shin et al. (2016) were intriguing. First, the importer's IP level positively affected bilateral exports, consistent with prior findings. However, the interaction term was significant and negative, suggesting that in countries with high levels of IP protection, an increase in the exporter's LT level would be met with marginal reductions in trade. When the estimation was broken into income groups, this result existed for South to North exports, but not the reverse flows. In summary, as the exports of emerging countries expanded in technological intensity, those countries found it increasingly difficult to penetrate Northern markets.

This analysis can be criticized for its use of qualitative survey data and inadequate attempts to deal with endogeneity and measurement. However, it does point to the possibility that importer patent rights and exporter technology trade may not go hand in hand. Rather, there may be other impediments to trade that assert themselves to diminish this form of competition at the margin.

IV. IP Protection Shrinks Effective Distance within Production Networks

In an insightful analysis, Keller and Yeaple (2013) studied the behavior of MNEs to illuminate the spatial barriers to transferring knowledge from headquarters to affiliates. Firms can transfer technical information either via exports of intermediate inputs (embodied knowledge) or through direct communication (disembodied). Physical distance raises costs and reduces the amount of both forms of trade. It may seem counterintuitive that costs of communication rise with distance, but there are mistakes in transmitting knowledge directly, and the severity increases with remoteness. This is one explanation for the continued prominence of within-firm business travel by engineers and skilled managers. The authors modeled these processes and, under reasonable assumptions, showed that the costs of shipping inputs fell relative to communication costs the farther away was the affiliate. As a result, the technological content of intra-firm exports among US multinationals increased significantly as the distance increased, because firms chose to ship their high-technology inputs rather than relying on disembodied means of diffusion. The prediction was born out in this empirical work with confidential US data on the operations of such enterprises.

One interesting finding that the authors did not discuss is that this substitution proposition was considerably attenuated by the strength of patent rights. Other things being equal, countries with stronger IP protection received a smaller share of embodied technology and a larger share of information transmission, raising relative affiliate sales. From this result it seems that stronger IPRs reduce the severity of the consequences of miscommunication, making firms more willing to share their technological information in disembodied form. At this point, the inference remains speculative but intriguing and further research is needed to understand why this might be.

In a complementary analysis, Piermartini and Rubinova (2018) found evidence of an important technology spillover within production networks or global value chains (GVCs). They hypothesized that new ideas flow to a country as a function of how closely that country is linked to other countries in which knowledge is generated. Their econometric model regressed patents registered through the Patent Cooperation Treaty (PCT), disaggregated into industries, among residents of one country, on several variables: domestic R&D spending, the weighted average of foreign R&D spending, national control variables, and country and industry fixed effects. The novelty is that the bilateral weights depend on various measures of networked trade linkages through vertical supply chains. These weights were computed from the World Input–Output Database, which links countries through these flows of intermediate inputs and outputs.

The authors found significant and positive spillover coefficients from weighted foreign R&D to domestic patent applications. In their main specification, they computed that a one-standard-deviation increase in GVC linkages raised PCT patenting by 5 percent, which held for both developed and emerging countries. Thus, countries that have firms linked closely to GVCs have higher innovation profiles. It is also noteworthy that the regressions showed a significant and positive effect of domestic patent protection on patenting.

V. *The Specifics of Patent Protection Matter for Trade Flows*

A final novel and important paper is Palangkarya et al. (2017). These economists, reviewing the literature on patent rights and trade, wondered what specific features of patent regimes affect microeconomic trade flows. Rather than using a national patent-law index such as the GP measure, they studied patent examination records in many countries and developed two measures of the difficulty of achieving patent protection in various destination jurisdictions. These measures included (i) bias at examination offices against foreign applicants who propose to export if they receive protection and (ii) the existence of patents owned by others that might block imports even if new patents are granted. These measures were included as “trade costs” in a gravity trade model of bilateral imports at the detailed industry level, estimated from 1976 to 1999 across 189 exporters to several locations where examination records and extant patents could be accessed. The authors distinguished industries as being high-

tech, medium-technology, or low-technology, and they hypothesized higher impacts in the first two groups.

Their regressions found significant and negative coefficients for both examiner bias and the likelihood of patent blockage on bilateral trade. This was true for all types of goods, but the coefficients were considerably larger for high-technology and medium-technology goods than for low-technology. From this evidence, it appears that specific elements of patent policy have strong effects on bilateral trade. Exporters of high-technology and medium-technology goods are particularly concerned about encountering lawsuits from blocking-patent owners if they export to countries where that action is a threat. Examination bias against foreign inventors similarly deters exports, suggesting that firms are aware of this problem. Their study was, to my knowledge, the first to combine trade data with patenting processes to achieve a microeconomic explanation for the correlation between exports and patent standards. It should stimulate an extended literature going forward.

VI. *Patent Rights and Global Innovation Networks*

One of the most significant, yet so far understudied, global trends in information diffusion is the growth of international networks across which R&D investments are made, whether to achieve local innovation or to collaborate on global technology solutions by specializing R&D resources. These global innovation networks (GINs) arose in good part within multinational enterprises seeking to maximize their innovation profits, but today they may involve collaboration across private firms, universities, public research laboratories, and charitable foundations (Maskus and Saggi, 2013). In these contexts, GINs may be uniquely poised to address critical public-goods issues requiring extensive international cooperation and skill specialization, ranging from vaccines to environmentally sensitive technologies.

Of greatest interest for this chapter are the roles played by MNEs in this globalization of research efforts. The traditional conception is that such firms have engaged in so-called headquarter services, most prominently R&D and marketing, the fruits of which could be spread at low cost among producing facilities in different countries. This insight cast MNEs as the core of the knowledge-capital model of FDI (Markusen, 2002). In brief, such firms concentrated R&D in their home location but transferred their knowledge-based advantages to reduce costs or introduce new products in foreign markets. The resulting FDI could either be horizontal, designed to sell similar products in local markets, or vertical, seeking lower factor costs, such as low-wage labor. Over time, as the costs of transferring technologies fell due to better information and communication technologies and the gains to producing abroad rose due to tariff cuts, this process evolved into extensive offshoring through complex production networks (Baldwin, 2016).

The emergence of R&D networks within MNEs was perhaps natural in this context (Branstetter et al., 2018). Early investments in R&D-based affiliates focused

on developing capacity for local adaptations of international technologies, complementing horizontal FDI. While this process transferred considerable knowledge abroad, it was not aimed at building deep local research capacities, although to some degree such capabilities emerged endogenously.

More recently, however, many MNEs have built major R&D centers in large emerging markets, primarily China and India, for more complex reasons, four of which stand out. First, these countries are producing large volumes of skilled workers with sufficient research and engineering proficiency to sustain large facilities with global inventive potential. Moreover, the governments have invested in complementary research infrastructures, including technologically advanced universities and public research facilities. Second, increasingly restrictive limitations on bringing technical workers to the United States and other technology hubs have encouraged firms to seek and employ talented inventors and scientists in the home locations of those employees.

Third, the process of invention itself is now so complex, with knowledge combined across multiple scientific and engineering disciplines, that the specialization of tasks within international R&D networks is considerably more efficient for firms than is using generalists situated within concentrated innovation centers in a headquarter location. Finally, the increasing application of modular software to technical problems has made it easier to split research tasks among specialized locations, raising the productivity of R&D (Branstetter et al., 2019). Indeed, the abundance of software engineers in China, India, and Israel explains why these countries have become major sources of global innovation mediated through MNEs, as indicated by the rapid growth of co-invention measured by international patent statistics listing multiple inventors across facilities within such firms.

I am unaware of formal econometric studies that establish a clear role for IP protection in encouraging R&D networks, a question that deserves careful analysis. After all, China is the source of considerable irritation among Western policymakers regarding its selective enforcement of the IPRs of foreign investors. In contrast, Israel has strong IP protection, and India is noted for its copyright strength. Making firm conclusions about these linkages is, again, problematic. However, given the evidence reviewed earlier regarding a positive association between patent laws and the FDI of high-technology MNEs, it seems likely that IP is a contributing factor in decisions about where to locate R&D facilities and how MNEs try to safeguard the outcomes of local R&D programs.

D. CONCLUDING REMARKS

In this chapter, I have reviewed recent statistical studies of the roles that the global IP system seems to play in encouraging innovation and shaping international trade and investment flows. This complex literature may fairly be summarized as follows. First, it remains challenging to demonstrate rigorously that the strength of IP protection, itself difficult to

measure, is a strong causal determinant of innovation. However, recent work points in that direction, with the important caveat that any such impacts depend on threshold levels of economic development, human capital availability, and market demands in a country. They depend as well on the surrounding economic framework, including competition, product regulation, financial development, and other factors. At the most basic level, IPRs do not have detectable influences on innovation or creativity in poor countries. Their incentive effects are the preserve of emerging and higher income countries.

Second, IPRs correlate positively with high-technology trade regarding both imports into developing and emerging countries and exports from those countries. In my view, there is sufficient evidence to claim that these effects are causal in important ways. Policy reforms associated with both TRIPS and membership in IP-related PTAs favor the growth of high-IP exports compared to other products and countries. Such reforms also encourage trade growth at the extensive margins, generating greater variety gains in importing countries that implement them. At the same time, IPRs can deter trade in important ways, a factor that is only beginning to be understood through careful statistical analysis. Finally, IP protection facilitates technology transfer through FDI and production networks, with recent evidence suggesting these dynamics complement the development of R&D sharing across borders. These various results support an earlier claim of mine that the global IP system improves the “plumbing” of the global architecture for formal technology transfer (Maskus, 2012).

While interesting, such findings are not yet definitive and require further study. And there are many additional questions that should be analyzed as data become available. For example, what are the precise mechanisms through which these IP policies may create high-technology exports and new products aimed at additional markets? At present, that question remains largely a black box. Opening the box will require combining microeconomic data of firms across countries, linking their trade and investment flows with measures of technological inputs and outputs. A large research agenda remains.

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Cast into the Stones of International Law

A Critique of the UPOV Standards in the Light of Scientific Insights and Policy Shifts toward Agroecology and Natural Farming

Mrinalini Kochupillai and Julia Köninger

ABSTRACT

This contribution critically considers how assumptions underlying international treaties on intellectual property (IP) reflect, and impact upon, realities. International IP treaties and international agreements that set minimum standards and so harmonize and co-ordinate norm-setting among and within states, frequently codify underlying assumptions about the social, economic, cultural or environmental utility of the standards they aim to globalize. While these assumptions may be correct in particular territorial, historical and socio-economic contexts, once they are engrained in standards that are cast into the stones of international treaty law, they become global norms that are at best difficult, and at times factually impossible to implement, amend or adapt. In worst case scenarios, the habitual implementation of such laws can lead to significant socio-economic, cultural and environmental deterioration. Whenever an implementation of such standards does not materialize the underlying assumptions, the global norms ultimately become redundant, which more broadly challenges their legitimacy. Using the international protection of plant varieties as an example, this

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contribution critically reviews the assumptions built into the UPOV treaty regime and whether they are supported by science and empirical research on biodiversity, food security, nutrition and seed sovereignty. Contrary to expectations, this redundancy may extend beyond the context of biodiversity-rich countries of the Global South into countries of the Global North that are also struggling with (agro)biodiversity losses and climate change.

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A. INTRODUCTION

An ancient Indian proverb says that “[i]t is because lions are lazy, snakes are scared, and intellectuals have difference of opinions, that there is happiness on the planet.”

This proverb highlights the importance of diversity¹ in opinions, approaches, interpretations, and perspectives – whether it be in economic, social, political, regulatory, or scientific discourse. Diversity is not only critical for the growth and development of any democracy but also for the evolution of social, economic, legal, and scientific thought. Needless to say, diversity is also critically important for innovation.

The central relevance of diversity for innovation is particularly obvious in the agricultural seeds sector.² Yet, international intellectual property (IP) regulations in this sector have long assumed that “uniformity” and “homogeneity”³ rather than “diversity” and “heterogeneity,” are of central relevance for the protection and incentivization of innovation. With this assumption, several other assumptions have followed, particularly the assumption that only plant breeders in the formal sector⁴ – but not farmers in the informal sector – can innovate and create new plant varieties that are capable, inter alia, of ensuring food security.⁵

Yet, this assumption and the focus on “uniform” and “stable” seeds has led to an alarming loss in crop biodiversity (and associated diversity in human nutrition) over the past century. According to estimates from the United Nations Food and Agriculture Organization (UN FAO), more than 75 percent of crop genetic diversity has been lost since the widespread adoption of conventional agriculture based on a very few crop varieties.⁶ Today, 75 percent of the world’s food derives from only twelve plants; world nutrition is primarily based on ten crops, of which three – rice, corn and wheat – contribute nearly 60 percent of the calories and proteins obtained by humans from plants.⁷

¹ Sanskrit proverb quoted and explained by R. Shankar, “Learning From Mistakes,” 2014, www.artofliving.org/wisdom/learning-from-mistakes (last accessed May 27, 2021).

² Mrinalini Kochupillai, *Promoting Sustainable Innovations in Plant Varieties*, vol. 5 (Springer, 2016), pp. 11–14; K. Rerkasem and Michael Pinedo-Vasquez, “Diversity and innovation in smallholder systems in response to environmental and economic changes,” *Managing Biodiversity in Agricultural Ecosystems*. Columbia University Press, NY (2007), p. 362; Eric J. B. von Wettberg et al., “Ecology and genomics of an important crop wild relative as a prelude to agricultural innovation,” *Nature Communications* 9, no. 1 (2018), p. 9.

³ From a commercial perspective, replicability and scalability determine the success of a variety. “Scalability” implies without the loss of uniform and distinctive features by which one can tell a seed and its produce apart from those of others.

⁴ Seed sector innovators have been classified into two groups: (i) formal innovators, i.e., plant breeders affiliated with universities, research institutions or the seed industry, and (ii) informal innovators, i.e., farmers (particularly small and marginal farmers, who constitute almost 80 percent of the farming community in the Global South). See Shawn McGuire and Louise Sperling, “Seed systems smallholder farmers use,” *Food Security* 8, no. 1 (2016), p. 180.

⁵ Food and Agriculture Organization of the United Nations, The seed sector and food security (2001), www.fao.org/3/Y2722E/Y2722eod.htm (last accessed June 06, 2021).

⁶ FAO, “What is happening to agrobiodiversity?” (1999), www.fao.org/3/y5609e/y5609e02.htm (last accessed June 06, 2021).

⁷ *Supra* note 6.

Further, international IP regulations, particularly the UPOV Plant Breeders' Rights (PBR) regime, also assume that managing the genetic makeup of seeds (i.e., ensuring genetic purity, uniformity, and stability) and protecting the resulting varieties with PBRs, patents, or a combination of the two, is adequate to optimally protect, and thereby incentivize, seed innovations; notably, seed innovations by the formal sector. What is emphasized by the UPOV and PBR regime, therefore, is the "internal environment" of a seed. In practical reality, however, to manifest the goodness (or the best) of the uniform and stable internal seed environment, the external environment has to be carefully managed and maintained by those who buy and use the seeds. If this is not done, the internal genetic environment of the seed fails to deliver on its promised goodness (e.g. in the form of high yields). In other words, uniform and stable seeds only perform *ceteris paribus*.

The UPOV–PBR regime therefore also presumes that it is possible, in all or most circumstances, to meticulously manage the external environment a seed is faced with (e.g. in terms of optimal irrigation, fertilizer and pesticide usage, and soil quality). This assumption is a rather hefty one, largely divorced from the realities of marginal environments and subsistence farms, which include over 40 percent of the Earth's drylands, particularly in Africa (13×10^6 km²) and Asia (11×10^6 km²).⁸ Even within the European Union, 29 percent of the agricultural area is farmed in marginal environments.⁹

Further, the existing system that mandates a focus on uniformity and stability to incentivize and protect innovations excludes farmers in the informal sector from the seed innovation landscape in two ways. First, the system fails to recognize the fact of farmers' innovations (i.e., farmer-selection-based in-situ improvements in seeds from generation to generation).¹⁰ Second, by regulatory or policy-driven insistence on the cultivation of "uniform" seeds, which by definition have narrow genetic makeups, the possibility of (downstream) innovations by farmers is severely restricted.¹¹ Yet, perhaps ironically, the possibility of both (upstream) informal and (downstream) formal innovations increases if the starting point is genetically variable, indigenous and heterogenous seeds.

Assumptions that underlie international treaties are expected to reflect, as well as impact upon, realities. This is equally true for international IP treaties and various

⁸ Robin P. White, Daniel B. Tunstall, and Norbert Henninger, *An Ecosystem Approach to Drylands: Building Support for New Development Policies* (World Resources Institute, 2002), p. 2.

⁹ B. Elbersen et al., "Mapping marginal land potentially available for industrial crops in Europe" (paper presented at the 26th European Biomass Conference & Exhibition, 2018), p. 72.

¹⁰ See for example, the story of HMT Rice, as well as Farmers' Varieties application trends in India, in Kochupillai, *supra* note 3, pp. 113–22. See also Mrinalini Kochupillai, "Is UPOV 1991 a good fit for developing countries?" in *Innovation Society and Intellectual Property*, ed. J. Drexler and A. Sanders (Edward Elgar, 2019a), p. 44.

¹¹ Kochupillai, *supra* note 10; Zewdie Bishaw and Michael Turner, "Linking participatory plant breeding to the seed supply system," *Euphytica* 163, no. 1 (2008).

international agreements that set minimum standards aimed at harmonizing and coordinating norm-setting among and within states. These assumptions, as well as the (minimum) legal standards they result in, are of a scientific, socio-economic, political or mixed nature, depending on the subject matter of the treaty or agreement. Therefore, international treaties and agreements frequently codify the underlying assumptions about the social, economic, cultural and/or environmental utility of the standards they aim to globalize.

These assumptions may be correct in particular territorial, historical, scientific or socio-economic contexts. However, once they are engrained in international standards that are cast into the stones of international treaty law, they become global norms that are at best difficult, and at times even factually impossible to implement, amend or adapt to suit local realities. In worst case scenarios, the habitual implementation of such laws can lead to significant socio-economic, cultural, as well as environmental deterioration. Empirical research has revealed, for example, that innovations in the agricultural seed sector, supported by IP laws and associated seed replacement policies, have gradually eroded the culture of farmer-to-farmer seed sharing and seed exchange.¹² This culture was crucial for in-situ seed conservation and farmer improvement of seeds from location to location and generation to generation. Habitual implementation of such laws can also distort and artificially limit scientific research endeavors and reduce, rather than optimize, equitable and inclusive innovations by all potential innovators.¹³ At the same time, whenever the implementation of such standards does not lead to the materialization or manifestation of the underlying assumptions, the global norms may ultimately become redundant, more broadly challenging their legitimacy.

Using the international protection of plant varieties as an example, this contribution critically reviews the assumptions built into the UPOV treaty regime. It examines whether those assumptions are supported by current science and empirical research on the importance of (agro)biodiversity for sustainable agriculture, food security, and nutrition. The article also highlights recent regulations and policies that embrace emerging scientific findings and empirical trends and indicate a possible future trend toward the redundancy of norms. Contrary to expectations, this redundancy may extend beyond the context of biodiversity-rich countries of the Global South into countries of the Global North that are also (and perhaps more severely) struggling with (agro)biodiversity losses and climate change.¹⁴

¹² Kochupillai, *supra* note 2, pp. 222, 226.

¹³ Kochupillai, *supra* notes 2 and 10.

¹⁴ WWF, LIVING PLANET REPORT 2020 – Bending the curve of biodiversity loss, WWF (2020), www.zsl.org/sites/default/files/LPR%202020%20Full%20report.pdf (last accessed June 06, 2021).

I. *Research Questions*

This contribution was guided by the following research questions:

1. What scientific presumptions underlie the UPOV treaty and the PBR regime it establishes?
2. What scientific presumptions underlie the Convention on Biological Diversity (CBD) and the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)?
3. What is the scientific and historical basis of the regulatory focus on uniformity or homogeneity and stability? Does this focus correspond with current and emerging scientific understanding of how sustainability can be ensured in agricultural production and innovation?
4. In what way, if at all, does agricultural biodiversity support food security and seed-related innovations?

These questions are explored in this paper with a relatively long-term perspective. The aim is to determine whether a fundamental rethinking of international IP regulations is called for to promote and incentivize what has been previously referred to as “sustainable innovations” in plant varieties.¹⁵

II. *Arrangement of the Paper*

The paper is arranged as follows. Following this introduction, **Section B** briefly explores the assumptions that underlie the UPOV agreement and the PBR regime it establishes. Specifically, **Section B** discusses the meaning and scope of the key terms under PBR regimes, giving special attention to the historical scope of the term “variety” and the scientific and commercial basis of the focus on “uniformity” (or homogeneity) and “stability.” **Section C** explores the assumptions underlying the CBD and the International Treaty on Plant Genetic Resources for Food and Agriculture (the ITPGRFA, also known as the Seed Treaty). **Section C** specifically discusses the scientific basis of the importance given to “diversity” (contained in landraces and farmers’ varieties) and “traditional knowledge” in the CBD and the Seed Treaty. **Section C** also looks into current scientific research that highlights the importance of and the inter-relationship between seed and soil (microbial) diversity for the performance of indigenous or heterogenous seeds in marginal environments. A related point is the limited utility of “uniform” seeds in such environments and in the face of climate change.

In **Section D**, the value of traditional (ecological) knowledge vis-à-vis protection and enhancement of agrobiodiversity (i.e., seed and soil microbial diversity) is explored in the context of the natural farming (NF) movement in India. **Section**

¹⁵ Kochupillai, *supra* note 2, p. 15.

E concludes with exploring recent legislation in Europe that indicates a sort of “return to innocence,” focusing, once again, on the importance of local seed and food diversity in the face of climate change and the ongoing global pandemic. Section E also makes recommendations for further research and highlights the need to urgently redirect international effort toward more diversity, supporting “minimum standards” in IP and associated regulations.

B. ASSUMPTIONS UNDERLYING UPOV

I. (Botanical) Varieties versus (Legal) Varieties

The International Union for the Protection of New Varieties of Plants (UPOV) was established by the International Convention for the Protection of New Varieties of Plants (UPOV Convention). The Convention itself was adopted in Paris in 1961 and was revised in 1972, 1978 and 1991. According to the UPOV website, “UPOV’s mission is to provide and promote an effective system of plant variety protection, with the aim of encouraging the development of new varieties of plants, for the benefit of society.”¹⁶

The UPOV focuses on promoting and protecting new “plant varieties.” The term “plant variety” is considered to have neither a scientific nor a botanical origin.¹⁷ Its origin as well as rise to popular usage are usually traced to the UPOV Convention of 1962. However, the term “variety” has a legal as well as a botanical origin. In the legal context, the term “variety” was indeed defined, perhaps for the first time, by UPOV,¹⁸ under Article 2.2 of its 1962 Act, which states:¹⁹ “For the purposes of this Convention, the word ‘variety’ applies to any cultivar, clone, line, stock or hybrid which is capable of cultivation and which satisfies the provisions of subparagraphs (1) (c) and (d) of Article 6.” Article 6(1)(c) and (d) go on to describe the “homogeneity” and “stability” requirement that every “cultivar, clone, line, stock or hybrid” must fulfill to be deemed a “new variety” and to qualify for protection:

¹⁶ www.upov.int/portal/index.html.en.

¹⁷ European Patent Office, “Definition of the term ‘plant varieties,’” ed. Case Law of the Boards of Appeal. www.epo.org/law-practice/legal-texts/html/caselaw/2019/e/clr_i_b_3_1_1.htm (last accessed November 21, 2021).

¹⁸ See Sabine Demangue, *Intellectual Property Protection for Crop Genetic Resources: A Suitable System for India* (Herbert Utz Verlag, 2005), p. 18.

¹⁹ It is relevant to note that there existed a legal definition of “plant variety” from the year 1962 at least. Several cases in the European Union also have accepted that the concept of “Plant Varieties” has been borrowed from the UPOV convention. See Demangue, *supra* note 18, p. 132, citing T 320/87 (Hybrid Plants/Lubrizol) point 12 of the reasons; T 49/83 (Propagating material/CIBA-GEIGY) point 2 of the reasons; T56/93 (Plant Cells/PLANT GENETIC SYSTEMS), point 23 of the reasons; G 1/198 (Transgenic Plants/NOVARTIS II), point 3.1 of the reasons.

- (c) The new variety must be sufficiently homogeneous, having regard to the particular features of its sexual reproduction or vegetative propagation.
- (d) The new variety must be stable in its essential characteristics, that is to say, it must remain true to its description after repeated reproduction or propagation or, where the breeder has defined a particular cycle of reproduction or multiplication, at the end of each cycle.

In the European Union, the Biotechnology Directive²⁰ clarifies the meaning of (plant) varieties by stating that “a variety is defined by its whole genome and therefore possesses individuality and is clearly distinguishable from other varieties.”²¹ Recital 31 adds that “a plant grouping which is characterized by a particular gene (and not its whole genome) is not a plant variety.”²² The 1991 Act of UPOV substantially modified the definition of “variety” and replaced the “homogeneity” requirement with the “uniformity” requirement. UPOV 1991 states:

- (vi) “variety” means a plant grouping within a single botanical taxon of the lowest known rank, which grouping, irrespective of whether the conditions for the grant of a breeder’s right are fully met, can be
 - defined by the expression of the characteristics resulting from a given genotype or combination of genotypes,
 - distinguished from any other plant grouping by the expression of at least one of the said characteristics and
 - considered as a unit with regard to its suitability for being propagated unchanged;

Thus, under the legal definition, in order to be deemed a “variety,” (i) the plant grouping must exhibit specific characteristics that result from a given genotype, that is, from the “internal environment” of the seed as a whole, or in other words, from its entire genome and not due to the expression of a particular gene; (ii) these characteristics (or at least one of them) should help distinguish it from any other plant grouping; and (iii) the plant grouping must be capable of propagating itself unchanged.

It is in the context of botanical taxons and ranks mentioned in the above legal definition of “variety,” that one can also find the botanical meaning of the term. The International Code of Nomenclature for Algae, Fungi and Plants²³ places the term

²⁰ Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions (Biotechnology Directive).

²¹ See Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions, Recital 30, Official Journal L 213, 30/07/1998, pp. 13–21 (1998). See Demangue, p. 133 *supra* note 18.

²² See Demangue, *supra* note 18, p. 133.

²³ Chapter 1, Article 4.1 of the International Code of Nomenclature for algae, fungi and plants states: 4.1. The secondary ranks of taxa in descending sequence are tribe (tribus) between family and genus, section (sectio) and series (series) between genus and species, and variety (varietas) and form (forma) below species. See ISHS Secretaria, “The International Code of Nomenclature for Cultivated Plants (ICNCP)” (2009), <http://www.ishs.org/scripta-horticult>

“variety (*varietas*)” as the category in the botanical nomenclatural hierarchy that comes between species and form (*forma*).²⁴

This botanical usage of the term “variety” pre-dates the adoption of UPOV and has been defined differently by various notable botanists. The emergence of the term was highly influenced by Darwin’s work on the evolution of species.²⁵ One of the earliest definitions of “variety” was by Linnaeus, who in 1753, in the *Species Plantarum*, defined “variety” as “a plant changed by accidental cause due to the climate, soil, heat, wind, etc. It is consequently reduced to its original form by a change of soil. Further, the kinds of varieties are size, abundance, crispation, colour, taste, smell. Species and genera are regarded as always the work of nature, but varieties are more usually owing to culture.”²⁶

The reference to “culture” in the botanical definition of “variety” is significant as it indicates the very localized nature of a “variety” and that various cultural contexts can lead to the evolution, in various geographies, of diverse varieties belonging to the same species (or sub-species). The interpretation of Linnaeus’ work by Fernald (1940) confirms this understanding. Fernald opined that Linnaeus “generally designated as varieties indigenous plants which he considered to be natural (often geographic) variations within the broad limits of his specific concept.”²⁷ In later works, botanists have distinguished between “sub-species” and “varieties,” with the former term used to indicate “major morphological variations” or “variations of greater value,” while the latter indicates “minor ones [variations].”²⁸

Asa Gray, a leading botanist in nineteenth-century America, however, said in 1836 that “any considerable change in the ordinary state or appearance of a species is termed a variety. These arise for the most part from two causes, viz.: the influence of

[turae/international-code-nomenclature-cultivated-plants-ninth-edition](#) (last accessed June 06, 2021).

²⁴ Life forms are grouped or classified using a taxonomic hierarchy. The taxonomic rank “life” is followed by “domain,” “kingdom,” “phylum,” “class,” “order,” “family,” “genus,” and “species.” In the plant kingdom, the rank of species is followed by “subspecies,” “variety,” and then “form.”

²⁵ Karen Hunger Parshall, “Varieties as incipient species: Darwin’s numerical analysis,” *Journal of the History of Biology* 15, no. 2 (1982), p. 199.

²⁶ As translated by Ramsbottom in 1938, see J. Ramsbottom, “Linnaeus and the species concept,” *Proceedings of the Linnaean Society of London* (1938), pp. 192–219, p. 199. See also Robert T. Clausen, “On the use of the terms ‘subspecies’ and ‘variety,’” *Rhodora* 43, no. 509 (1941): p. 159.

²⁷ Merritt Lyndon Fernald, “Some spermatophytes of eastern North America,” *Contributions from the Gray Herbarium of Harvard University*, no. 131 (1940) cited in Clausen, *supra* note 26, p. 160.

²⁸ Others, however, disagreed with Fernald and found Linnean varieties had little to do with geographic limitations but were “minor variations in colour, leaf-cutting, crispation, pubescence, habit and similar characters,” although an “occasional one is geographically significant.” See Clausen, *supra* note 26, p. 160. Also, the American Code of Botanical Nomenclature (1907) used the term “subspecies” for variations, and relegated the term “variety” to horticultural usage (see Clausen at page 163, quoting from the American Code of Botanical Nomenclature).

external circumstances,²⁹ and the crossing of races.”³⁰ Here we see, therefore, that before the era of genetic engineering rose to prominence, varieties were known to result not just from “crossing” (i.e. breeding activities that seek to change the “internal environment” of the seed) but also by natural environmental factors (i.e. the “external environment” to which a seed is subjected). In other words, it is not just the “internal atmosphere” of a seed, but also its external environment that determines its characteristics.

Indeed, today geneticists confirm that the seed’s external environment – which contributes specific nourishment, inter alia, through soil and manure quality as well as biotic and abiotic stressors – determines which genes will express themselves and which will remain dormant.³¹ This principle is particularly relevant when the seed’s internal genetic environment has not been artificially narrowed with the aim of ensuring “uniformity” and “stability” in specific external conditions.

Undoubtedly, the term “variety” is now less frequently used in the field of botany,³² with preference given to the more important differences reflected under the taxonomic ranks of “species” and “sub-species”. However, it is important to note that the botanical term “variety,” which reflects “minor” differences, does not presuppose “uniformity” or “stability” either within the same farmland (due to shifting environmental circumstances) or across various geographic, environmental, soil type and other factors. In fact, within specific species and sub-species, a variety (in the botanical sense) can be expected to naturally display different characteristics depending on various external factors and influences. Further, the changes seen in any such botanical “variety” can originate from the work not just of plant breeders but also of farmers, inter alia, based on cultural preferences and environmental expediencies.

It is, therefore, quite interesting that some countries, while following a definition of variety that is very close to the above UPOV definition,³³ also recognize a different category – called “farmers’ varieties.” In India, for example, “farmers’ varieties” are defined to include landraces and wild relatives of a variety. To this extent, the Indian law seems to include both the legal and botanical understanding of “variety” within its scope. Section 2(1) of the Indian law states:

²⁹ See also discussion under Section B. II. of this chapter.

³⁰ Asa Gray, *Elements of Botany* (G. & C. Carvill & Company, 1836) as cited in Kuang-Chi Hung, “Finding Patterns in Nature: Asa Gray’s Plant Geography and Collecting Networks (1830s–1860s)” (2013), doctoral dissertation, p. 77.

³¹ Ya-Nan Chang et al., “Epigenetic regulation in plant abiotic stress responses,” *Journal of Integrative Plant Biology* 62, no. 5 (2020), pp. 575–576.

³² By the early 1900s, the term “variety” started being disfavored by botanists due to its broad and non-specific nature, often indicative only of “minor” differences. Indeed, various experts opined that the most important unit under the rank “species” should be the “ecotype,” carefully determined by experiment and by plotting distributions on maps and analyzing specimen plants both cytologically and genetically. It is noteworthy here that botanists can often detect “geographic and ecological variations” of ecotypes that are classified as taxonomic subspecies. Clausen, *supra* note 26, pp. 163–164.

³³ But which excludes “combination of genotypes” under the first bullet point.

- 2(l) “farmers’ variety” means a variety which
- (i) has been traditionally cultivated and evolved by the farmers in their fields; or
 - (ii) is a wild relative or land race of a variety about which the farmers possess the common knowledge;

Wild relatives and landraces³⁴ differ significantly from UPOV’s “varieties” because they can and do change during the course of repeated cycles of propagation. This change occurs as a result of the genetic variability inherent in heterogenous (as opposed to homogenous) propagation materials (such as seeds), and is triggered, inter alia, by external circumstances such as climate change, pest attacks, drought or flood conditions. While genetic variability makes landraces and farmers’ varieties more robust in the face of biotic and abiotic stresses, it is antithetical to “uniformity” and “stability” requirements, which are pre-conditions for the grant of PBR certificates under UPOV.

II. *The Scientific (Ir)rationality of the DUS Requirement*

The test of distinctness, uniformity, and stability (DUS) is referred to as the “DUS requirement.” The legal concept of uniformity can be traced back to the “homogeneity” requirement under the 1962 UPOV Act, which became “uniformity” in the later Acts. Hence, UPOV 1991 (Article 8) defines a “uniform” variety rather generally: ‘A variety shall be deemed to be uniform if, subject to the variation that may be expected from the particular features of its propagation, it is sufficiently uniform in its relevant characteristics.’

The regulatory focus on uniformity can be traced back to the (re)discovery of Mendelian genetics in the early 1900s³⁵ Gregor Johann Mendel published his understanding of the laws of heredity in 1865. However, the dissemination of the findings in the scientific and political community followed only in 1900, rediscovered by K. E. Correns, E. von Tschermak and H. de Vries.³⁶ They rejected “breeding methods inspired by Darwin’s evolutionary theory” as “scientifically

³⁴ A landrace is defined as a “dynamic population of a cultivated plant that has a historical origin, a distinct identity and lacks formal crop improvement, as well as often being genetically diverse, locally adapted and associated with traditional farming systems” in Tania Carolina Camacho Villa et al., “Defining and identifying crop landraces,” *Plant Genetic Resources* 3, no. 3 (2005), pp. 373, 381.

³⁵ Christophe Bonneuil, “Seeing nature as a ‘universal store of genes’: how biological diversity became ‘genetic resources’, 1890–1940,” *Studies in History and Philosophy of Science Part C: Studies in History and Philosophy of Biological and Biomedical Sciences* 75 (2019), p. 3.

³⁶ Michael Blakeney, *Intellectual Property Rights and Food Security* (Cabi, 2009), p. 79.

unsound” and not feasible for practical breeding³⁷ and focused instead on Mendel’s theory of heredity based on the stability of genes.³⁸

Johannsen emphasized the purity of genetic material;³⁹ he considered “the genotype as a whole as the elementary species and the pure line, as the key permanent biological type.”⁴⁰ In the early 1900s, with the expanding practice of plant breeding, the understanding that genetic purity is rare and actually leads to instability was increasingly overtaken by the understanding that genetic purity and stability are indicative of quality and replicability.⁴¹ Early geneticists considered genetic identity to be independent of environmental influence; that is, gene expression is not influenced by the plant’s environment but is primarily or exclusively influenced by the internal genetic makeup of the plant (i.e. the plant genome).⁴² This idea led to a sort of obsession with genetic purity and stability that continues in the plant breeding community to date.⁴³ According to Provine (1971), “the climate of biological opinion was favorable to the pure line theory.”⁴⁴ Opposing ideas tying genetics closely to its context (e.g. environment) were led by Raphael Weldon but ended prematurely with his death in 1906.⁴⁵ When Johannsen presented his pure

³⁷ Bowler called this “The eclipse of Darwinism,” see Peter J. Bowler, *The Eclipse of Darwinism: Anti-Darwinian Evolution Theories in the Decades around 1900* (JHU Press, 1992), p. 15. While nineteenth-century biology’s emphasis was on continuous change, exchange, and admixture as fundamental properties of life and as driving forces of evolution, early twentieth-century biologists, by contrast put the emphasis on isolation as the driving force of speciation (the synthetic theory of evolution), see Bonneuil, “Producing identity, industrializing purity: Elements for a cultural history of genetics,” *A Cultural History of Heredity* 4 (2008), p. 91.

³⁸ “Mendel’s theory of heredity relies on equality and stability throughout all stages of the life cycle” according to Petr Smykal et al., “From Mendel’s discovery on pea to today’s plant genetics and breeding,” *Theoretical and Applied Genetics* 129, no. 12 (2016), p. 2267.

³⁹ W. Johannsen, “Heredity in populations and pure lines,” *Classic Papers in Genetics* (1903).

⁴⁰ Blakeney, *supra* note 36; Bonneuil, *supra* note 37, citing Frederick B. Churchill, “William Johannsen and the genotype concept,” *Journal of the History of Biology* 7, no. 1 (1974).

⁴¹ Bonneuil, *supra* note 37, p. 98.

⁴² Mary Douglas, *An Analysis of the Concepts of Pollution and Taboo* (London: Ark, 1966). Bonneuil, *supra* note 37, p. 105, stated that “in the wide cultural shift from the 19th to the 20th century, a deep and intrinsic genetic identity was constructed for living organisms, separated from the influence of the place and the environment.”

⁴³ In 1890, Proskowetz proposed a race catalogue of materials (varieties) at the International Congress for Agriculture and Forestry in Vienna, E. von Proskowetz and F. Schindler, “*Welches Werthverhältnis besteht zwischen den Landrassen landwirthschaftlicher Culturpflanzen und den sogenannten Züchtungsrassen*” (paper presented at the *Internationaler land- und forstwirtschaftlicher Congress zu Wien*, 1890), p. 3; Bonneuil, *supra* note 35; Bonneuil, *supra* note 37.

⁴⁴ William B. Provine, “The origins of theoretical population,” *Genetics*. Chicago: University of Chicago Press (1971), p. 108.

⁴⁵ Gregory Radick, “Challenges to Data Linkage in Plants: Two Parables from the Pea” in: ed. Sabina Leonelli and Hugh Williamson, *Towards Responsible Plant Data Linkage: Global Challenges for Food Security and Governance*, Springer Nature (forthcoming). Also, Gregory Radick, *Disputed Inheritance: The Battle over Mendel and the Future of Biology*, Chicago: University of Chicago Press (forthcoming), p. 559, <https://press.uchicago.edu/ucp/books/book/chicago/D/boi83632870.html>.

line theory at a symposium in 1910, most geneticists accepted the theories without adequate proof⁴⁶ and Mendelism's legacy "boomed its way into biology."⁴⁷

There are, indeed, also more economically driven reasons for the continuing importance given to pure and stable genetic materials: pure and stable genetic material leads to uniform and stable plant varieties that can be easily protected by PBR and patents. The existence of property rights permits the charging of monopoly rents and recoument of the (allegedly) high costs involved in the creation, certification and marketing of new uniform varieties.⁴⁸ Further, industrial standardization and quality control regulations have allowed and supported the emergence of the breeding industry⁴⁹ and effectively limited competition from the informal seed sector (in Europe). Industrial breeders, therefore, can be said to have considerably contributed to the success of Mendel's and Johannsen's theories.⁵⁰

Pure (parental) lines, purified for specific traits, are also a prerequisite for the creation of F₁ hybrids.⁵¹ These F₁ hybrids, in turn, help industrial breeders maintain their market monopolies in two ways: (i) once two (or more) parental lines are crossed to create an F₁ hybrid, it is difficult to identify (or recreate) the parents. This is because the resulting hybrid out-performs both parents due to a phenomenon known as hybrid vigor or heterosis;⁵² (ii) F₁ hybrids do not reproduce true to type. This means that farmers who attempt to save seeds from the harvest of their F₁ seeds for sowing the next season's crop are likely to experience lowering of yields due to the segregation of genetic materials in the second generation.⁵³

Experts argue that it was perhaps no coincidence that the dissemination of Mendelian theory in the early 1900s coincided with the industry push for property rights for new inventions and discoveries in agriculture.⁵⁴ To ensure "quality

⁴⁶ "In 1910 [sic] the pure line theory seemed so obvious that most outstanding geneticists accepted it without adequate proof. Most of them also accepted the related selection theory, and the two ideas became firmly associated." Provine, *supra* note 44.

⁴⁷ Radick, *supra* note 45, p. 5.

⁴⁸ Harvey E. Lapan and GianCarlo Moschini, "Innovation and trade with endogenous market failure: The case of genetically modified products," *American Journal of Agricultural Economics* 86, no. 3 (2004), p. 647.

⁴⁹ Bonneuil, *supra* note 37, p. 98. See also Blakeney, *supra* note 36.

⁵⁰ Berris Chamley and Gregory Radick, "Intellectual property, plant breeding and the making of Mendelian genetics," *Studies in History and Philosophy of Science Part A* 44, no. 2 (2013), p. 223.

⁵¹ F₁ hybrids are the first filial generation resulting from cross-mating of distinctly different parent types, having vigor, which is a manifestation of heterozygosity and which allows breeders to improve the performance of resulting generations. W.E. Timberlake, "Heterosis," in Stanley Maloy and Kelly Hughes, *Brenner's Encyclopedia of Genetics*, Elsevier Science (2013), p. 2; N. U. Khan, "F₁ Hybrid," <https://www.sciencedirect.com/science/article/pii/B978012809633806413X>

⁵² Timberlake, *supra* note 51.

⁵³ A. Riaz et al., "Genetic diversity of oilseed Brassica napus inbred lines based on sequence-related amplified polymorphism and its relation to hybrid performance," *Plant Breeding* 120, no. 5 (2001).

⁵⁴ Blakeney, *supra* note 36, p. 79.

control,” the purity and stability criteria of plant material became the norm not only for industrial seed production but also in experimental biology, and as a means of ensuring “fairness in social and economic relations.”⁵⁵

The standardization of plant breeding and its focus on uniformity and purity caused a divide between landraces, which are preserved and improved over time by farmers in situ, versus cultivars, which result from plant breeders’ labs or from highly regulated and carefully managed agricultural testing lands.⁵⁶ Landraces were considered “not suitable for anything,” obsolete, unproductive and were reduced to a mere gene store⁵⁷ – as indicated in the popular term “plant genetic resources”. A resolution in 1907 on conserving landraces⁵⁸ by a locally oriented public initiator “soon came under private breeders’ fire” leading to its decline.⁵⁹ However, as a paradox of modern breeding, the breeder Baur (1914) warned of their disappearance and the urgent need to preserve landraces.⁶⁰

What has resulted since the widespread acceptance of Mendelian genetics and the “pure line” theory is a systematic exclusion of farmers (as seed sellers) from the agricultural seed market, especially in Europe.⁶¹ This resulted in a whole array of undesirable consequences, including the erosion of agricultural biodiversity and the rapid conversion to conventional farming, heavily reliant on expensive chemical inputs.⁶²

Arguably, therefore, the requirements of “uniformity” and “stability” have been introduced into the legal definition of “plant variety” through a legal fiction because genetic purity, uniformity and stability are important primarily from a legal (and industrial) standpoint, and not from scientific or (marginal) farm-environment perspectives. An expert has stated that “the scientific notion does not necessarily coincide with the legal concept. The law may require certain characteristics for a protected variety that may not be essential for a scientific definition.”⁶³

⁵⁵ Bonneuil, *supra* note 37, pp. 99, 100.

⁵⁶ Bonneuil, *supra* note 37, p. 95.

⁵⁷ Bonneuil, *supra* note 35, p. 3, citing Erwin Baur, *Die Bedeutung der primitiven Kulturrassen und der wilden Verwandten unserer Kulturpflanzen für die Pflanzenzüchtung* (éditeur non identifié, 1914). See also Radick, *supra* note 45.

⁵⁸ VIII. *Internationaler Landwirtschaftlicher Kongress Wien*. Mai, 21–25 1907. Organisation. Vienna: Versay, vol. 1, p. 282.

⁵⁹ Bonneuil, *supra* note 35, p. 3.

⁶⁰ Baur, *Die Bedeutung der primitiven Kulturrassen und der wilden Verwandten unserer Kulturpflanzen für die Pflanzenzüchtung Jahrbuch Deutsche Landwirt. Gesell. (Saatzuchtteilung)*, 1914.

⁶¹ Elise Demeulenaere and Yvonne Piersante, “In or out? Organisational dynamics within European ‘peasant seed’ movements facing opening-up institutions and policies,” *The Journal of Peasant Studies* 47, no. 4 (2020), pp. 1–3.

⁶² Jonathan Harwood, *Europe’s Green Revolution and Others Since the Rise and Fall of Peasant-Friendly Plant Breeding* (Routledge, 2012), p. 144.

⁶³ Blakeney, *supra* note 36, p. 88.

In fact, as stated previously, pure, uniform and stable lines are able to perform well only in carefully managed environments because, contrary to the claims of early geneticists, a plant's genetic identity is not independent of its environment but is highly influenced by it.⁶⁴ More recently, historians of science have attempted to emphasize again the importance of taking environmental influences into account, together with the inherent genetic makeup of seeds, to avoid the “determinism” that results from a focus exclusively on a seed's “internal” environment.⁶⁵ In this context, the following explanation is helpful:⁶⁶

This observation can be better understood by the following scientific facts: the physical properties (including shape, size, yield, pest resistance etc.) of a plant are dependent on its environment as well as on its genotype (i.e. genes and genetic structure).⁶⁷ Environmental variations as well as genetic variations will therefore affect the phenotype of a crop.⁶⁸ Environmental variations cannot be built into the genetic makeup of a crop. However, formal crop improvement (plant breeding) programs can manage the genetic makeup of a crop. . . . In order to ensure that a formally bred seed or plant is selected on the basis of its “nature” (i.e. genetic makeup) and not its “nurture” (i.e. the environment in which it is grown), formal plant breeders breed plants in as uniform an environment as possible.⁶⁹ It is expected (or presumed) that these uniform environments will also be reproducible in commercial or actual farmers' fields. It is for this reason that formally bred cultivars often fail in natural environments that are not engineered to mimic the breeders' ideal environments. Landraces and traditional varieties that have high genetic variability, on the other hand, are able to perform even in the most adverse of natural farm conditions because of their inherent genetic variability. . . .⁷⁰ In

⁶⁴ Mashamba Philipo, Patrick A Ndakidemi, and Ernest R Mbega, “Environmental and genotypes influence on seed iron and zinc levels of landraces and improved varieties of common bean (*Phaseolus vulgaris* L.) in Tanzania,” *Ecological Genetics and Genomics* 15 (2020); Monica Rodriguez et al., “Genotype by environment interactions in barley (*Hordeum vulgare* L.): different responses of landraces, recombinant inbred lines and varieties to Mediterranean environment,” *Euphytica* 163, no. 2 (2008). Others have found temperature and access to light to significantly impact seed development, see Hanzi He et al., “Interaction between parental environment and genotype affects plant and seed performance in *Arabidopsis*,” *Journal of Experimental Botany* 65, no. 22 (2014). These facts continue to be a cause of great concern for plant breeders. The increasing importance given to devices related to the Internet of Things and remote-sensing data to ensure “climate smart” and “precision” agriculture is aimed at minimizing problems resulting from these unpredictable changes in the environment and climate.

⁶⁵ Gregory Radick, “Teach students the biology of their time,” *Nature News* 533, no. 7603 (2016).

⁶⁶ Kochupillai, pp. 53–54 *supra* note 2.

⁶⁷ Kochupillai, *supra* note 2 (note 18 in original source).

⁶⁸ Kochupillai, *supra* note 2 (note 19 in original).

⁶⁹ Kochupillai, *supra* note 2 (note 20 in original, citing George Acquaah, *Principles of Plant Genetics and Breeding* (John Wiley & Sons, 2009), p. 79.

⁷⁰ Kochupillai, *supra* note 2 (note 21 in original, citing Villa et al., *supra* note 35, p. 374, who state that landrace conservation is closely associated with food security and that landraces play an increasingly important role in alternative farming systems, such as organic farming).

developing countries where a large percentage of farmers do not have the means to simulate artificial perfect farm conditions, the importance of landraces becomes even more apparent. [Footnotes are renumbered here.]

This is where we can start to understand the relevance of agrobiodiversity contained in farmers' varieties and landraces. We discuss this in further detail in the following section.

C. ASSUMPTION UNDERLYING THE CONVENTION ON BIOLOGICAL DIVERSITY (CBD) AND THE SEED TREATY

I. *The Scope and Importance of 'Diversity' and 'Traditional Knowledge'*

We saw above that UPOV assumes and emphasizes the central importance of "uniformity", "stability" and related "genetic homogeneity" or "purity". The CBD and the Seed Treaty, on the other hand, assume and emphasize the importance of (agro)biodiversity. Since its inception, the CBD has underscored the importance of biodiversity within the soil (i.e. the soil microbiome) and on the soil (i.e. seed or plant biodiversity). Equally relevant is the recognition and high status given within the CBD to the valuable role played by traditional knowledge and associated systems, practices, and innovations in maintaining this biodiversity and using it in a sustainable manner (CBD, Articles 8(j), 17). The CBD also mandates the sharing of social and economic benefits ("benefit sharing") with the people preserving and using this knowledge in situ.⁷¹

Equitable benefit sharing is presumed necessary not only to ensure fair compensation for sharing biodiversity and associated know-how, but also to ensure that communities engaged in its protection and in-situ conservation have monetary incentives to continue their important work.⁷² Similar to the CBD's focus on biodiversity generally, the Seed Treaty focuses on agrobiodiversity, especially agricultural seed diversity and mechanisms to conserve, preserve and protect this diversity, while facilitating its equitable use through benefit sharing.

"Conservation" and "preservation," however, are unfortunate terms in the context of agrobiodiversity.⁷³ This is not least because farmers and farmer communities not only conserve this diversity but constantly improve it and innovate with it, with the help of traditional and indigenous know-how and technologies. Indeed, the CBD encourages international "cooperation for the development and use of technologies, including indigenous and traditional technologies, in pursuance of the objectives of

⁷¹ CBD, "Convention on Biological Diversity," Article 2 (1992): Article 10.

⁷² Mrinalini Kochupillai et al., "Incentivizing research & innovation with agrobiodiversity conserved in situ: Possibilities and limitations of a blockchain-based solution," *Journal of Cleaner Production* (2021).

⁷³ Kochupillai, pp. 30–31, *supra* note 10.

the Convention.”⁷⁴ The relevance of traditional technologies and associated traditional ecological knowledge (TEK), is, however, context-dependent. To understand the context, it is useful to revisit the development of “high yielding varieties” (HYVs) during the “Green Revolution.” Prior to the development of HYVs by Norman Borlaug, “lodging” was witnessed when traditional (indigenous) wheat seeds were treated with mineral fertilizers: they would grow rapidly and prematurely fill up with grain, the weight of which made them “lodge” and die before they were ready for harvest.⁷⁵

The breeding of semi-dwarf “high yielding” wheat and rice seed varieties (HYVs) under the Green Revolution resolved a twofold problem: the problem of traditional varieties being non-responsive to fertilizer-treated soils⁷⁶ and the problem of lodging.⁷⁷ The new development paved the way for bumper crops and the promise of economic and social prosperity for all farmers. Indeed, the notion that scientific intervention for the creation of “new varieties” is necessary for high yield and food security was also propelled in the Global South, at least in part, by the demonstrated success of Norman Borlaug’s HYVs.⁷⁸

What is not discussed in the success story of the Green Revolution is its impact on indigenous seeds and landraces that were *not* engineered to withstand the application of mineral fertilizers. The claim that the cultivation of indigenous seeds that incorporate agrobiodiversity and genetic variability is not adequate for food security needs to be considered in this context. Studies that compare the productivity of landraces with that of improved varieties on fertilizer-treated soils can, therefore, be expected to show lower yields for landraces and farmers’ varieties than for seeds whose genetic environment is engineered to perform in such soils.⁷⁹ Therefore, the rapid expansion of conventional agriculture involving the regular use of mineral fertilizers and chemical pesticides with “improved” seeds (and the corresponding disappearance of TEK-based farming systems) is also one of the main threats to landraces and in-situ agrobiodiversity conservation.⁸⁰

⁷⁴ CBD, “CONVENTION ON BIOLOGICAL DIVERSITY,” Article 18.4.

⁷⁵ Adnan Noor Shah et al., “Lodging stress in cereal – effects and management: an overview,” *Environmental Science and Pollution Research* 24, no. 6 (2017).

⁷⁶ Thomas F. Döring et al., “Comparative analysis of performance and stability among composite cross populations, variety mixtures and pure lines of winter wheat in organic and conventional cropping systems,” *Field Crops Research* 183 (2015), p. 240; Odette D. Weedon and Maria R. Finckh, “Heterogeneous winter wheat populations differ in yield stability depending on their genetic background and management system,” *Sustainability* 11, no. 21 (2019), p. 9.

⁷⁷ Ayako Okuno et al., “New approach to increasing rice lodging resistance and biomass yield through the use of high gibberellin producing varieties,” *PLoS ONE* 9, no. 2 (2014).

⁷⁸ In India, economic and political pressures also led to the systematic replacement of traditional diversity-based crops and farming systems with uniform, homogenous-varieties based monocultures. Kochupillai, *supra* note 2, pp. 86–91.

⁷⁹ Rodriguez et al., *supra* note 64, p. 244.

⁸⁰ Nadia Benbrahim et al., “On-farm conservation of Zaer lentil landrace in context of climate change and improved varieties competition,” *Journal of Agricultural Research* 5 (2017), p. 79.

Yet, landraces and indigenous or farmers' varieties, when cultivated in TEK-based farming systems, have been found to outcompete hybrid varieties in highly variable environments,⁸¹ offering a robust local strategy for food security, including coping with climate change.⁸² They may also economically benefit (marginal) smallholder farmers by granting them independence from cost-intensive inputs such as breeders' seeds, mineral fertilizers and pesticides while helping to revive and conserve local traditional knowledge.

In the following sub-sections, we look closer into the current scientific understanding of the importance of diversity and variability contained in landraces and the impact of plant genetic diversity on soil health and the nutrition contained in food.

II. *The Relevance of Landraces and Genetic Variability*

We saw in the previous section that modern genetics and the science of plant breeding developed under the aegis of Mendel's theory of heredity, supported by pure line theories proposed by scientists such as Johanssen.⁸³ However, as early as 1972, the US report "Genetic Vulnerability of Major Crops" attracted attention in science:⁸⁴ it found genetic uniformity to be the source of vulnerability to plant diseases and abiotic or biotic stresses. The report challenged dominant scientific thought and the national policies that relied on it.

However, although scientists take the blame for the focus on uniformity, notably, the markets (and consumers) also demand uniformity (e.g. in the form size, shape, color, texture of vegetables and grains).⁸⁵

Not surprisingly, therefore, today the legal fictions and assumptions underlying UPOV continue to unchangeably favor Mendel's theory of heredity and the pure line theory. Empirical and scientific evidence opposing these theories is, however, accumulating. Various studies find higher variety and variability of plant genetic resources to be more efficient than pure lines. For example, increased within-crop genetic diversity has been found to enhance yield stability and yield reliability while permitting rapid and dynamic response to change (e.g. changes in climatic or biotic stresses).⁸⁶

⁸¹ Rodriguez et al., *supra* note 64.

⁸² Benbrahim et al., *supra* note 80; Ana Carolina Feitosa Vasconcelos et al., "Landraces as an adaptation strategy to climate change for smallholders in Santa Catarina, Southern Brazil," *Land Use Policy* 34 (2013).

⁸³ Raoul A. Robinson, "Breeding for quantitative variables. Part 2: Breeding for durable resistance to crop pests and diseases," in *Plant Breeding and Farmer Participation*, FAO, Roma, Italy (2009), p. 368.

⁸⁴ National Research Council, *Genetic Vulnerability of Major Crops*, National Academy Of Sciences (Washington, DC, 1972).

⁸⁵ V. Ramanatha Rao, A. H. D. Brown and M. Jackson, *Managing Plant Genetic Diversity* (Cabi, 2001), p. 6.

⁸⁶ Döring et al., *supra* note 76.

Unlike pure lines and hybrids created in artificial or carefully managed environments, landraces are, by definition, unique to the region where they evolve.⁸⁷ Undoubtedly, farming – including farming with landraces or farmers’ varieties – reduces the overall plant or natural biodiversity. However, cultivation with indigenous landraces, rather than with uniform and stable seeds, helps to increase, or at least maintain, *agrobiodiversity*. In this context, it is useful to revisit the distinction between genetic variation and genetic variability, as discussed in significant detail elsewhere:⁸⁸

Genetic variation is synonymous with genetic diversity or biodiversity. . . .⁸⁹ Genetic variability, on the other hand, refers to the ability of the genetic make-up of a specific crop variety [sic] (or landrace) to transform or adapt itself to varying biotic and abiotic stresses.⁹⁰ The process of creating a landrace in a region leads to the reduction of the genetic pool or genetic variation seen within that region prior to the commencement of agriculture there in. However, individual landraces, although displaying a certain genetic integrity, have a high level of genetic variability that equips them to withstand specific biotic and abiotic stresses within the local area where they were developed.⁹¹ This genetic variability therefore confers on landraces, their peculiar suitability to local climatic and soil conditions and their superior ability to resist pests and diseases, particularly those endemic to a specific geographic and climatic region. [Footnotes are renumbered here but are shown as they appear in the original.]

In other words, the genes of landraces are highly variable due to continuous evolution in the face of unpredictable phenological events. This variability helps landraces adapt to varying biotic and abiotic stresses, such as weather extremes or pest attacks, making them more climate-resilient than improved and uniform varieties.⁹² For example, lucerne landraces from five countries learned to cope differently with environmental stress situations, such as drought (Italian landraces)

⁸⁷ Villa et al., *supra* note 34, p. 37.

⁸⁸ Kochupillai, *supra* note 2, p. 52.

⁸⁹ Noel Kingsbury, *Hybrid: The History and Science of Plant Breeding* (Chicago and London: University of Chicago Press, 2009), pp. 39–42. The CBD uses the term “variability” in its definition of Biological Diversity (Article 2), defining “diversity” as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part: this includes diversity within species, between species and of ecosystems.”

⁹⁰ Acquah, *supra* note 70, p. 79.

⁹¹ Kingsbury, *supra* note 90.

⁹² Pauline Chivenge et al., “The potential role of neglected and underutilised crop species as future crops under water scarce conditions in Sub-Saharan Africa,” *International Journal of Environmental Research and Public Health* 12, no. 6 (2015); Sangam L. Dwivedi et al., “Landrace germplasm for improving yield and abiotic stress adaptation,” *Trends in Plant Science* 21, no. 1 (2016).

or salt-stress environments (Moroccan landraces).⁹³ Lima bean landraces showed high adaptability to drought, temperature stress and competitiveness under such conditions, compared to commercial cultivars.⁹⁴ In unfavorable areas of Morocco⁹⁵ and China,⁹⁶ landraces are preferably cultivated due to their better adaptability and better yields. Farmers planting a higher diversity of corn in Mexico are better able to mitigate the weather extremes caused by climate change.⁹⁷ In Turkey, farmers prefer a local wheat landrace that can be sown twice per year, minimizing the risk of harvest losses.⁹⁸ As observed by Kochupillai,⁹⁹

it is due to this genetic variability that landraces (in association with traditional farming practices) are often found by empirical and scientific research to outperform modern “improved” varieties in various environments, notably marginal environments.¹⁰⁰ Landraces are therefore also crucial for long-term food security, especially in developing countries where a large percentage of farmers cultivate crops in marginal environments where improved varieties do not perform. [Footnote is renumbered here.]

However, it is also this genetic variability inherent in landraces and farmers’ varieties that make them heterogenous (rather than homogenous or “uniform”). Landraces and farmers’ varieties are, therefore, unsuitable for protection by PBR, even when a landrace is significantly distinctive from other landraces or farmers’ varieties.

III. Seed–Soil Interactions, Nutrition and Environmental Sustainability

Plant genetic materials co-evolve with their surrounding microorganisms, forming a holobiont.¹⁰¹ Plant root secretions and associated soil microorganisms together constitute the root microbiome. The soil surrounding the plant root, which is

⁹³ P. Annicchiarico et al., “Adaptation of landrace and variety germplasm and selection strategies for lucerne in the Mediterranean basin,” *Field Crops Research* 120, no. 2 (2011).

⁹⁴ María Isabel Martínez-Nieto et al., “Resilience capacity assessment of the traditional Lima Bean (*Phaseolus lunatus* L.) landraces facing climate change,” *Agronomy* 10, no. 6 (2020).

⁹⁵ Benbrahim et al., *supra* note 80.

⁹⁶ Li, J., van Bueren, E. T. L., Jiggins, J. and Leeuwis, C. “Farmers’ adoption of maize (*Zea mays* L.) hybrids and the persistence of landraces in Southwest China: implications for policy and breeding,” *Genetic Resources and Crop Evolution* 59, no. 6 (2012), pp. 1147–1160.

⁹⁷ Carolina Ureta et al., “Maize yield in Mexico under climate change,” *Agricultural Systems* 177 (2020).

⁹⁸ D. Bardsley and I. Thomas, Valuing local wheat landraces for agrobiodiversity conservation in Northeast Turkey. *Agriculture, Ecosystems & Environment* 106, no. 4 (2005), pp. 407–412.

⁹⁹ Kochupillai, *supra* note 2, p. 53.

¹⁰⁰ Villa et al., *supra* note 34, p. 374, stating that landrace conservation is therefore closely associated with food security.

¹⁰¹ “Holobiont” describes a biological entity composed of the sum of the composed host and associated microorganisms. Eugene Rosenberg and Ilana Zilber-Rosenberg, “The hologenome concept of evolution after 10 years,” *Microbiome* 6, no. 1 (2018).

particularly rich in beneficial microbiological activity, is called the rhizosphere.¹⁰² The more diverse the microbial population in the rhizosphere, the better the symbiotic exchange between plants and microorganisms, supporting nutrient exchange¹⁰³ and resulting in higher nutrient content in the plant, vegetable, or crop.¹⁰⁴ Intimate associations between the plant root and soil microbes are also critical for the establishment and maintenance of stable relations between plant hosts and rhizobial microorganisms (host-microbial homeostasis),¹⁰⁵ which is crucial for plant disease suppression.¹⁰⁶

Interestingly, it is not just the quality of the soil that impacts seeds and crops, but the plant genotype, in turn, influences the root microbiome¹⁰⁷ and, consequently, plant–microbe interactions. Evolutionary changes in host genotypes influence the bacterial selection process, determining the richness, diversity, and relative abundances of taxa.¹⁰⁸ For example, for barley, the community composition at the root–soil interface significantly declined from wild genetic resources to landraces to uniform plant varieties.¹⁰⁹

Plants also co-evolve with microorganisms that are hosted in their cell walls (endophytes).¹¹⁰ These microorganisms offer various advantages to host plants, such as the production of phytohormones¹¹¹ or the solubilization of nutrients such as phosphorus.¹¹² These microorganisms are also crucial for the germination of seeds¹¹³

¹⁰² Roeland L. Berendsen, Corné M. J. Pieterse, and Peter A. H. M. Bakker, “The rhizosphere microbiome and plant health,” *Trends in Plant Science* 17, no. 8 (2012).

¹⁰³ Marcel G. A. Van Der Heijden et al., “A widespread plant-fungal-bacterial symbiosis promotes plant biodiversity, plant nutrition and seedling recruitment,” *The ISME Journal* 10, no. 2 (2016).

¹⁰⁴ Wendy Sangabriel-Conde et al., “Native maize landraces from Los Tuxtlas, Mexico show varying mycorrhizal dependency for P uptake,” *Biology and Fertility of Soils* 50, no. 2 (2014).

¹⁰⁵ M. Amine Hassani, Paloma Durán and Stéphane Hacquard, “Microbial interactions within the plant holobiont,” *Microbiome* 6, no. 1 (2018).

¹⁰⁶ Alberto Pascale et al., “Modulation of the root microbiome by plant molecules: the basis for targeted disease suppression and plant growth promotion,” *Frontiers in Plant Science* 10 (2020).

¹⁰⁷ Marie-Lara Bouffaud et al., “Root microbiome relates to plant host evolution in maize and other P oaceae,” *Environmental Microbiology* 16, no. 9 (2014); Derek S. Lundberg et al., “Defining the core *Arabidopsis thaliana* root microbiome,” *Nature* 488, no. 7409 (2012).

¹⁰⁸ Bouffaud et al., *supra* note 107.

¹⁰⁹ Davide Bulgarelli et al., “Structure and functions of the bacterial microbiota of plants,” *Annual Review of Plant Biology* 64 (2013).

¹¹⁰ Eric B. Nelson, “Microbial dynamics and interactions in the spermosphere,” *Annual Review of Phytopathology* 42 (2004).

¹¹¹ Phytohormones are plant hormones regulating plant metabolism and consequently plant growth; additionally, they play a vital role in plants’ defence response mechanisms against stresses, see Dilfuza Egamberdieva et al., “Phytohormones and beneficial microbes: essential components for plants to balance stress and fitness,” *Frontiers in Microbiology* 8 (2017).

¹¹² Kusam Lata Rana et al., “Endophytic microbes from diverse wheat genotypes and their potential biotechnological applications in plant growth promotion and nutrient uptake,” *Proceedings of the National Academy of Sciences, India Section B: Biological Sciences* (2020).

¹¹³ Joanne C. Chee-Sanford et al., “Do microorganisms influence seed-bank dynamics?,” *Weed Science* 54, no. 3 (2006).

and for fighting seed-borne diseases.¹¹⁴ While a part of these microorganisms (bacteria) are vertically transmitted from parent to progeny seedlings,¹¹⁵ at around 45 percent,¹¹⁶ other parts are horizontally transmitted and are impacted by environmental characteristics such as the soil microbiome,¹¹⁷ climatic conditions, and human practices.¹¹⁸

Further, research comparing older landraces of wheat,¹¹⁹ breadfruit,¹²⁰ soybeans,¹²¹ and corn¹²² with more modern varieties found the older ancestors benefited more from symbiotic associations with mycorrhizal fungi (mycorrhiza root colonization).¹²³ The mycorrhiza root colonization of landraces exceeded that of modern hybrid cultivars by 149 percent, doubling sorghum yields – and also correlating with higher mineral nutrients in sorghum.¹²⁴ Heirloom bean landraces have similarly been found to contain higher nutrient contents than modern varieties.¹²⁵

Symbiotic associations also result in more resistant plants, particularly in low-fertility soils. For example, heirloom bean landraces from Spain were found to adapt well to dry conditions,¹²⁶ and native corn outcompeted hybrid variants in taking up

¹¹⁴ Ashley Shade, Marie-Agnès Jacques, and Matthieu Barret, “Ecological patterns of seed microbiome diversity, transmission, and assembly,” *Current Opinion in Microbiology* 37 (2017).

¹¹⁵ Kusam Lata Rana et al., “Biodiversity, phylogenetic profiling and mechanisms of colonization of seed microbiomes,” in *Trends of microbial biotechnology for sustainable agriculture and biomedicine systems: Diversity and functional perspectives*. Elsevier, Amsterdam (2020), pp. 99–126

¹¹⁶ Pablo R Hardoim et al., “Dynamics of seed-borne rice endophytes on early plant growth stages,” *PLoS ONE* 7, no. 2 (2012).

¹¹⁷ Stephanie Klaedtke et al., “Terroir is a key driver of seed-associated microbial assemblages,” *Environmental Microbiology* 18, no. 6 (2016).

¹¹⁸ Klaedtke et al, *supra* note 117

¹¹⁹ B. A. D. Hetrick, G. W. T. Wilson, and T. C. Todd, “Mycorrhizal response in wheat cultivars: relationship to phosphorus,” *Canadian Journal of Botany* 74, no. 1 (1996).

¹²⁰ Xiaoke Xing et al., “Mutualism breakdown in breadfruit domestication,” *Proceedings of the Royal Society B: Biological Sciences* 279, no. 1731 (2012).

¹²¹ E. Toby Kiers, Mark G. Hutton, and R. Ford Denison, “Human selection and the relaxation of legume defences against ineffective rhizobia,” *Proceedings of the Royal Society B: Biological Sciences* 274, no. 1629 (2007), pp. 3119–3126.

¹²² Sangabriel-Conde et al., *supra* note 104.

¹²³ Mycorrhiza root colonization refers to fungi colonizing the plant’s root microbiome, forming a mycorrhizal symbiosis. The fungi provide vital mineral nutrients, while plants return the favor by providing fixed carbon. The exchange of nutrients is also vital for plants’ defense mechanisms against abiotic (high temperature, water scarcity, salinity) and biotic (pathogen) stress factors, see Leonie H. Luginbuehl and Giles E. D. Oldroyd, “Understanding the arbuscule at the heart of endomycorrhizal symbioses in plants,” *Current Biology* 27, no. 17 (2017).

¹²⁴ Adam B. Cobb et al., “The role of arbuscular mycorrhizal fungi in grain production and nutrition of sorghum genotypes: enhancing sustainability through plant-microbial partnership,” *Agriculture, Ecosystems & Environment* 233 (2016).

¹²⁵ Tugce Celmeli et al., “The nutritional content of common bean (*Phaseolus vulgaris* L.) landraces in comparison to modern varieties,” *Agronomy* 8, no. 9 (2018).

¹²⁶ P. A. Casquero et al., “Performance of common bean (*Phaseolus vulgaris* L.) landraces from Spain in the Atlantic and Mediterranean environments,” *Genetic Resources and Crop Evolution* 53, no. 5 (2006).

symbiotic and direct phosphorus.¹²⁷ However, plant varieties react very individually.¹²⁸ Due to mycorrhiza symbiosis, the productivity and sensual quality of in-situ cultivated landraces can be addressed more efficiently and inclusively by agricultural practices that are beneficial for arbuscular mycorrhiza fungi, such as omitting pesticide usage, avoiding soil mechanization, and inoculating the plants with arbuscular mycorrhiza fungi. Interestingly, landraces have been found to react more positively to the inoculation of arbuscular mycorrhizal fungi than genetically modified hybrid corn, which responded negatively.¹²⁹

Higher nutrient availability in soils results in less plant–microbial symbiosis.¹³⁰ For example, in nutrient-rich environments under the usage of mineral fertilizers, plants downregulate their symbiosis¹³¹ and stop interacting with arbuscular mycorrhiza fungi.¹³² Over the last centuries, this phenomenon has been found to result in plants losing their ability to form symbioses with beneficial fungi.¹³³

To maintain and promote plants forming symbiotic ties with beneficial microorganisms and to enhance plants' resistance, yields and nutritive values, it is essential to revive TEK-based farming systems and the indigenous heterogenous seeds applied in such systems. In the next section, we look at one such TEK-based farming system, namely, “natural farming” (NF), which conserves both seed and soil (microbial) diversity, leading to enhanced farmers' profits, improved soil health, and an increase in agrobiodiversity. The rapid adoption of these farming systems and the associated adoption of heterogenous seeds across India (and beyond) calls into

¹²⁷ Sangabriel-Conde et al., *supra* note 104.

¹²⁸ For example, landraces of durum wheat created fewer symbionts with fungi in less fertile soil conditions. Walid Ellouze et al., “Potential to breed for mycorrhizal association in durum wheat,” *Canadian Journal of Microbiology* 62, no. 3 (2016). However, no differences in symbionts of durum landraces and modern cultivars were found, Petronia Carillo et al., “Biostimulatory action of arbuscular mycorrhizal fungi enhances productivity, functional and sensory quality in ‘Piennolo del Vesuvio’ cherry tomato landraces,” *Agronomy* 10, no. 6 (2020).

¹²⁹ Diana Marcela Morales Londoño et al., “Landrace maize varieties differ from conventional and genetically modified hybrid maize in response to inoculation with arbuscular mycorrhizal fungi,” *Mycorrhiza* 29, no. 3 (2019); Tilal Abdelhalim, Ramia Jannoura, and Rainer Georg Joergensen, “Arbuscular mycorrhizal dependency and phosphorus responsiveness of released, landrace and wild Sudanese sorghum genotypes,” *Archives of Agronomy and Soil Science* (2019).

¹³⁰ Robin van Velzen et al., “Comparative genomics of the nonlegume *Parasponia* reveals insights into evolution of nitrogen-fixing rhizobium symbioses,” *Proceedings of the National Academy of Sciences* 115, no. 20 (2018); J. U. Regus et al., “Nitrogen deposition decreases the benefits of symbiosis in a native legume,” *Plant and Soil* 414, no. 1–2 (2017).

¹³¹ Luisa Lanfranco, Valentina Fiorilli, and Caroline Gutjahr, “Partner communication and role of nutrients in the arbuscular mycorrhizal symbiosis,” *New Phytologist* 220, no. 4 (2018).

¹³² Gijbert D. A. Werner et al., “Symbiont switching and alternative resource acquisition strategies drive mutualism breakdown,” *Proceedings of the National Academy of Sciences* 115, no. 20 (2018).

¹³³ Maximilian Griesmann et al., “Phylogenomics reveals multiple losses of nitrogen-fixing root nodule symbiosis,” *Science* 361, no. 6398 (2018).

question the rationale and assumptions underlying the DUS criteria that have been employed to incentivize the creation of uniform plant varieties.

D. TRADITIONAL ECOLOGICAL KNOWLEDGE AND AGROBIODIVERSITY: LESSONS FROM THE NATURAL FARMING MOVEMENT IN INDIA

I. *Traditional Ecological Knowledge and Agrobiodiversity*

Traditional Ecological Knowledge (TEK) has been defined as a “cumulative body of knowledge, practices, and beliefs, evolving by adaptive processes and handed down through generations by cultural transmission, about the relationship of living beings (including humans) with one another and with their environment.”¹³⁴ In TEK-based farming systems, plant genetic material and human knowledge co-evolve in close adaptation to climatic and cultural changes. This essentially means that various TEK-based farming systems have emerged independently across various parts of the globe.¹³⁵ Nonetheless, TEK systems do follow certain basic principles, giving significant importance to the autonomy of farmers¹³⁶ (local inputs only, on-farm nutrient recycling, saving seeds)¹³⁷ and their knowledge, which is verified season after season.¹³⁸ Since TEK-based farming systems presuppose and preserve the functioning of self-sustaining ecosystems, they are also described as agroecological farming systems.¹³⁹ Unlike conventional farming systems that rely heavily on uniformity and stability, diversity (in seeds, crops, soil microbes etc.) is the lifeblood of agroecological and TEK-based farming systems.

Locally selecting, multiplying, saving, improving and exchanging seeds with desirable traits – such as stress resilience, hardiness, taste and yield¹⁴⁰ – has returned an astounding heterogeneity of planting materials that are genetically non-uniform,

¹³⁴ Fikret Berkes, “Traditional ecological knowledge in perspective,” *Traditional Ecological Knowledge: Concepts and Cases* 1 (1993), p. 3.

¹³⁵ Dunja Mijatović et al., “The role of agricultural biodiversity in strengthening resilience to climate change: towards an analytical framework,” *International Journal of Agricultural Sustainability* 11, no. 2 (2013).

¹³⁶ Peter M. Rosset and Maria Elena Martínez-Torres, “Rural social movements and agroecology: context, theory, and process,” *Ecology and Society* 17, no. 3 (2012).

¹³⁷ Thierry Bonaudo et al., “Agroecological principles for the redesign of integrated crop-livestock systems,” *European Journal of Agronomy* 57 (2014), p. 49.

¹³⁸ Fikret Berkes and Nancy J Turner, “Knowledge, learning and the evolution of conservation practice for social-ecological system resilience,” *Human Ecology* 34, no. 4 (2006).

¹³⁹ Charles Francis et al., “Agroecology: The ecology of food systems,” *Journal of Sustainable Agriculture* 22, no. 3 (2003).

¹⁴⁰ Peter H. Thrall et al., “Evolution in agriculture: the application of evolutionary approaches to the management of biotic interactions in agro-ecosystems,” *Evolutionary Applications* 4, no. 2 (2011).

variable and diverse.¹⁴¹ Such planting materials are characterized by a particularly high within-variety diversity (intra-varietal genetic diversity).¹⁴² They adapt year by year to local climatic conditions and soil properties. Saved heterogenous seeds, therefore, lead to more robust plants.¹⁴³

Apart from yielding diverse plant genetic material, agroecological practices contribute to stable ecosystems.¹⁴⁴ The more diverse the in-soil living organisms, the better functioning are ecosystem services such as the cycling of vital nutrients for plant growth, regulation of water supply and food webs controlling pests.¹⁴⁵ Together, seed and soil biodiversity constitute the backbone of TEK-based farming systems. We explore this further in the context of the NF movement in India.

II. TEK and the Natural Farming Movement in India

Natural farming is an agroecological farming system based on the TEK of India.¹⁴⁶ Like most TEK-based farming systems, NF considers seed diversity and healthy soil as being fundamental prerequisites for efficient and sustainable crop cultivation.¹⁴⁷ Over the last decade, NF methods in India have rapidly gained popularity and momentum due to their positive impact on overall farm resilience, particularly by rehabilitating degraded soils¹⁴⁸ and increasing farmer profits.

As an aftermath of the Green Revolution in India, in the late twentieth century, vast soil resources were significantly degraded from the intensive usage of pesticides,

¹⁴¹ J. Cebolla-Cornejo, S. Soler and F. Nuez, "Genetic erosion of traditional varieties of vegetable crops in Europe: tomato cultivation in Valencia (Spain) as a case study," *International Journal of Plant Production* 1, no. 2 (2012).

¹⁴² Mathieu Thomas et al., "On-farm dynamic management of genetic diversity: the impact of seed diffusions and seed saving practices on a population-variety of bread wheat," *Evolutionary Applications* 5, no. 8 (2012).

¹⁴³ A. Ficiyan, J. Loos, S. Sievers-Glotzbach, and T. Tschamtkke, "More than yield: ecosystem services of traditional versus modern crop varieties revisited," *Sustainability* 10, no. 8 (2018), p. 2834.

¹⁴⁴ While the functioning of ecosystems increases with the diversity of organisms, beyond a certain level of diversity, no additional functions are provided. However, the stability of the ecosystem increases constantly with increasing diversity, see Allan Konopka, "What is microbial community ecology?," *The ISME Journal* 3, no. 11 (2009).

¹⁴⁵ Cameron Wagg et al., "Soil biodiversity and soil community composition determine ecosystem multifunctionality," *Proceedings of the National Academy of Sciences* 111, no. 14 (2014).

¹⁴⁶ Several practices in Natural Farming (that are still used in the present day) have been documented in the ancient Vedic texts of India dating back to 3000 BC–1000 BC, Vedic (*Rigveda*, *Atharvaveda*) and Ayurvedic texts (*Charaka Samhita*, *Sushruta Samhita*): N. Srikanth, Devesh Tewari and A. Mangal, "The science of plant life (Vriksha Ayurveda) in archaic literature: An insight on botanical, agricultural and horticultural aspects of ancient India," *World Journal of Pharmacy and Pharmaceutical Sciences* 4, no. 6 (2015).

¹⁴⁷ Jianli Liao et al., "Natural farming improves soil quality and alters microbial diversity in a cabbage field in Japan," *Sustainability* 11, no. 11 (2019).

¹⁴⁸ Jo Smith et al., "Potential yield challenges to scale-up of zero budget natural farming," *Nature Sustainability* 3, no. 3 (2020), pp. 247–252.

mineral fertilizers and soil mechanization.¹⁴⁹ The NF practices support the ecological recovery of soil functions by using farming principles that revive, enhance, and protect the soil's ecosystem functions, such as better nutrient provision.¹⁵⁰ These functions are supported by farmer-made biostimulant preparations¹⁵¹ using local materials and agricultural waste.¹⁵² Healthy soils allow farmers to cut dependencies on expensive inputs (e.g. mineral fertilizers, seeds, and pesticides),¹⁵³ thereby reducing costs and increasing farmer profits. This scenario inspired the name “zero budget natural farming” (ZBNF).¹⁵⁴

Due to their success, NF practices have spread rapidly throughout India and are recognized as the “largest ‘experiment’ in agro-ecology in the world.”¹⁵⁵ The UN Food and Agriculture Organization (UN FAO) has defined ZBNF as simultaneously a set of farming methods and as a grassroots peasant movement.¹⁵⁶ Natural farming has been adopted by several Indian states such as Andhra Pradesh, Himachal Pradesh, Gujarat, Haryana, Karnataka, and Kerala, with Andhra Pradesh implementing its NF program at a mass scale. According to the Andhra Pradesh government, as of March 2020, roughly 620,000 farmers (10.5 percent of all

¹⁴⁹ Raj Patel, “The long green revolution,” *The Journal of Peasant Studies* 40, no. 1 (2013).

¹⁵⁰ Such practices include:

- (i) The usage of fewer pesticides and mineral fertilizers, Klaus Birkhofer et al., “Long-term organic farming fosters below and aboveground biota: Implications for soil quality, biological control and productivity,” *Soil Biology and Biochemistry* 40, no. 9 (2008); Yi Yang et al., “Soil carbon sequestration accelerated by restoration of grassland biodiversity,” *Nature Communications* 10, no. 1 (2019); Martin Hartmann et al., “Distinct soil microbial diversity under long-term organic and conventional farming,” *The ISME Journal* 9, no. 5 (2015)
- (ii) Avoiding tillage, María Jesús I Briones and Olaf Schmidt, “Conventional tillage decreases the abundance and biomass of earthworms and alters their community structure in a global meta-analysis,” *Global Change Biology* 23, no. 10 (2017)
- (iii) Providing high-quality sources of nutrients to soil organisms, Sören Thiele-Bruhn et al., “Linking soil biodiversity and agricultural soil management,” *Current Opinion in Environmental Sustainability* 4, no. 5 (2012).

¹⁵¹ Patrick du Jardin, “Plant biostimulants: definition, concept, main categories and regulation,” *Scientia Horticulturae* 196 (2015).

¹⁵² M. S. Nemagoudar et al., “Isolation and characterization of microflora in beejamrutha,” *Karnataka Journal of Agricultural Sciences* 27, no. 2 (2014); M. N. Sreenivasa, Nagaraj Naik and S. N. Bhat, “Beejamrutha: A source for beneficial bacteria,” *Karnataka Journal of Agricultural Sciences* 22, no. 5 (2010); R. J. Patel et al., “Growth of mango (*Mangifera indica* L.) rootstocks as influenced by pre-sowing treatments,” *Journal of Applied and Natural Science* 9, no. 1 (2017), p. 585.

¹⁵³ S. R. Devarinti, “Natural farming: eco-friendly and sustainable?” *Agrotechnology* 5, no. 2 (2016).

¹⁵⁴ Ashlesha Khadse et al., “Taking agroecology to scale: The zero budget natural farming peasant movement in Karnataka, India,” *The Journal of Peasant Studies* 45, no. 1 (2018).

¹⁵⁵ Smith et al., *supra* note 148.

¹⁵⁶ Food and Agriculture Organization of the United Nations, “Zero Budget Natural Farming in India,” (2016). www.fao.org/3/a-bl990e.pdf (last accessed June 06, 2021).

farmers) were enrolled in the program.¹⁵⁷ Himachal Pradesh aimed to convert the entire state to NF by 2022.¹⁵⁸ Civil society and several NF movements led by non-government organizations (NGOs) have also spread to states such as Karnataka, Tamil Nadu, and Maharashtra.¹⁵⁹

Several NGOs, including the International Association for Human Values (IAHV) and the Art of Living Foundation (AOLF), are also actively engaged in imparting education in NF under the government's *Paramparagat Krishi Vikas Yojna* (PKVY) (translated as "scheme for the promotion of traditional agriculture"). In March 2020, the Indian government declared a new sub-mission to specifically promote the adoption of NF under the name *Bhartiya Prakritik Krishi Padhati* (BPKP) (translated as "Indian natural farming method").¹⁶⁰ These schemes are sub-components of India's "Soil Health Management Scheme" under the "National Mission of Sustainable Agriculture," which "aims to develop sustainable models of organic farming through a mix of traditional wisdom and modern science."

Although research on the impact of NF on farm yields has not been consistent across states, the overall success and rising popularity of NF results from a combination of factors. These include widespread efforts by various individuals (notably, Subhash Palekar) and NGOs such as the AOLF, the Sri Sri Institute for Agricultural Sciences and Technology Trust (SSIAST), Kheti Virasat Mission, BAIF, IAHV, LiBird, and others to educate – or reeducate – farmers on the benefits of TEK and agrobiodiversity, thus raising farmers' profits and reducing costs while improving the soil health and the personal health of farming families that have adopted NF in recent years.¹⁶¹ Proponents of NF also emphasize its ability to revive and improve

¹⁵⁷ Vineet Kumar, "Indian states step up natural farming adoption," (2020), www.downtoearth.org.in/blog/agriculture/indian-states-step-up-natural-farming-adoption-73281 (last accessed June 01, 2021).

¹⁵⁸ Kuamr, *supra* note 157.

¹⁵⁹ Since 2016, NGOs such as the Sri Sri Institute for Agricultural Sciences and Technology (SSIAST) have trained over 4000 farmers in NF in Andhra Pradesh alone. See International Business Times, "Heartwarming success story of how the AOL helped small farmers make big profits in drought-hit Kurnool," International Business Times, 2017, www.ibtimes.co.in/heartwarming-success-story-how-aol-helped-small-farmers-make-big-profits-drought-hit-kurnool-754817 (last accessed June 01, 2021).

¹⁶⁰ <https://niti.gov.in/natural-farming-niti-initiative> (last accessed June 01, 2021).

¹⁶¹ Interviews with Indian farmers who have adopted NF within the last decade revealed that since the adoption of NF, their farm soil had become much more fertile and was giving excellent yields, including for indigenous and heterogenous seeds of ancient rice, wheat, millet and pulses. (Online interview with Mr. Yash Mishra, February and March 2021). Other farmers interviewed said that their own health, as well as the health of the entire family, has improved since they migrated to NF. "We are now happy to bring our children to the fields and let them play there while we do our daily farm chores. Earlier, we were not happy to do this because of the chemicals." Interview with farmers in Andhra Pradesh, Kurnool region, February, 2021. See also, University of Leeds, "Model Farms and Farmers in Seva," 2019, <https://idip.leeds.ac.uk/2019/07/25/model-farms-and-farmers-in-seva/> (last accessed June 01, 2021). There is also the story of an award-winning red chilli farmer in Andhra Pradesh who attributes his success to his decision to migrate to NF in 2016 (International Business Times, "Heartwarming success story

local agrobiodiversity, not only in the form of indigenous seeds but also by helping to revive indigenous cattle breeds and preventing their extinction, while enhancing soil microbial diversity.

III. Seed Biodiversity in TEK and Natural Farming

The cultivation of local varieties of indigenous and heterogeneous seeds lies at the heart of NF, serving as the prerequisite for food security and sustainability vis-à-vis the triple bottom line: people, planet and profits. The high adaptability and hardiness exhibited by landraces to their environment over an extended period allow for low-cost and low-input farming.¹⁶² Migrating to NF gradually reduces farmers' dependence on market-purchased "uniform" and "stable" seeds, as farmers rely on (and prefer) indigenous heterogeneous seeds that perform better and can also be saved and exchanged without cost. The social practices of seed sharing and exchange further support the diversification of seed material over time,¹⁶³ facilitating agrobiodiversity conservation as well as informal (farmer-led) seed innovations.

In addition to conserving knowledge on diversities and traits, NF in India also includes knowledge of how to enhance the germination rate of indigenous seeds for better plant vitality and stress resistance.¹⁶⁴ For example, the seed stimulant preparation called Angara or Bheej-Amrut (or Beejamrut) is derived from Indian TEK texts.¹⁶⁵ Composed of cow manure, water, limestone and local soil,¹⁶⁶ the preparation stimulates plant growth. Farmers report negligible seed mortality rate, improved seedling length and vigor as well as enhanced seed germination rates.¹⁶⁷

of how the AOL helped small farmers make big profits in drought-hit Kumool," www.ibtimes.co.in/heartwarming-success-story-how-aol-helped-small-farmers-make-big-profits-drought-hit-kumool-754817 (last accessed June 01, 2021).

¹⁶² Ficiciyan et al., *supra* note 144.

¹⁶³ Oliver T. Coomes et al., "Farmer seed networks make a limited contribution to agriculture? Four common misconceptions," *Food Policy* 56 (2015); Marco Pautasso et al., "Seed exchange networks for agrobiodiversity conservation. A review," *Agronomy for Sustainable Development* 33, no. 1 (2013); Girard and Frison, *The commons, plant breeding and agricultural research: challenges for food security and agrobiodiversity* (Routledge) (2018); Roy Ellen and Simon Platten, "The social life of seeds: the role of networks of relationships in the dispersal and cultural selection of plant germplasm," *Journal of the Royal Anthropological Institute* 17, no. 3 (2011).

¹⁶⁴ Burra Shyamsunder, "Study of traditional organic preparation beejamrita for seed treatment," *International Journal of Modern Agriculture* 10, no. 2 (2021).

¹⁶⁵ Sanjay Chadha, Rameshwar Ashlesha and Y. S. Paul, "Vedic Krishi: Sustainable livelihood option for small and marginal farmers," *Indian Journal of Traditional Knowledge* 11, no. 3 (2012), p. 485.

¹⁶⁶ N. Devakumar et al., "Microbial analytical studies of traditional organic preparations beejamrutha and jeevamrutha," *Building Organic Bridges* 2 (2014).

¹⁶⁷ Nemagoudar et al., *supra* note 153; Sreenivasa et al., *supra* note 153; Patel et al., *supra* note 153, p. 585.

Bheej-Amrut has been found to contain N-fixing, P-solubilizing bacteria, actinomycetes and beneficial fungi.¹⁶⁸

IV. Soil Biodiversity in TEK and Natural Farming

The revival of seed biodiversity in TEK systems is dependent on the diversity of soil organisms, which are protected and promoted by a plethora of farming practices. For example, applying plant residues as mulch provides a nutritious carbon source for soil organisms.¹⁶⁹ Particularly under dry conditions, mulching can significantly increase the grain yield¹⁷⁰ and reduce the amount of irrigation needed, thereby also minimizing the risk of high salinity in soils connected to irrigation.¹⁷¹ Similarly, low tillage is an effective practice to maintain soil health in TEK-based farming systems.¹⁷²

Farm waste-based preparations that act like microbial plant biostimulants are also an integral part of NF. Most plant biostimulant formulations under NF are based on local (cow) manure. Specific fermentation methods transform the manure into a potent biofertilizer¹⁷³ that significantly enhances the soil's biological, physical and chemical properties.¹⁷⁴ For example, the formulation called Jeev-Amrut is based on (cow) manure, sugar (e.g. ripe fruits), proteins (e.g. pea flour), minerals (e.g. mineral flour), and local soil. The mix has been found to significantly increase yields,¹⁷⁵

¹⁶⁸ Devakumar et al., *supra* note 167.

¹⁶⁹ Else K Bünemann, G. D. Schwenke, and L. Van Zwieten, "Impact of agricultural inputs on soil organisms – a review," *Soil Research* 44, no. 4 (2006).

¹⁷⁰ Xiao-Yan Li et al., "Incorporation of ridge and furrow method of rainfall harvesting with mulching for crop production under semiarid conditions," *Agricultural Water Management* 50, no. 3 (2001).

¹⁷¹ Due to less water that evaporates, the salinity level of the soil after irrigation can be lower, see Maomao Hou, Lvdan Zhu and Qiu Jin, "Surface drainage and mulching drip-irrigated tomatoes reduces soil salinity and improves fruit yield," *PLoS ONE* 11, no. 5 (2016).

¹⁷² Maïke Krauss et al., "Enhanced soil quality with reduced tillage and solid manures in organic farming – a synthesis of 15 years," *Scientific Reports* 10, no. 1 (2020); K. L. Sharma et al., "Long term evaluation of reduced tillage and low cost conjunctive nutrient management practices on productivity, sustainability, profitability and energy use efficiency in sorghum (*Sorghum bicolor* (L.) Moench)-mung bean (*Vigna radiata* (L.) Wilczek) system in rainfed semi-arid Alfisol" *Indian Journal of Dryland Agricultural Research and Development* 30, no. 2 (2015).

¹⁷³ These formulations are related to the ancient formulation *Panchagavya*, composed of cow dung, cow urine, milk, curd and clarified butter. *Panchagavya* resulted in enhanced root and plant growth, E. Leo Daniel Amalraj et al., "Microbiological analysis of panchagavya, vermicompost, and FYM and their effect on plant growth promotion of pigeon pea (*Cajanus cajan* L.) in India," *Organic Agriculture* 3, no. 1 (2013), p. 27.

¹⁷⁴ Liao et al., *supra* note 148; Suryatapa Das, Annalakshmi Chatterjee, and Tapan Kumar Pal, "Organic farming in India: a vision towards a healthy nation," *Food Quality and Safety* 4, no. 2 (2020).

¹⁷⁵ G. S. Manjunatha et al., "Effect of farm yard manure treated with jeevamrutha on yield attributes, yield and economics of sunflower (*Helianthus annuus* L.)," *Karnataka Journal of Agricultural Sciences* 22, no. 1 (2009); Chadha et al., *supra* note 166.

effectively control various plant pathogens¹⁷⁶ and increase the availability of nutrients, while decreasing the concentration of contaminants such as chloride and sulfate.¹⁷⁷

The TEK-based farming systems are growing in popularity partly because of the need to recover degraded soils and to meet the growing demand for healthy, nutritious, and organic food. They are also growing out of social movements seeking to move away from high-input farming, which is considered expensive and highly vulnerable. Recent studies and developments are helping people to better understand, interpret, and improve upon ancient practices for modern application.¹⁷⁸ These studies point to the importance of TEK-based farming and formulations in promoting sustainable agriculture that can support the cause of enhanced food and nutritional security.

Despite its recent boom in India, TEK systems are globally endangered.¹⁷⁹ They are mostly used by smallholder farmers, who are outcompeted by intensive agricultural systems, or by the loss of habitats, altered lifestyles,¹⁸⁰ negative attitudes toward the word “traditional,”¹⁸¹ and aggressive introduction of new (“improved”) seed varieties, even though they do not perform consistently in marginal environments.¹⁸² Legal and regulatory changes are urgently needed to help revive a diversity of TEK-based farming systems as possible and beneficial substitutes for conventional farming systems, particularly for marginal environments. Corresponding shifts are also needed in the educational curricula of universities and the training of regional agricultural extension officers.

E. CONCLUSIONS AND RECOMMENDATIONS

*Aano bhadra krtavo yantu vishwatah*¹⁸³

(Let noble thoughts come to me from all directions or all parts of the world)

In this paper, we have seen how the UPOV definition of variety, together with the insistence on uniformity and stability as prerequisites for the acquisition of PBRs, are

¹⁷⁶ Chadha et al., *supra* note 166.

¹⁷⁷ Azka Iftikhar et al., “Effect of gibberellic acid on growth, photosynthesis and antioxidant defense system of wheat under zinc oxide nanoparticle stress,” *Environmental Pollution* 254 (2019).

¹⁷⁸ Trent Brown, “Agrarian crisis in Punjab and ‘Natural Farming’ as a response,” *South Asia: Journal of South Asian Studies* 36, no. 2 (2013).

¹⁷⁹ For example, in Greece and Spain, Erik Gómez-Baggethun, Esteve Corbera and Victoria Reyes-García, “Traditional ecological knowledge and global environmental change: research findings and policy implications,” *Ecology and Society: A Journal of Integrative Science for Resilience and Sustainability* 18, no. 4 (2013).

¹⁸⁰ Eric M. Bignal and David I. McCracken, “The nature conservation value of European traditional farming systems,” *Environmental Reviews* 8, no. 3 (2000), p. 152.

¹⁸¹ The word was often connected to something obsolete, and in the nineteenth century it denoted simple, savage, and static characteristics, Fikret Berkes, Johan Colding and Carl Folke, “Rediscovery of traditional ecological knowledge as adaptive management,” *Ecological Applications* 10, no. 5 (2000), p. 5.

¹⁸² Catherine Odora Hoppers, “Old truths, new realities,” *Africa Insight* 32, no. 1 (2002), p. 7.

¹⁸³ *Rig-Veda Samhita* 1.89 and the *Yajurveda Samhita*, available at <http://literature.awgp.org/book/yajurveda/v2.76> (last accessed June 01, 2021).

grounded in legal fiction, industrial, or economic expediencies and a narrow focus on Mendelian genetics. The mainstream approach deemphasizes the influence of external factors (soil health, climate change and biotic and abiotic stresses) on seed health, performance and productivity. These “minimum standards” set up by UPOV (as well as European and national regulations that follow UPOV) assume that seeds and plant varieties that meet the DUS criteria are also better equipped to ensure high yields, meet climate challenges and enhance food security while promoting optimal innovation. Yet, emerging scientific understanding, as well as ground realities, particularly (but not exclusively) in the context of marginal farm environments and rapid climate change, suggest otherwise. They suggest that diversity and heterogeneity, rather than uniformity and homogeneity, are necessary for climate-smart, sustainable agriculture that protects seed and soil biodiversity while enhancing yields and (small) farmer incomes. Here, the presumptions underlying the CBD and the Seed Treaty – namely, that (agro)biodiversity and benefit sharing are of fundamental relevance for environmental protection and sustainable agriculture – gain fresh relevance.

Further, empirical research and several recent case studies and farmer stories suggest that not just plant breeders but also small and subsistence farmers are innovators.¹⁸⁴ Yet, under current IP protection regimes, their innovations (whether it be in relation to the improvement of indigenous seeds or improvements and local adaptation of TEK-based farming systems) remain without recognition or reward. This further propogates the false notion that plant breeders, and not (small) farmers, can innovate in the face of climate change. The revival as well as governmental support of TEK-based farming systems can encourage farmers, especially small and subsistence farmers, to adopt sustainable farming systems that both enhance agrobiodiversity and increase their profits. This can also help bring back dignity to the farming profession, preventing further and rapid rural–urban migration.

History has witnessed the dangers associated with discarding diversity and accepting only one line of thinking, know-how, or source of (planting) materials as being effective, efficient, or correct. The UPOV’s DUS criteria have undoubtedly served their purpose of promoting industrial and formal plant breeding efforts and continue to directly contribute to farming in large landholdings. However, they have increasingly led to the rejection and discrediting of innovations emerging from farmers’ fields and from agrobiodiversity that protects TEK-based farming systems. Global scientific communities cannot afford to lose this rich source of time-tested

¹⁸⁴ Mrinalini Kochupillai et al., “Promoting Sustainable Seed Innovations in India: A Three Pronged Approach,” Position Paper for the Indian Government (2019) [see footnote on first page of this paper for details]; “Farmers’ Stories,” University of Leeds, 2019, <https://idip.leeds.ac.uk/category/farmers-stories/> (last accessed November 21, 2021); Clinton Beckford, David Barker and Steve Bailey, “Adaptation, innovation and domestic food production in Jamaica: Some examples of survival strategies of small-scale farmers,” *Singapore Journal of Tropical Geography* 28, no. 3 (2007).

practical knowledge. In keeping with the findings of modern science, international legal regulations need to embrace, acknowledge, incentivize and reward the conservation and in-situ improvement of knowledge and materials from diverse sources to ensure sustainable innovations in seeds and plant varieties in the long run. A step in this direction can already be seen in India, and to a limited extent, also in Europe. However, a lot more needs to be done at the national as well as international levels. We highlight some trends and recommendations in the next section.

I. Trends in Europe

The relevance of agrobiodiversity is widely acknowledged, not only in countries of the Global South but also within Europe. In 2018, the European Union adopted Regulation (EU) 2018/848 of 30 May 2018 on organic production and the labeling of organic products (published on June 14, 2018). The regulation, for the first time, permits and encourages, inter alia, the marketing for organic agriculture of “plant reproductive material of organic heterogeneous material.” It defines “organic heterogeneous material” as

a plant grouping within a single botanical taxon of the lowest known rank which:

- (a) presents common phenotypic characteristics;
- (b) is characterized by a high level of genetic and phenotypic diversity between individual reproductive units, so that plant grouping is represented by the material as a whole, and not by a small number of units;
- (c) is not a variety within the meaning of Article 5(2) of Council Regulation (EC) No 2100/94 (33);
- (d) is not a mixture of varieties; and
- (e) has been produced in accordance with this Regulation.

Such heterogeneous materials do not need to fulfil the registration and certification requirements under various EU laws.¹⁸⁵ The regulation clarifies that “heterogeneous materials,” unlike current proprietary seeds, need not be uniform or stable, and notes that based on “Research in the Union on plant reproductive material that does not fulfil the variety definition. . . that there could be benefits of using such diverse material. . . to reduce the spread of diseases, to improve resilience and to increase biodiversity.”

¹⁸⁵ See recitals 36 and 37 in European Parliament and the Council Regulation, “On organic production and labelling of organic products and repealing Council Regulation (EC),” Regulation (EU) 2018/848 (2018); Hanspeter Schmidt, “Regulation (EU) 2018/848 – The New EU Organic Food Law,” *European Food & Feed Law Review* 14, no. 1 (2019); Matteo Petitti et al., “How to implement the organic regulation to increase production and use of organic seed. Policy recommendations for national and regional authorities,” LIVESEED, booklet (2018), <https://www.liveseed.eu/wp-content/uploads/2019/01/LIVESEED-FinalV2-WebInteractive-1.pdf>.

Accordingly, the regulation removes the legal bar on the marketing of “heterogeneous materials” and encourages their sale for organic agriculture, thus clearing the way for the more expansive use of indigenous non-uniform seeds in agriculture. It is expected that “once the delegated [A]cts under the EU regulation are formulated, they will support the creation of markets and marketplaces facilitating trade in heterogeneous seeds, including by small farmers who have, thus far, been left out of the competition in seed markets.”¹⁸⁶

Further, in the context of nutrient recycling and organic fertilizers for organic agriculture, the amended recital 5a of the proposed EU regulation (which is a part of the EU Circular Economy (CE) Package) of “CE marked fertilizers” is very relevant. The recital as proposed by the EU Parliament reads: “(5a) To ensure effective use of animal manure and on-farm compost, farmers should use those products which follow the spirit of ‘responsible agriculture’, favoring local distribution channels, good agronomic and environmental practice and in compliance with union environmental law . . . The preferential use of fertilizers produced on-site and in neighbouring agricultural undertakings should be encouraged.”¹⁸⁷ Despite the crucial role this provision could have played in the revival of TEK-based farming that teaches farmers how to produce biostimulants and organic fertilizers on-farm, the fertilizer regulation (EU 2019/1009) dropped the proposal.¹⁸⁸

The importance of locally adapted seeds has, nevertheless, been further emphasized in the Farm to Fork Strategy (2020), which states that “the Commission will take measures to facilitate the registration of seed varieties, including for organic farming, and to ensure easier market access for indigenous and locally-adapted varieties.”¹⁸⁹ The strategy also emphasizes the need for more agroecological farming practices in the European Union.

These legal and regulatory trends suggest a small but decisive step in the direction of diversifying the marketplace for agricultural seeds. They are also in line with the

¹⁸⁶ Mrinalini Kochupillai and Gregory Radick, “A wake-up call on proprietary seeds,” *The Hindu* (2019); Alexander Wezel, Julia Goette, Elisabeth Lagneau, Gloria Passuello, Erica Reisman, Christophe Rodier and Grégoire Turpin, “Agroecology in Europe: Research, education, collective action networks, and alternative food systems,” *Sustainability* 10, no. 4 (2018), p. 1214.

¹⁸⁷ European Parliament, “Amendments adopted by the European Parliament on 24 October 2017 on the proposal for a regulation of the European Parliament and of the Council laying down rules on the making available on the market of CE marked fertilising products and amending Regulations (EC) No 1069/2009 and (EC) No 1107/2009 (COM(2016)0157 – C8 – 0123/2016 – 2016/0084(COD)),” (2017).

¹⁸⁸ Regulation EU 2019/1009, “Regulation (EU) 2019/1009 of the European Parliament and of the Council of 5 June 2019 laying down rules on the making available on the market of EU fertilising products and amending Regulations (EC) No 1069/2009 and (EC) No 1107/2009 and repealing Regulation (EC) No 2003/2003 (Text with EEA relevance),” ed. European Parliament and the Council (2019).

¹⁸⁹ European Union, “COM(2020) 381 final: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system” (2020).

emerging scientific understanding of the urgent need to revive seed and soil microbial diversity for the sake of sustainable farming and food security. However, based on past scientific understanding, the European Union has, for decades, strictly regulated the agricultural seeds and inputs sector, outlawing active participation by farmers in the creation of agricultural seeds and associated organic fertilizers produced on-farm. These regulations have resulted in the development of specific practices and mindsets in agriculture, including among small and marginal farmers. Changing laws at the high level of the European Union will not lead immediately to a shift in local practices and mindsets.

In accordance with the principles of translational ethics and order ethics, to ensure compliance with ethically appropriate behavior (including environmentally sustainable behavior), it is necessary to ensure that legal, regulatory and governance structures incentivize the appropriate action. This can be done by, inter alia, removing perverse incentives and ensuring the necessary structural changes within existing institutional frameworks (e.g. by imparting balanced and updated education to farmers, rural agricultural extension officers and university students). This will facilitate the steering of human choices toward accomplishing more sustainable outcomes. Here, the European Union can learn from the NF movement in India, which was steered by NGOs and civil society groups but is now receiving support from the central and state governments.

II. Reviving Agrobiodiversity and Local Food Cultures

The revival of traditional agriculture based on indigenous and heterogenous seeds can also support the revival and nourishment of local agro-food systems (LAFS). These LAFS comprise local identity-based foods emerging from specific “territorial dynamics of agriculture, food and consumption networks.”¹⁹⁰ By mobilizing territorial dynamics based on collective action, LAFS revive and encourage local food identity and add value to local resources, including agricultural landscapes and ecosystems, local knowledge, local social networks, food traditions and cultures, and native vegetable varieties and animal breeds.¹⁹¹ While recognizing that many of the LAFS in Europe have been lost following the widespread adoption of conventional

¹⁹⁰ Javier Sanz-Cañada, “Local Agro-Food Systems in America and Europe. Territorial anchorage and local governance of identity-based foods,” *Culture & History Digital Journal* 5, e001 (2016) cited in Virginie Amilien and Pascale Moity-Maïzi, “Controversy and sustainability for geographical indications and localized agro-food systems: Thinking about a dynamic link,” *British Food Journal* (2019).

¹⁹¹ José Muchnik and Denis Sautier, “Systèmes agro-alimentaires localisés et construction de territoires,” Proposition d’action thématique programmée. CIRAD, Paris, France, 46p (1998) cited in Javier Sanz-Canada, “Local Agro-Food Systems in America and Europe. Territorial anchorage and local governance of identity-based foods,” *Culture and History Digital Journal* 5, no. 1 (2016).

agriculture,¹⁹² LAFS research currently focuses on studying remaining local systems or on using the concept as an approach for analyzing local agriculture and food-specific resources. Researchers are also studying its close connection with and impact on (agro)biodiversity.¹⁹³

The ongoing COVID-19 pandemic is a reminder of the urgent need to ensure local self-sustainable food production. Given the vast and diverse agro-climatic zones present in various regions of the world, farmers in all countries can benefit socioeconomically as well as environmentally by adopting farming systems and regulatory policies that encourage the use of local biodiversity in agriculture and incentivize farmer-level innovations with this diversity.

III. *Rethinking the DUS Test*

In the light of mounting evidence in the form of scientific research as well as on-farm experiences of small and marginal farmers, it is necessary to rethink the DUS test and identify approaches that can incentivize and promote sustainable seed innovations, not in isolation of environmental and soil interactions, but in combination with sustainable farming practices. Such innovations can include seed improvements that go hand in hand with innovative and sustainable soil management practices, manure and farm waste (nutrient) recycling methods, and/or seed storage techniques that are cost-effective and implementable in rural, low income and low-tech environments.

Beyond regulatory efforts, recent research based on extensive consultations with natural farmers in India has also recommended the adoption of technological means such as blockchain or distributed ledger technology to support the transparent and traceable sourcing of materials and know-how from farmer-innovators and ensure benefit sharing with the help of smart contracts.¹⁹⁴ Further research as well as funding for research and development, together with concerted international efforts, are needed to conduct more in-depth farmer interviews, build necessary prototypes and test the prototypes in real conditions to determine their acceptability, suitability and sustainability.

This is not to say that uniform varieties and the DUS test need to be done away with altogether. However, it is necessary to recognize that the unidirectional focus under current IP laws and associated regulations that incentivize and protect

¹⁹² Mónica Hernández-Morcillo et al., “Traditional ecological knowledge in Europe: status quo and insights for the environmental policy agenda,” *Environment: Science and Policy for Sustainable Development* 56, no. 1 (2014).

¹⁹³ Bolette Bele, Ann Norderhaug and Hanne Sickel, “Localized agri-food systems and biodiversity,” *Agriculture* 8, no. 2 (2018).

¹⁹⁴ Kochupillai, *supra* note 2; Kochupillai et al., *supra* note 72.

innovations only by the formal seed sector, or that permit the marketing only of certified uniform materials, is both inequitable and non-sustainable. Diversity in regulatory approaches is necessary to ensure that all potential innovators – in both the formal and informal sectors – can equitably participate in the landscape of seed innovations, while also protecting and enhancing agrobiodiversity for present and future generations.

Economic Nationalism in Intellectual Property Policy and Law

Alexander Peukert

ABSTRACT

Most commentators see IP as a prime example of globalization. The article challenges this view on several levels. In a nutshell, it claims that economic nationalist concerns about domestic industries and economic development lie at the heart of the global IP system. To support this argument, the article summarizes and categorizes IP policies adopted by selected European countries, the European Union, and the USA. Section B presents three types of inbound IP policies that aim to foster local economic development and innovation. Section C adds three versions of outbound IP policies that, in contrast, target foreign countries and markets. Concluding Section D traces a dialectic virtuous circle of economic nationalist motives leading to global legal structures. This process has been at work throughout the history of modern IP, with the recent past posing no exception. The article furthermore shows that current EU and US international IP policies strongly resemble each other, casting doubt on the two players' seemingly contrasting attitudes toward globalization. The article provides a far more nuanced description than what is often described as a simplistic nationalist–globalist dichotomy. Finally, the article identifies the basic function and legal structure of IP as the reason for the resilience and even dominance of economic nationalist motives in international IP politics. Intellectual property concerns exclusive private rights that are territorially limited creatures of (supra-)national statutes. These legal structures make up the economic nationalist “DNA” of IP.

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A. INTRODUCTION

The long-standing battle between economic nationalism and globalism has again taken center stage in geopolitics. In broad strokes, the two camps can be characterized as follows: the globalist worldview conceives of globalization as a positive-sum game, whereas economic nationalists consider international trade a zero-sum game in which a gain in trade by one nation must be accompanied by a corresponding loss for another nation.¹ Accordingly, efforts to create and consolidate a unified world economy² clash with protectionist policies that discriminate in favor of the local

¹ David Levi-Faur, "Economic nationalism: From Friedrich List to Robert Reich" (1997) 23 *Review of International Studies* 359, 365; George T Crane, "Economic Nationalism: Bringing the Nation Back In" (1998) 27 *Millennium: Journal of International Studies* 55, 58 with further references; C Christopher Baughn and Attila Yaprak, "Economic Nationalism: Conceptual and Empirical Development" (1996) 17 *Political Psychology* 759, 763; Daniel C K Chow, Ian M Sheldon and William McGuire, "The Revival of Economic Nationalism and the Global Trading System" (2019) 40 *Cardozo L Rev* 2133.

² Graham Dutfield and Uma Suthersanen, *Dutfield and Suthersanen on Global Intellectual Property Law* (2nd ed, Edward Elgar Publishing 2020) 2.

economy.³ In the area of international law, the antagonism plays out in the dispute between supporters of global multilateral treaties and organizations, on the one hand, and proponents of equal sovereignty to be used in pursuit of national interests on the other.⁴ In the course of these debates, the globalist worldview tends to refer to humankind as the primary polity and to global welfare as the ultimate end of politics.⁵ Nationalists, in contrast, champion self-determination and independence as ends in themselves and strive to promote an idealized unity, identity, and autonomy of a distinct community.⁶ In International Relations theory, the two opposite worldviews are associated with liberalism and realism, respectively, and their underlying assumptions about human nature. The one is more optimistic and idealistic – and thus progressive in terms of greater cooperation; the other is rather pessimistic in view of seemingly unavoidable conflicts.⁷

In this article, I apply the above distinctions to the law and policy of international intellectual property (IP). The prevailing view sees this field as a prime example of globalization. The Paris IP Union and Berne IP Union of 1883 and 1886, respectively, were among the first permanent multilateral organizations to react to

³ Baughn and Yaprak (n 1) 760; Crane (n 1); Sam Pryke, “Economic Nationalism: Theory, History, and Prospects” (2012) 3 *Global Policy* 281, 285 (“Economic nationalism should be considered as a set of practices designed to create, bolster and protect national economies in the context of world markets.”); critical of the centrality of this economic aspect see Stephen Shulman, “Nationalist Sources of International Economic Integration” (2000) 44 *International Studies Quarterly* 365.

⁴ Thomas Cottier, “Sovereign Equality and Graduation in International Economic Law” in Marise Cremona and others (eds), *Reflections on the Constitutionalisation of International Economic Law: Liber Amicorum for Ernst-Ulrich Petersmann* (Brill 2013) 218.

⁵ David Ricardo, *On the Principles of Political Economy and Taxation* (John Murray 1817) 84 (“It is quite as important to the happiness of mankind, that our enjoyments should be increased by the better distribution of labour, by each country producing those commodities for which by its situation, its climate, and its other natural or artificial advantages, it is adapted, and by their exchanging them for the commodities of other countries, as that they should be augmented by a rise in the rate of profits.”).

⁶ Baughn and Yaprak (n 1) 764 et seq.; Levi-Faur (n 1) 360; Crane (n 1) 64 et seq., 75; Shulman (n 3) 368; Eric Helleiner and Andreas Pickel (eds), *Economic Nationalism in a Globalizing World* (Cornell University Press 2005); Sapna Kumar, “Innovation Nationalism” (2019) 51 *Connecticut Law Review* 205, 213–15; Federico Lupu-Pasini, “The Rise of Nationalism in International Finance: The Perennial Lure of Populism in International Financial Relations” (2019) 30 *Duke Journal of Comparative & International Law* 93, 97; See also Friedrich List, *The National System of Political Economy* (Sampson S Lloyd tr, Longman 1904) xliii (nationality as the “distinguishing characteristic” of his theory).

⁷ Crane (n 1) 56; R O’Brien and M Williams, *Global Political Economy, Evolution and Dynamics* (3rd ed, Palgrave 2007) 17 (“If realism is the perspective in international politics, economic nationalism is the equivalent in political economy”); Dana Gold and Stephen McGlinchey, “International Relations Theory” in Stephen McGlinchey (ed), *International Relations* (E-International Relations 2017) 48–9; Carl Schmitt, *Der Begriff des Politischen* (9th ed, Duncker & Humblot 2015) 55 et seq. See also List (n 6) 100, 102 (“The popular school has assumed as being actually in existence a state of things which has yet to come into existence.”).

ever-increasing global communication and commerce.⁸ Over the past 140 years, the international IP system has consistently expanded in territorial and regulatory scope. Today, it provides for a practically worldwide level playing field for IP producers and users in all major areas of innovation and branding.⁹ Economists embrace this status quo because it avoids non-cooperative bilateralism and trade diversion and thereby expands world welfare.¹⁰ Leading international IP scholars observe “progress,”¹¹ which ought to continue via the ever “unfinished business”¹² of negotiating new IP treaties, preferably at the multilateral fora of WIPO and the WTO.¹³ From this perspective, the current stalemate of multilateralism, events like Brexit, and other efforts to (re-)instate the national interest as the guiding principle of economic policy are perceived as a challenge; they indicate a pendulum that is swinging back from a relatively long phase of globalization.¹⁴

This article challenges that widespread view on several levels. In a nutshell, it claims that economic nationalist concerns about domestic industries and economic development lie at the root of the global IP system.¹⁵ To support this argument, I summarize and categorize various IP policies adopted by Germany, selected other European countries, the European Union,¹⁶ and the USA. Section B presents three types of inbound IP policies that aim to foster local economic development and

⁸ Guy Fiti Sinclair, “State Formation, Liberal Reform and the Growth of International Organizations” (2015) 26 *European Journal of International Law* 445, 461–2.

⁹ For an overview see Alexander Peukert, “Vereinheitlichung des Immaterialgüterrechts: Strukturen, Akteure, Zwecke” (2017) 81 *Rabels Zeitschrift für ausländisches und internationales Privatrecht* 158.

¹⁰ Warren F Schwartz and Alan O Sykes, “The Economics of the Most Favored Nation Clause” in Jagdeep S Bhandari and Alan O Sykes (eds), *Economic Dimensions in International Law* (Cambridge University Press 1997) 59–63.

¹¹ Jörg Reinbothe and Silke von Lewinski, *The WIPO Treaties on Copyright* (2nd ed, Oxford University Press 2015) paras 14.0.1–16.0.5.

¹² *Ibid* para 17.0.15; Mihály Ficsor, *The Law of Copyright and the Internet: The 1996 WIPO Treaties, Their Interpretation and Implementation* (Oxford University Press 2002) para 10.01 (“continuation of the ‘unfinished work’”).

¹³ Eugene M Braderman, “International Copyright – A World View” (1970) 17 *Bulletin of the Copyright Society of the USA* 147, 148 (“Clearly, international cooperation and recognition of common goals is necessary and desirable in dealing with these issues”).

¹⁴ Thomas Cottier, “The Common Law of International Trade and the Future of the World Trade Organization” (2015) 18 *Journal of International Economic Law* 3, 3; Lupo-Pasini (n 6) 94; Chow, Sheldon and McGuire (n 1) 2136; Thomas J Schoenbaum and Daniel C K Chow, “The Perils of Economic Nationalism and a Proposed Pathway to Trade Harmony” (2019) 30 *Stanford Law and Policy Review*, 115; Dani Rodrik, “Populism and the Economics of Globalization” (2018) 1 *Journal of International Business Policy* 12; Monica De Bolle and Jeromin Zettelmeyer, “Measuring the Rise of Economic Nationalism” (2019) Peterson Institute for International Economics Working Paper 19–15 <www.piie.com/sites/default/files/documents/wp19-15.pdf> accessed 31 August 2020.

¹⁵ Accord concerning US international patent policies Kumar (n 6) 230–1.

¹⁶ For reasons of simplicity, the author only speaks of the EU as established by the 2009 Lisbon Treaty. That abbreviation also covers IP policies and laws of the European Economic Community (EEC, 1957–1993) and the European Community (EC, 1993–2009).

innovation. **Section C** adds three versions of outbound IP policies that, in contrast, target foreign countries and markets. In the area of IP, inward-looking policies have typically been pursued by IP importers and the outward-looking policy by IP exporters. The significance of the distinction between inbound-import and outbound-export is acknowledged both in the economic literature and most recently in the preamble of the IP chapter in the 2020 US–China Economic & Trade Agreement, according to which “China recognizes the importance of establishing and implementing a comprehensive legal system of IP protection and enforcement as it transforms from a major IP consumer to a major IP producer.”¹⁷

The overview demonstrates that the dialectic of nationalist motives producing global regulatory structures has been at work throughout the history of modern IP, and that the past five years (2017–2022) are no exception.¹⁸ I furthermore show that current EU and US international IP policies very much resemble each other, casting doubt on the two players’ seemingly opposing attitudes toward globalization.¹⁹ The article thus provides a much more nuanced description than the simplistic nationalist–globalist dichotomy presented in the beginning.²⁰

The concluding **Section D** draws the previous findings together. It first explains the dialectic virtuous circle of economic nationalist motives and global legal structures. Second, it identifies the basic function and legal structure of IP as the reason

¹⁷ Economic and Trade Agreement between the Government of the United States of America and the Government of the People’s Republic of China (15 January 2020) <<https://perma.cc/26BU-LKWV>> accessed 2 September 2020, ch 1 s A (US–China Economic & Trade Agreement); see further Keith E Maskus, “Economic Development and Intellectual Property Rights: Key Analytical Results from Economics” (2016) <www.colorado.edu/faculty/kmaskus/sites/default/files/attached-files/ip_development_km.pdf> accessed 15 September 2020, 6–7 (IPRs expand in scope as economies grow richer and more technologically capable); Keith E Maskus and Lei Yang, “Domestic Patent Rights, Access to Technology, and the Structure of Exports” (2018) 51 *Canadian Journal of Economics* 483 (strengthening patents increases exports in R&D intensive goods); Sibylle Lehmann-Hasemeyer and Jochen Streb, “Discrimination against Foreigners: The Wuerttemberg Patent Law in Administrative Practice” (2018) Working Papers of the Priority Programme 1859 No 7, 5 <www.experience-expectation.de/sites/default/files/inline-files/WP07_Lehmann-Hasemeyer_Streb_o.pdf> accessed 2 September 2020 (patent discrimination against foreigners became less attractive with increased international trade).

¹⁸ Cf also Kathleen Claussen, “Old Wine in New Bottles? The Trade Rule of Law” (2019) 44 *Yale Journal of International Law Online* 61 (there is little novel in what is occurring now); Andrew Lang, “Protectionism’s Many Faces” (2019) 44 *Yale Journal of International Law Online* 54 (rebalancing of international trade).

¹⁹ Compare the speeches of Donald Trump and Angela Merkel at the 2020 Davos World Economic Forum; available at <www.weforum.org/events/world-economic-forum-annual-meeting-2020/programme> accessed 2 September 2020. To be sure, there are also complaints about instances of protectionism in German industrial policy; cf Jeromin Zettelmeyer, “The Return of Economic Nationalism in Germany” (2019) Peterson Institute for International Economics Policy Brief 19–4 <www.piie.com/system/files/documents/pb19-4.pdf> accessed 2 September 2020.

²⁰ See also Shulman (n 3) 388 (nationalism and globalization should never be seen as inherently antithetical forces).

for the resilience and even dominance of economic nationalist motives in international IP politics. Intellectual property concerns exclusive private rights that are territorially limited creatures of (supra-)national statutes. These elements make up the economic nationalist “DNA” of IP.

B. INBOUND IP POLICIES

Inbound IP policies aim at fostering innovation and economic growth within an IP jurisdiction. This regulatory perspective is prone to nationalist motives and measures.

I. IP First Movers

When globalization gained momentum, economic policies logically mainly looked inward – that is, they were aimed at fostering domestic growth. The history of IP teaches that this general assumption also holds true for first movers in IP, namely Venice and England. Interestingly, both jurisdictions were very active and even dominant in international trade when they first adopted IP laws.²¹ By the time the city of Venice enacted, in 1474, what is considered to be the first patent Act in history,²² Venice had – over the course of several centuries – achieved the status of being the “cradle of dawning capitalism,”²³ the “chief trading city in the West,”²⁴ and a manufacturing hub.²⁵ When the Statute of Monopolies of 1624 established the basis for the British patent system,²⁶ the commercial center of gravity in Europe has already shifted from the Mediterranean to the ports facing the Atlantic, in particular to Amsterdam and London as the dominant cities.²⁷ Before the seventeenth-century

²¹ Josh Lerner, “150 Years of Patent Protection” (2000) NBER Working Paper Series No 7478 <<http://ssrn.com/abstract=179188>> accessed 2 September 2020; Maskus, *Economic Development* (n 17) 6–7; Alexander Peukert, “Intellectual property and development-narratives and their empirical validity” (2017) 20 *World Intellectual Property Journal* 2, 15–6 with further references.

²² Joanna Kostylo, “Venetian Statute on Industrial Brevets, Venice (1474)” in Lionel Bently and Martin Kretschmer (eds), *Primary Sources on Copyright (1450–1900)* (2008) <www.copyrighthistory.org> accessed 2 September 2020.

²³ Paola Lanaro, “At the Centre of the Old World. Reinterpreting Venetian Economic History” (2006) Working Papers of the Department of Economics, University of Venice No 50/WP/2006, 4, 16.

²⁴ Harry Elmer Barnes, *An Economic History of the Western World* (Harcourt 1940) 175.

²⁵ List (n 6) 3–9 (also on the reasons for Venice’s fall); accord Lanaro (n 23).

²⁶ “Statute of Monopolies, Westminster (1624)” in Lionel Bently and Martin Kretschmer (eds) *Primary Sources on Copyright (1450–1900)*, <www.copyrighthistory.org> accessed 2 September 2020.

²⁷ Jürgen Schneider, “The Significance of Large Fairs, Money Markets and Precious Metals in the Evolution of a World Market from the Middle Ages to the First Half of the Nineteenth Century” in Wolfram Fischer, R Marvin McInnis and Jürgen Schneider (eds), *The Emergence of a World Economy 1500–1914* (Steiner 1986) 18, 22; Barnes (n 24) 268; Lanaro (n 23) 4, 16.

civil war, England had experienced 150 years of significant annual output growth in agriculture, industry, and services, as well as population growth,²⁸ and the country was about to become the greatest naval and economic power on earth.²⁹ England would later also adopt the first modern copyright Act.³⁰

Ranking high among the many reasons for the rise of Venice and England before the era of modern IP are policies that were specifically aimed at introducing foreign technologies through the immigration of skilled artisans.³¹ One important regulatory tool to attract and establish certain high-tech industries of the time was the privilege awarded to people who introduced a new manufacture to the jurisdiction.³² The first IP statutes were derivatives of these early modern privileges, both in terms of their legal-doctrinal structure³³ and regarding their purpose. Just like the privilege regime, the new patent and copyright laws implemented an inward-looking economic policy. The Venice Patent Act expressly refers to the “utility and benefit to our State” of granting exclusive rights to “men in this city, and also . . . other persons . . . from different places” in their “ingenious contrivances.”³⁴ The Statute of Monopolies was intended to further the interests of industry “within this Realme,” without, however, unjustifiably raising prices of commodities “at home.”³⁵ And the Statute of Anne was meant to encourage learned men to compose and write useful books for the British public.³⁶ Although Venice and England operated within a highly internationalized trade context, none of their early IP statutes specifically targeted foreign markets and the export of new contrivances, manufactures, and books. Their main – if not sole – purpose was to foster domestic growth and innovation.³⁷

²⁸ Stephen Broadberry and others, “British Economic Growth, 1270–1870: an output-based approach” (2011) University of Kent School of Economics Discussion Papers.

²⁹ Barnes (n 24) 226; List (n 6) 33–4.

³⁰ “Statute of Anne, London (1710)” in Lionel Bently and Martin Kretschmer (eds), *Primary Sources on Copyright (1450–1900)* <www.copyrighthistory.org> accessed 2 September 2020.

³¹ List (n 6) 7, 31, 45–6; Lanaro (n 23) 17 (open Venice guild practices); Dutfield and Suthersanen (n 2) 6 (“Venetian style ‘knowledge mercantilism’”).

³² Paul A David, “Intellectual Property Institutions and the Panda’s Thumb: Patents, Copyrights, and Trade Secrets in Economic Theory and History” in National Research Council (ed), *Global Dimensions of Intellectual Property Rights in Science and Technology* (National Academy Press 1993) 44–8.

³³ Alexander Peukert, *A Critique of the Ontology of Intellectual Property* (Cambridge University Press 2021) 92–7.

³⁴ Venetian Statute on Industrial Brevets, Venice (1474) (n 22).

³⁵ *Supra* (n 26).

³⁶ See preamble, Statute of Anne (n 30).

³⁷ On the limited practical relevance of early UK patent law for the process of industrialization, see Christine MacLeod and Alessandro Nuvolari, “Patents and Industrialization: An Historical Overview of the British Case, 1624–1907” (2010) <<http://webarchive.nationalarchives.gov.uk/20140603093549/http://www.ipo.gov.uk/ipresearch-pindustrial-201011.pdf>> accessed 2 September 2020.

II. Discrimination against Foreigners

This inbound perspective becomes even more apparent in the practice of many jurisdictions until the late nineteenth century to grant IP protection only to local people. Examples are numerous and well documented. They were observed in particular in middle-income countries that, at a given point in time, had established a certain level of industrialization and the capacity to absorb new technologies but still lagged behind the economic and technological leading countries.³⁸

One of these purposefully discriminatory measures was the granting of privileges or patents for the introduction – that is, the first domestic practice – of inventions that were made and implemented abroad. What would today be considered an unfair incentive for piracy was long-standing practice in many European countries, such as in Renaissance “Italy,” during the late French *Ancien* Regime, and even as late as the early nineteenth century in Prussia and Wuerttemberg.³⁹ Another way to foster local industry was to declare that only citizens or residents of the respective state were eligible for IP protection. This strict discrimination against foreigners was applied by, for example, the 1815 Prussian Patent Act⁴⁰ and the US patent and copyright laws from their first enactment until 1836 and 1891, respectively.⁴¹ Even when foreigners were in principle granted access to the local IP regime, they had to fulfill additional requirements such as paying significantly higher patent fees than did locals.⁴² Local working requirements like the famous manufacturing clause in US copyright law had the purpose of promoting the national publishing and paper industries.⁴³

The effect of discriminating against foreign inventors and authors was that foreign patenting and copyrighting remained infrequent. Nations that imported IP thereby prevented IP-export nations from taking advantage of the protection available in their territories. In this way they avoided paying license fees, which would have increased the costs of absorbing knowledge and burdened the balance of trade.

The first prominent renunciation of this inbound nationalist IP policy was a French law of 1852, which for “reasons of universal justice” also granted protection

³⁸ Cf List (n 6) 93 (three stages of economic development: (1) nations trying to make advances in agriculture and simple industries, (2) nations trying to promote existing manufactures, fisheries, navigation, and foreign trade, (3) nations with the highest degree of wealth and power).

³⁹ David (n 32) 46 (regarding Renaissance “Italy”).

⁴⁰ Art. 1 Prussian decree on the granting of patents (Publikandum über die Ertheilung von Patenten), 14.10.1815, <www.wolfgang-pfaller.de/Publikandum.htm> accessed 2 September 2020 (citizen or member of a municipality entitled to vote).

⁴¹ Lehmann-Hasemeyer and Streb (n 17) 5; *Golan v Holder* 132 S Ct 873, 879 (2012) (19th century US a “Barbary coast of literature”); John A Rothchild, “How the United States Stopped Being a Pirate Nation and Learned to Love International Copyright” (2018) 39 *Pace L Rev* 361, 363.

⁴² Lehmann-Hasemeyer and Streb (n 17), 10 et seq. (US and Wuerttemberg patent law/practice in the second half of the nineteenth century).

⁴³ Alexander Hamilton, Report on the Subject of Manufactures (1791/1901) 83 et seq.; *Golan v Holder* (n 41); Rothchild (n 41) 451 (extreme form of protectionism).

to authors of works published abroad⁴⁴ – and at the same time targeted unauthorized foreign copying; this new law thus adopted an outbound perspective.⁴⁵ Whether that law was an expression of a genuinely globalist attitude or was still driven by the nationalist motive to improve the legal position of French right holders is considered below.⁴⁶

The formerly popular strategy of discriminating against foreign right holders in order to allow domestic industries to free-ride on foreign innovations – and at the same time, protect their own – is nowadays prohibited for most IP markets, on the ground of national treatment obligations under the global IP acquis. In particular, it is not permissible to wholly exclude foreigners or certain areas of technology, such as pharmaceuticals, from industrial property protection or to provide that formalities must be fulfilled in order to secure a copyright.⁴⁷ In practice, patent offices and courts may favor domestic inventors and litigants,⁴⁸ but such practices must not become official policy. The globalization of IP law thus limits the leeway for economic nationalist approaches significantly and thereby complements the deep integration of national economies in intercontinental value chains.

Discriminatory measures have not, however, vanished completely. An interesting example is the “press publishers right” in the 2019 EU Directive on copyright and related rights in the Digital Single Market (DSMD).⁴⁹ According to Art. 15 DSMD, EU Member States must provide publishers of press publications with the exclusive rights of reproduction and making available “for the online use of their press publications by information society service providers,” in particular by news aggregators like Google News. This two-year related right in press publications is independent of any rights in respect of works and other subject matter incorporated in a press publication. Whereas this content is already subject to international

⁴⁴ “French International Copyright Act, Paris (1852)” in Lionel Bently and Martin Kretschmer (eds), *Primary Sources on Copyright (1450–1900)* <www.copyrighthistory.org> accessed 2 September 2020 (French International Copyright Act).

⁴⁵ Sam Ricketson and Jane C. Ginsburg, *International Copyright and Neighbouring Rights* (Vol I, 2nd ed, Oxford University Press 2006) para 1.30 (the “famous decree of 1852 concerning the protection of foreign works in France” cleared the blockages against bilateral copyright treaties with France).

⁴⁶ *Infra* C I.

⁴⁷ See Art. 3, 27.1, 66.1 TRIPS; Art. 2 et seq. Paris Convention; Art. 5 Berne Convention; Keith E. Maskus, “Incorporating a Globalized Intellectual Property Rights Regime into an Economic Development Strategy” in Keith Maskus (ed), *Intellectual Property, Growth and Trade* (Vol 2, Elsevier 2008) 502 et seq. On discrimination of foreigners see Yi Qian, “Are National Patent Laws the Blossoming Rains?” in Neil Weinstock Netanel (ed), *The Development Agenda* (Oxford University Press 2009) 207 with further references.

⁴⁸ For studies to this effect cf. Lehmann-Hasemeyer and Streb (n 17) 6.

⁴⁹ Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, [2019] OJ L130/92 (DSMD).

copyright treaties,⁵⁰ its “publication” is not.⁵¹ There is thus no applicable national treatment obligation.

The German press publishers’ right of 2013, which served as a model for the DSMD, had not addressed the status of non-German, non-EU, and non-European Economic Area press publishers explicitly.⁵² The DSMD, however, is clear on the issue. Art. 15(1) DSMD only applies to – and thus benefits – press publishers “established in a Member State,” that is, those legal persons that have their registered office, central administration, or principal place of business within the Union.⁵³ There is no reference to applicable international treaties (which do not exist anyhow) or to other exceptional avenues to protection, such as via simultaneous first publication in the European Union or reciprocal protection of EU publishers in the third country. The DSMD thus completely excludes the publishers of *Neue Zürcher Zeitung*, *The New York Times*, and all other third-country journalistic publications from the press publishers’ right, despite the fact that many of those websites are indexed by news aggregators for a significant EU readership.⁵⁴

In the past, such strict discrimination against foreigners had the purpose of fostering economic catch-up through cheap access to foreign works and lawful free-riding on foreign innovations. This, however, is not what the press publishers’ right is meant to achieve. Its purpose is to ensure the sustainability of EU news publishers and news agencies by providing them with additional licensing revenues. The respective royalties are to be paid by news aggregators and similar online services, for whom the reuse of press publications is said to constitute an important part of their business models and a source of revenue.⁵⁵ In line with this telos, the German and Spanish precursor laws had indeed been asserted by local mainstream press publishers against Google.⁵⁶ The new IP right is thus not meant to foster dynamic catch-up and innovation but to support media companies that were

⁵⁰ Cf Art. 2, 10 Berne Convention; 2, 3, 8–12 WCT.

⁵¹ See Kur and Ginsburg, in this volume.

⁵² Manfred Reh binder and Alexander Peukert, *Urheberrecht und verwandte Schutzrechte* (18th CH Beck 2018) para 1149 (The law was declared inapplicable for a lack of notification with the European Commission as a “technical regulation” of information society services); case C-299/17, *VG Media v Google LLC* (ECJ, 12 September 2019).

⁵³ Recital 55 sentence 4 DSMD (n 49).

⁵⁴ Arguably, this exclusion runs afoul of the principle of equality before the law (Art. 20, 21, 17 CFREU). See, to this effect, German Federal Constitutional Court, 23 January 1990, 1 BvR 306/86, GRUR 1990, 438, 442 (exclusion of US citizen from German copyright protection unconstitutional under the German Basic Law if there is not even a reciprocity requirement or if random results follow).

⁵⁵ Recitals 54, 55 DSMD (n 49).

⁵⁶ *VG Media* (n 52); Raquel Xalabarder, “The Remunerated Statutory Limitation for News Aggregation and Search Engines Proposed by the Spanish Government; Its Compliance With International and EU Law” (2014) IN3 Working Paper Series <<http://ssrn.com/abstract=2504596>> accessed 8 September 2020.

established in analog times during their transition to digital journalism.⁵⁷ It nevertheless represents an inward-looking protectionist measure that discriminates in favor of the local economy.

III. *Weak IP Catch-up Policies*

Since early modern times, the economic and technological ranking of countries has corresponded to a pyramidal form. Few countries take a leading position, some follow as emerging economies, and most belong to the bottom group – with low levels of specialization, innovation, and export orientation. Although this structure is surprisingly stable, individual countries have moved up and (less frequently) down the ladder.⁵⁸ Countries like Germany, Switzerland, and the USA, whose economies nowadays are among the most technologically advanced and export-oriented, lagged behind the UK economy throughout most of the nineteenth century. In so far as those follower countries adopted IP during the nineteenth century at all, they pursued – well into the twentieth century – a weak IP catch-up strategy. They either forewent patents and copyrights altogether or limited these rights in a way that allowed local enterprises to copy or imitate on a massive scale, in full compliance with applicable local laws, in order to absorb foreign innovation and establish a highly industrialized formal economy.

Again, examples are plentiful and well documented.⁵⁹ In the area of copyright law, until the late nineteenth century there existed several European “copying hubs” that did not provide any protection to authors or publishers; among them is again the German state of Wuerttemberg.⁶⁰ In patent law, the Prussian patent office rejected up to 90 percent of patent applications and thus strictly controlled and effectively minimized the practical relevance of the patent system.⁶¹ The German Patent Act of 1877 exempted precisely those two branches from patent protection – medicines and chemical products – in which German companies were particularly active and successful.⁶²

Switzerland introduced a Patent Act only in 1888, under massive international pressure, but granted no protection for methods or for chemical products until 1907. This allowed the Swiss chemical and pharmaceutical industries to copy products that were patented in France and other places without hindrance; at the same time, the late nineteenth and early twentieth century are seen as the golden age of the

⁵⁷ Alexander Peukert, “An EU Related Right for Press Publishers Concerning Digital Uses. A Legal Analysis” (2016), Research Paper of the Faculty of Law, Goethe University Frankfurt am Main <<https://ssrn.com/abstract=2888040>> accessed 8 September 2020.

⁵⁸ Dutfield and Suthersanen (n 2) 7.

⁵⁹ See also Peukert 2017 (n 21) with further references.

⁶⁰ Herbert Hofmeister, “*Bemerkungen zur Geschichte des österreichischen Urheberrechts*” (1987) 106 *UFITA* 173–187; Ricketson and Ginsburg (n 45) para 1.29.

⁶¹ Lehmann-Hasemeyer and Streb (n 17) 8.

⁶² Peter Kurz, *Weltgeschichte des Erfindungsschutzes* (Heymanns 2000) 332 et seq., 372 et seq.

Swiss pharmaceutical and chemical industry. In 1869, the Netherlands completely revoked their patent law, which up until that point had been used predominantly by foreign registrants, and did not reinstate it until 1912. In the meantime, the Lever Brothers (Unilever) were able to lawfully produce margarine in disregard of the patent protection that existed in several European countries, and Philips manufactured light bulbs without paying license fees to Edison. Again, that period marked the high point of industrialization in the Netherlands.⁶³

India pursued a similar strategy in doing away with product patents in the pharmaceutical and food sectors in 1972. This gap in protection, which under the maximum transition period for TRIPS was valid until 2005, is said to have contributed to the creation of the Indian generic sector.⁶⁴ Japan, to name one last example, has had a patent law since as far back as 1885. But until the late 1990s, the scope of protection of a patent was construed so narrowly that Japanese companies had an easy time in circumventing this protection by means of slight changes in the drafting of the claims.⁶⁵

All these policies purposefully discriminated against foreign right holders, to the benefit of local industries. They can therefore be characterized as economic nationalist strategies of IP importers. This weak IP catch-up strategy is still considered to be an effective strategy in developing countries in order to adapt to, replicate, and distribute innovations along the international productive chain, with the long-term aim of inducing domestic economic complexity and productivity.⁶⁶ As with the discrimination of foreigners, however, weak IP catch-up policies are largely ruled out by international IP treaties, in this case by obligatory minimum levels of protection.⁶⁷ The remaining room to maneuver concerns some “residual policy space” allowing for “IP calibration.”⁶⁸

⁶³ Eric Schiff, *Industrialization without National Patents* (Princeton University Press 1971) 19 et seq., 85 et seq.

⁶⁴ Sudip Chaudhuri, “Is Product Patent Protection Necessary to Spur Innovation in Developing Countries?” in Neil Weinstock Netanel (ed), *The Development Agenda* (Oxford University Press 2009), 265–88.

⁶⁵ Peter Ganea and Sadao Nagaoka, “Japan” in Paul Goldstein and Joseph Straus (eds), *Intellectual Property in Asia* (Springer 2009) 87, 140; Hiroyuki Odagiri, Akira Goto and Atsushi Sunami, “IPR and Catch-Up Process in Japan” in Hiroyuki Odagiri and others (eds), *Intellectual Property Rights, Development, and Catch-Up* (Oxford University Press 2010) 122.

⁶⁶ Cassandra Sweet and Dalibor Eterovic, “Do Patent Rights Matter? 40 Years of Innovation, Complexity and Productivity: Does the Rigorous Protection of Patents Advance or Retard Economic Development?” (2019) 115 *World Development* 78–93.

⁶⁷ Maskus, *Economic Development* (n 17) 28; Graeme B Dinwoodie and Rochelle Cooper Dreyfuss, “Brexit and IP: The Great Unraveling?” (2018) 39 *Cardozo L Rev* 967, 983.

⁶⁸ Keith E Maskus, “International Agreements on Intellectual Property Rights: TRIPS and Beyond” in Robert Looney (ed), *Routledge Handbook of International Trade Agreements* (Routledge 2020) 9 et seq.; Daniel J Gervais, “IP Calibration” in Daniel J Gervais (ed), *Intellectual Property, Trade and Development* (2nd ed, Oxford University Press 2014); Silke v Lewinski, *International Copyright Law and Policy* (Oxford University Press 2008) para 25.32.

It is doubtful whether this remaining leeway is sufficient to account for the vastly different levels of absorptive capacity and innovativeness among national economies. The most prominent test case is China, which the United Nations still counts among the developing economies⁶⁹ but which has risen to become the second-largest economy in the world in terms of gross domestic product.⁷⁰ In 2019, the patent office of China received nearly half of all patent applications in the world and had the second highest number of international patent applications via the Patent Cooperation Treaty, just behind US-based applicants.⁷¹ Being bound to the TRIPS Agreement since 2001 has apparently not hampered but potentially fostered this impressive performance of the Chinese economy.

The seemingly happy relationship between strong IP and Chinese economic development has been tarnished, however, by long-standing complaints of the USA and the European Union about insufficient IP enforcement, and, more recently, about so-called forced technology transfers.⁷² Both practices support the local acquisition of knowledge and the building of innovative capacity and thus, eventually, technological and economic catch-up. The significance of these informal, weak IP policies is confirmed by the fact that the 2020 US–China Economic and Trade Agreement specifically addresses these issues; it obliges China firstly to stop the manufacture and block the distribution of pirated and counterfeit products, and secondly to not require or pressure persons of the other party to transfer technology to its persons in relation to acquisitions, joint ventures, or other investment transactions.⁷³ The agreement thus documents and at the same time aims to contain a conflict between Chinese inbound and US outbound nationalist IP policies.

Like the USA, the European Union generally also pursues an outward-looking, pro-IP policy.⁷⁴ In the already mentioned 2019 DSMD, the EU legislature has, however, adopted yet another version of an inward-looking IP regulation. As

⁶⁹ United Nations, “Monthly Briefing on the World Economic Situation and Prospects” (2020) Economic Analysis No 134 <www.un.org/development/desa/dpad/publication/world-economic-situation-and-prospects-february-2020-briefing-no-134/> accessed 13 September 2020.

⁷⁰ World Bank <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true> accessed 14 September 2020.

⁷¹ WIPO IP Facts and Figures (2019) <<https://www.wipo.int/publications/en/details.jsp?id=4487>> accessed 14 September 2020, 11 et seq.

⁷² Lee G Branstetter, “China’s Forced Technology Transfer Problem – And What to Do about It” (2018) 18–13 Peterson Institute for International Economics Policy Brief 1; Bob Carbaugh and Chad Wassell, “Forced Technology Transfer and China” (2019) 39(3) *Economic Affairs* 306–319; Jyh-An Lee, “Shifting IP Battlegrounds in the US–China Trade War” (2020) 43 *Colum J L & Arts.* 147, 153–4.

⁷³ Art. 1.18 et seq., Art. 2.2.3 US–China Economic & Trade Agreement. See also id, Art. 2.1(3) (“A Party shall not support or direct the outbound foreign direct investment activities of its persons aimed at acquiring foreign technology with respect to sectors and industries targeted by its industrial plans that create distortion.”).

⁷⁴ EU: European Commission, “A Single Market for Intellectual Property Rights. Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in

explained, Art. 15 DSMD strengthens IP to the benefit of EU press publishers. Art. 8 DSMD, in contrast, *weakens* EU copyright by permitting the non-commercial mass digitization of out-of-commerce works. It also reverses the discrimination. Whereas Art. 15 DSMD discriminates against third-country press publishers, Art. 8 DSMD discriminates against EU right holders and leaves exclusive rights in third-country out-of-commerce works intact. Under Art. 8 DSMD, only out-of-commerce-works of EU origin may be digitized and made available online.⁷⁵ Recital 39 DSMD explains this discrimination against EU works and right holders with “reasons of international comity.” And indeed, this rarely adopted measure eliminates any concerns that the limitation of copyrights in out-of-commerce works might go too far and run afoul of the international *acquis* of minimum copyrights, which does not apply to the internal copyright regulations of a country for works of that origin.⁷⁶ It thus seems that Art. 8 DSMD expresses a concern for foreign right holders and international law. The European Union’s globalist attitude is so strong that the Union is even prepared to discriminate against its own citizens.

From an historical perspective, however, Art. 8 DSMD appears in a very different light. According to this view, Art. 8 DSMD is a late reaction to events that took place in the USA between 2004 and 2015, namely the Google Books Project, the Google Books Settlement, and the Second Circuit Court decision – which eventually held that Google’s unauthorized digitizing of more than twelve million copyright-protected works, the creation of a search functionality, and the display of snippets from those works were non-infringing fair uses under US copyright law.⁷⁷ Many non-US copyright holders, as well as the German and French governments, had actively intervened in these developments. They successfully argued that a settlement reached between Google and certain US authors and publishers would violate international copyright law, although the settlement only covered works of US, Canadian, UK, and Australian origin plus foreign works registered with the US copyright office.⁷⁸ In Germany and other European countries, the Google Books Project and settlement were portrayed as an impertinent global misappropriation of

Europe” COM (2011) 287 final, 6 (“IPR constitute a major asset for the EU’s competitiveness on emerging markets”); European Commission, Intellectual Property <<https://ec.europa.eu/trade/policy/accessing-markets/intellectual-property/>> accessed 9 September 2020. US: US Department of State, Intellectual Property Enforcement <<https://www.state.gov/intellectual-property-enforcement/>> accessed 9 September 2020 (“The Office of Intellectual Property Enforcement (IPE) advocates for the effective protection and enforcement of intellectual property rights (IPR) around the world” *inter alia* to “ensure that the interests of American IP rights holders are protected abroad”).

⁷⁵ Art. 8(7) DSMD (n 49).

⁷⁶ Art. 5(1), (4) Berne Convention.

⁷⁷ See *Authors Guild v Google Inc* 770 F Supp 2d 666 (S.D.N.Y. 2011); *Authors Guild v Google Inc* 804 F 3d 202 (2d Cir 2015).

⁷⁸ *Authors Guild v Google Inc* 770 F Supp 2d 666 (S.D.N.Y. 2011) (settlement not fair, adequate, and reasonable also because of international law concerns).

the rights of European authors and publishers by the same US internet giant that, by the way, is the primary target of the new press publishers' right.⁷⁹

At the same time, the unavailability of millions of orphan and out-of-commerce works in the digital age was generally acknowledged to pose a real problem. The first response in line with European copyright values, the 2012 EU Orphan Works Directive, unfortunately proved unfit for the purpose because of its requirement of a prior diligent search in every single case.⁸⁰ In 2016, a French effort to allow for the mass digitization of out-of-commerce works was struck down by the Court of Justice of the European Union because of its incompatibility with the EU copyright acquis.⁸¹ In order to finally allow for mass digitization projects, Art. 8 DSMD now adopts the "digitize first and opt out later" mechanism that had infuriated European right holders and governments against the Google Book settlement ten years earlier. The EU legislature therefore took great pains to avoid international law-related complaints by US or other third-country right holders.

It is finally worth noting that not only US works are beyond the scope of Art. 8 DSMD. Google and other private internet companies also cannot rely on the provision, which only permits non-commercial digitization projects. In sum, Art. 8 DSMD is not only an inward-looking but also a hermetical EU measure: it benefits EU cultural heritage institutions in their taxpayer-funded efforts to preserve and make available their collections of EU works, for future generations of EU citizens.⁸² With this cultural, etatist focus, and considering its historical background, the provision represents a (supra-)nationalist approach to IP. Together with the new press publishers' right, it forms part of the overall EU digital policy that strives for a European version of digital sovereignty, independent from and often opposed to US and Chinese approaches.⁸³

C. OUTBOUND IP POLICIES

The growth of global trade during the long nineteenth century concerned high-tech products, books, and trademarked goods, which increasingly enjoyed IP protection in their country of origin. The more important cross-border exchange became for original producers, the more they became interested in IP protection abroad.⁸⁴ And along with the significance of these IP industries grew the readiness of governments to switch from inbound to outbound IP policies.

⁷⁹ Alexander Peukert, "Deutschland v Google: Dokumentation einer Auseinandersetzung" (2010) 2 *Archiv für Urheber- und Medienrecht* 477–487.

⁸⁰ Council Directive 2012/28/EU of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L 290/5; Reh binder and Peukert (n 52) paras 564–572.

⁸¹ Case C–305/15 Marc Soulier and Sara Döke [2016] ECLI:EU:C:2016:878.

⁸² Cf Art. 2(3) and recitals 5, 25 DSMD (n 49).

⁸³ European Commission, "Shaping Europe's digital future" COM (2020) 67 final, 2 ("Europe needs to have a choice and pursue the digital transformation in its own way.").

⁸⁴ Braderman (n 13) 150 (US copyright industries).

In view of today's levels of global economic and legal integration, no country can afford to ignore the international consequences of its IP policies. Even self-contained measures like Arts. 8 and 15 DSMD are embedded in, and reflect upon, the international economic context. Economic globalization has thus clearly induced a change of perspective from local to global markets. It has not, however, eliminated the focus on the interests of domestic industries and thus the essentially economic nationalist motive of IP-export countries' policies.

I. Sanction Foreign Pirates

An interesting example in IP history is the already mentioned French International Copyright Act of 1852.⁸⁵ That law did not merely extend the French *droit d'auteur* to works published abroad and thus, in practice, to foreign authors for "reasons of universal justice." It also made counterfeiting and piracy within France a criminal offense – in fact, this is the only substantive content of the law.⁸⁶ The immediate purpose of this criminalization was to curb the influx of cheap copies of works by French authors from Belgium and the Netherlands, where this activity was perfectly legal.⁸⁷ The indirect effect was that after the "pirates" lost their biggest market, their governments were more inclined to enter into bilateral treaties with France – and finally to protect French authors in Belgium and the Netherlands.⁸⁸ Thus, a law that according to its preamble pursued a noble universalist aim turns out to be an outbound nationalist policy move.

The US trade policy in the late twentieth century provides a more straightforward example of efforts to fight unauthorized foreign copying and imitation. The US Trade and Tariff Act of 1984 made the adequate and effective protection of foreign IP a principal US negotiating objective, and it declared inadequate or ineffective protection of IP in third countries a trade practice that could lead to trade retaliation by the USA.⁸⁹ The Reagan Administration used this tool intensively, for example vis-à-vis South Korea and Brazil.⁹⁰ In 1988, the US Congress amended the Trade Act "to provide for the development of an overall strategy to ensure adequate and

⁸⁵ *Supra* text accompanying notes 44–46.

⁸⁶ French International Copyright Act (n 44) ("1st Article: Counterfeiting, on French territory, of works published abroad and mentioned in article 425 of the Criminal Code, constitutes an offence. 2. The same is true of the sale, the exportation and the expedition of counterfeit works. The exportation and the expedition of these works is an offence of the same kind as the introduction, on French territory, of works which, after having been printed in France, have been counterfeited abroad.")

⁸⁷ Stephen P Ladas, *The International Protection of Literary and Artistic Property*, vol 1 (Macmillan 1938) 71–2.

⁸⁸ *Id.*

⁸⁹ Omnibus Tariff and Trade Act of 1984 [1984] PL 98–573; Adrian Otten, "The TRIPS Negotiations: An Overview" in Jayashree Watal and Antony Taubman (eds), *The Making of the TRIPS Agreement* (WTO 2015) 58.

⁹⁰ Kumar (n 6) 238.

effective protection of intellectual property rights and fair and equitable market access for US persons that rely on protection of intellectual property rights.”⁹¹ As part of this overall strategy, the Office of the US Trade Representative has since then published an annual “Special 301 Report” in which it identifies foreign countries where IP protection and enforcement have deteriorated or remained at “inadequate” levels, which may result in actions under US trade law or in dispute settlement proceedings pursuant to WTO or other trade agreements.⁹² More than thirty countries find themselves on the 2020 watch and priority watch lists, among them well-known targets like China, but also Canada and Romania.⁹³

Some thirty years after the USA, the European Union adopted very similar measures. As part of a comprehensive “[s]trategy for the protection and enforcement of intellectual property rights in third countries,”⁹⁴ the European Commission has since 2006 carried out biannual surveys among EU stakeholders and Member States in order to identify third countries in which the state of IPR protection and enforcement gives rise to concern, so that the Commission can focus its efforts and resources on those countries. The most recent report lists twenty countries in four priority categories, with China as the only country in Category One, and, somewhat ironically, the USA listed among the problem countries in Category Three.⁹⁵

On an abstract level, one can thus observe a convergence of EU and US policy aims and measures. In practice, however, the two actors apparently regard each other with suspicion. Each tries to extract as much revenue from foreign IP markets as possible.

II. *Unilateral Reciprocity Requirements*

Another way to induce other countries to adopt or strengthen their IP laws is to demand some form of reciprocity. It was common practice in nineteenth-century Europe for governments to make eligibility for their IPRs dependent on a corresponding treatment of their own citizens in the other country.⁹⁶ Reciprocity is a

⁹¹ Omnibus Trade and Competitiveness Act of 1988, § 1303(a)(2), 102 Stat 1179.

⁹² Cf Judith H Bello Alan, “Special 301: Its Requirements, Implementation, and Significance” (1989) 13 *Fordham International Law Journal* 259.

⁹³ United States Trade Representative, 2020 Special 301 Report (April 2020).

⁹⁴ European Commission, “Trade, growth and intellectual property – Strategy for the protection and enforcement of intellectual property rights in third countries” (Communication) COM (2014) 389 final; see Xavier Seuba and Elena Dan, “The European Foreign Policy for Intellectual Property Enforcement” in Josef Drexler and Anselm Kamperman Sanders (eds), *The Innovation Society and Intellectual Property* (EIPIN Series, Edward Elgar Publishing 2019) 160–187.

⁹⁵ European Commission, “Report on the protection and enforcement of intellectual property rights in third Countries” SWD (2018) 47 final.

⁹⁶ Silke von Lewinski, “Intellectual Property, Nationality, and Non-Discrimination” (1999) WIPO Publication No 762 (E), 190–1 <www.wipo.int/edocs/pubdocs/en/intproperty/762/

particularly promising tool if the domestic market is of a significant size and there is some corresponding demand for international protection. Accordingly, the 1838 UK International Copyright Act made the protection within Her Majesty's vast dominions of literary works that were published abroad conditional upon the reciprocal protection of British books in those foreign countries.⁹⁷ Within a few years, this carrot-and-stick strategy had led to copyright treaties with German states in 1846 and 1847 and with France in 1851.⁹⁸

Whereas France initially adopted, as explained, a different tactic to internationalize copyright law, it successfully implemented reciprocity in trademark law. The decisive move here was the law of 1857, according to which protection of foreign trademarks in France was not simply dependent upon reciprocal protection but also upon a diplomatic agreement with the home country of the foreign trademark owner. Countries that sought protection for their citizens' marks in France therefore had to negotiate and usually to legislate. Within a few years, France concluded several treaties on the matter, starting with its great rival, Britain.⁹⁹ Thus, the targeting of foreign pirates and the discrimination of foreign right holders contributed to the emergence of international IP treaties, first in the form of numerous bilateral¹⁰⁰ and eventually in the form of the permanent multilateral IP Unions of the 1880s, with their guarantee of automatic national treatment.¹⁰¹

Beyond this emerging international IP acquis, however, reciprocity requirements have remained an attractive tool for export-oriented countries. One example concerns layout designs (topographies) of integrated circuits. The 1984 US Semiconductor Chip Protection Act only applies to nationals and domiciliaries of the USA and of countries with which the USA has concluded a respective IP treaty.¹⁰² The 1986 European Economic Community Directive on the legal protection of topographies of semiconductor products is equally restricted to nationals and residents of a Member State, with a proviso that Member States may conclude

[wipo_pub_762.pdf](#)> accessed 15 September 2020; Paul Goldstein and Bernt Hugenholtz, *International Copyright. Principles, Law, Practice* (3rd ed, Oxford University Press 2013) 109; Daniel Gervais, *The TRIPS Agreement. Drafting History and Analysis* (4th ed, Sweet & Maxwell, Thomson Reuters 2012) para 2.62. On the various forms of reciprocity see Ricketson and Ginsburg (n 45) paras 1.24–8.

⁹⁷ Ronan Deazley, “Commentary on International Copyright Act 1838 (2008)” in Lionel Bently and Martin Kretschmer (eds) *Primary Sources on Copyright (1450–1900)* <www.copyrighthistory.org> accessed 9 September 2020.

⁹⁸ Ladas (n 87) 21.

⁹⁹ Paul Duguid, “French Connections: The International Propagation of Trademarks in the Nineteenth Century” (2009) 10 *Enterprise & Society* 3, 17 et seq.

¹⁰⁰ V Lewinski (n 68) paras 2.03–24; Ricketson and Ginsburg (n 45) para 1.30; Ladas (n 87) 43–6 (69 bilateral treaties in the area of industrial property law in 1883).

¹⁰¹ *Infra* C III 2.

¹⁰² 17 USC § 902.

agreements with third countries concerning that subject matter.¹⁰³ Whereas such bilaterals did not occur, and the 1989 WIPO Washington Treaty on Intellectual Property in Respect of Integrated Circuits remained dead letter law,¹⁰⁴ Arts. 35–38 TRIPS eventually made this new form of IP obligatory for all WTO Members.

The protection of geographical indications (GIs) by the European Union provides an example of where the use of reciprocity to globalize new types of IPR partially failed. The original 1992 Regulation made GI protection for agricultural products and foodstuffs coming from a third country dependent upon equivalent GI protection for EU products in that country, “without prejudice to international agreements.”¹⁰⁵ Arts. 22–24 TRIPS indeed address this issue but only set out very limited obligatory GI protection levels. Also within WIPO, the European Union has thus far failed to establish its preferred high standard as the global norm, mainly because of US opposition.¹⁰⁶ The inclusion of GI protection in the TRIPS Agreement even backfired when in 2005 a WTO panel found that excluding WTO nationals from the EU system for GIs violates the national treatment obligation owed to them.¹⁰⁷ As a result, the European Union has to accept third-country GIs within its market, but only a handful of other countries have committed to offer EU GI producers comparable levels of protection.¹⁰⁸

Just like the discrimination against foreigners, unilateral reciprocity requirements have also largely been ruled out and replaced by mutual national treatment provisions in IP treaties. Nowadays, reciprocity is thus useful only beyond the international *acquis*. At these edges of the international IP system, however, reciprocity is still popular – and it has retained its purpose, namely, to provide a country’s own nationals or residents with protection abroad.

¹⁰³ Art. 3 Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products [1987] OJ L 24/36–40.

¹⁰⁴ <www.wipo.int/treaties/en/ip/washington/> accessed 9 September 2020.

¹⁰⁵ Art. 16 Council Regulation (EEC) No 2082/92 of 14 July 1992 on certificates of specific character for agricultural products and foodstuffs [1992] OJ L 208/9–14.

¹⁰⁶ Daniel J Gervais and Matthew Slider, “The Geneva Act of the Lisbon Agreement: Controversial Negotiations and Controversial Results” (2017) 58 *IUS Gentium* 15. See also Art. 1.15, 1.16(b) US–China Economic & Trade Agreement (international GI agreements must not undermine market access for US exports to China of goods and services using trademarks and generic terms, and any GI may become generic over time, and may be subject to cancellation on that basis).

¹⁰⁷ WTO Panel Report, European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs (WT/DS174/R, 2005).

¹⁰⁸ As of March 31, 2020, only 64 applications (amounting to 1.72 percent of all 3,712 applications) for GI protection in the EU came from third countries (see <<https://ec.europa.eu/info/food-farming-fisheries/food-safety-and-quality/certification/quality-labels/geographical-indications-register/>> accessed 9 September 2020), a fact that indicates there is high demand for this form of protection within the EU but relatively little corresponding interest from abroad. As of May 20, 2020, only four non-EU countries have acceded to the Geneva Act of the Lisbon Agreement on Appellations of Origin and Geographical Indications of May 20, 2015 (Albania, Cambodia, Democratic People’s Republic of Korea, and Samoa).

The first example concerns German copyright law vis-à-vis “*non-ressortissants*,” that is, nationals of non-members of the international copyright system. In a move that somewhat contradicts the rhetoric of purportedly universal authors’ rights (*Urheberrecht*),¹⁰⁹ generally only nationals of Germany, the European Union, and the European Economic Area are eligible for exploitation rights in works, performances, and other subject matter.¹¹⁰ Third-country (“foreign”) nationals qualify for German copyright protection only according to international treaties, because of first publication in Germany, or on condition of reciprocity.¹¹¹ In a case that went all the way up to the German Federal Constitutional Court in the 1980s, Bob Dylan fell prey to these restrictions. The civil courts dismissed his claim for an injunction against the distribution of an Italian bootleg in Germany based on his rights as a performer because of his US nationality and the lack of applicable international treaties. The Federal Constitutional Court also denied a violation of the principle of equality before the law, because Dylan’s exclusion from property protection was justified by the purpose of inducing the USA either to join the Rome Convention¹¹² or to enter into a bilateral treaty with Germany.¹¹³ In the former alternative, reciprocity helps to expand the international IP system and thus the level global playing field in IP. But the latter alternative, a reciprocal bilateral treaty, still situates reciprocity in a nationalist setting of individual countries that pursue separate interests. In any case, the ultimate purpose is to guarantee German performers reciprocal protection in the USA and that remains an outbound nationalist policy aim.

The second recent example of IP reciprocity concerns the protection of non-original databases, for which no multilateral treaties exist.¹¹⁴ Consequently, states are generally free to decide whether and under which conditions foreign producers of such databases are eligible for protection. In the case of the EU *sui generis* right in databases, only those persons qualify who are nationals of a Member State or have their habitual residence, central administration, principal place of business – or at least their actively operating, registered office – in the European Union.¹¹⁵ In contrast to Art. 15 DSMD, the Database Directive refers to the possibility that the

¹⁰⁹ Cf section 11 German Copyright Act (German CA) (“Copyright protects the author in his intellectual and personal relationships to the work and in respect of the use of the work. It shall also serve to ensure equitable remuneration for the use of the work.”).

¹¹⁰ Sections 120, 124, 125(1), 126(1), 127(1), 127a(1), 128(1) German CA.

¹¹¹ Sections 121(1) and (4), 125(5) German CA.

¹¹² International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, October 26, 1961.

¹¹³ German Federal Constitutional Court, January 23, 1990, 1 BvR 306/86, GRUR 1990, 438 – Bob Dylan, 438, 442.

¹¹⁴ In contrast, compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such (Art. 10(2) TRIPS, 5 WCT).

¹¹⁵ Art. 11(1), (2) Directive 96/9/EC of March 11, 1996 on the legal protection of databases [1996], OJ L 77/20 (Database Directive).

EU Council may extend the sui generis right to third-country database producers on the basis of an international agreement.¹¹⁶ Reciprocity is not expressly mentioned in this context, but it was discussed in the course of the legislative proceedings and is not ruled out under the terms of the directive.¹¹⁷ In any case, the sui generis right in databases has not been an export hit. There is neither clear evidence for an investment stimulus,¹¹⁸ nor has the European Union concluded treaties on reciprocal database protection with third countries. An endeavor to globalize the Database Directive via a WIPO treaty equally failed.¹¹⁹ If that was a cooperative effort to advance a global public good (that is, more databases), then why did the European Union not adopt a universal approach in the first place? It is therefore more plausible to again interpret these moves as attempts to provide EU database makers with the benefit of transplanting the EU *acquis* to foreign markets – an instance of outbound IP (supra-)nationalism.¹²⁰

III. *International IP Treaties*

1. General Function of IP Treaties

Since the mid-nineteenth century, international IP policy has mostly taken the form of treaty negotiations among states with the aim of guaranteeing all nationals or residents of the contracting parties a minimum level of protection. At first sight, it seems odd to interpret these treaties as expressions of economic nationalism. Indeed, bilateral IP treaties and even more so the permanent multilateral IP Unions and later WIPO all establish a certain and ever more comprehensive level playing field for the global exchange of IP-protected goods and services. One of WIPO's aims is "to contribute to better understanding and co-operation among States for their mutual benefit on the basis of respect for their sovereignty and equality."¹²¹ That

¹¹⁶ Art. 11(3) Database Directive (n 115).

¹¹⁷ J H Reichman and Pamela Samuelson, "Intellectual Property Rights in Data?" (1997) 50 *Vand L Rev* 51, 96–97; Miriam Bitton, "Exploring European Union Copyright Policy through the Lens of the Database Directive" (2008) 23 *Berkeley Technology Law Journal* 141, 1456–57.

¹¹⁸ Annette Kur and others, "First Evaluation of Directive 96/9/EC on the Legal Protection of Databases – Comment by the Max Planck Institute for Intellectual Property, Competition and Tax Law" (2006) 37(5) *IIC* 551, 553; European Commission, Study in support of the evaluation of Directive 96/9/EC on the legal protection of databases (2018) iii.

¹¹⁹ Mark Davison, "Database Protection: Lessons from Europe, Congress, and WIPO" (2007) 57 *Case W Res L Rev* 829, 850–2 (pointing at the absence of unconditional American support for any proposal).

¹²⁰ Davison (n 119), 850–2.

¹²¹ Preamble, WIPO Convention. See also the preamble of the original Paris Convention 1883: "*Egalement animés du désir d'assurer, d'un commun accord, une complète et efficace protection à l'industrie et au commerce des nationaux de leurs États respectifs et de contribuer à la garantie des droits des inventeurs et de la loyauté des transactions commerciales, ont résolu de conclure une Convention à cet effet . . .*"

intention is, on the one hand, precisely what characterizes globalist rather than self-interested or conflict-oriented nationalist attitudes and policies.

On the other hand, it is crucial to distinguish between the structural effects of the international IP system and its distributive consequences and underlying dynamics. What emerged in the nineteenth century indeed grew into a regulatory cornerstone of the global knowledge economy. It is difficult to imagine the numerous global IP-intensive industries of today without at least some basic form of protection in most markets. I accept, in other words, that the international IP system is a result of – and at the same time, a driver of – globalization.

But that observation does not respond to the realist concern raised by Alexander Hamilton and Friedrich List as the two classical proponents of economic nationalism, namely: Who pushed for and benefits from these treaties?¹²² If one only looks at the largely homogenous interests of IP proponents, one tends to interpret the history of the global IP system as a kind of logical, linear, and largely apolitical development (“progress”).¹²³ From the outset, such an analysis cannot account for the power struggles that also define the history of international IP.¹²⁴

If one takes, instead, a more realist approach and focuses on the conflicts surrounding the globalization of IP, international treaties in this area turn out to be essentially economic nationalist policy tools of net IP exporters.¹²⁵ These countries gain protection for their domestic IP industries in foreign markets, and they can expect the private beneficiaries’ and their own total revenues to more than offset the royalties they have to send to the foreign companies or countries to whom they accord national treatment.¹²⁶ Silke von Lewinski consequently calls copyright provisions in trade agreements “money making machines” for major exporters of

¹²² Hamilton (n 43) 25 (“In such a position of things, the United States cannot exchange with Europe on equal terms; and the want of reciprocity would render them the victim of a system, which should induce them to confine their views to agriculture, and refrain from manufactures.”); List (n 6) 103 (“under the existing conditions of the world, the result of general free trade would not be a universal republic, but, on the contrary, a universal subjection of the less advanced nations to the supremacy of the predominant manufacturing, commercial, and naval power”).

¹²³ Compare Ricketson and Ginsburg (n 45) paras 2.05 et seq. (referring to the 1858 Brussels Congress on Literary and Artistic Property) with Peter Drahos and John Braithwaite, *Information Feudalism. Who Owns the Knowledge Economy* (The New Press 2002) 194.

¹²⁴ Schwartz and Sykes (n 10) 44; Laurence R Helfer, “Regime Shifting: The Trips Agreement and New Dynamics of International Intellectual Property Lawmaking” (2004) 29 *Yale J Int’l L* 1, 13–4 (power dynamics central); Graham Dutfield, *Intellectual Property Rights and the Life Science Industries: A Twentieth Century History* (Edward Elgar Publishing 2003) 201 (“power is central to any plausible explanation.”); v Lewinski (n 68) para 12.03 (US network of bilaterals resembles “a sun, representing the powerful player(s) who transmit certain legal standards to other countries like a sun radiates light”).

¹²⁵ Dutfield and Suthersanen (n 2) 3 (IP “as globalised localism”).

¹²⁶ Lehmann-Hasemeyer and Streb (n 17) 6; Frederick M Abbot, Thomas Cottier and Francis Gurry, *International Intellectual Property in an Integrated World Economy* (3rd ed, Wolters Kluwer 2015) 6–7; Goldstein and Hugenholtz (n 96) 104.

copyright-protected products.¹²⁷ In addition, multinational firms have proven to be more responsive to treaty-induced increases in patent protection in developing countries than firms established there. Whereas foreign applications in developing countries grew significantly after their accession to the WTO, the number of domestic patents increased much less, if at all.¹²⁸

No-one seriously disputes that the benefits of international IP treaties come with a cost, namely increased prices for access to innovation, innovative products, and follow-on innovation.¹²⁹ These costs are particularly problematic for net IP-import states because they impede their economic catch-up.¹³⁰ Not surprisingly, therefore, low-income developing states have repeatedly criticized and opposed the globalization of IP. Until now, however, IP proponents and exporters have successfully overcome any resistance.

2. The Berne and Paris IP Unions

The establishment of the Berne and Paris Unions did not cause much trouble. It occurred among a coalition of the willing, among them all major colonial powers. Beginning in the early nineteenth century, these European states had already extended their national IP laws internally to their dependent territories.¹³¹ When they created the IP Unions to establish a world IP market, it was only logical to incorporate the colonial markets. To this end, Art. 19 Berne Convention 1886 provided that “[c]ountries acceding to the present Convention shall also have the right to accede thereto at any time for their Colonies or foreign possessions.” A functional equivalent rule was added to the Paris Convention in 1911.¹³² All colonial powers made extensive use of this option, ensuring that, at the dawn of the twentieth century, the scope of application of the IP conventions covered practically the entire planet.¹³³

¹²⁷ v Lewinski (n 68) para 14.08.

¹²⁸ Maskus, *Economic Development* (n 17), at 11–2, 15–6 with further references.

¹²⁹ Maskus (n 17). The best theoretical account is provided by Michele Boldrin and David K Levine, “Intellectual Property and the Efficient Allocation of Social Surplus from Creation” (2005) 2 *Review of Economic Research on Copyright* 45–67.

¹³⁰ Peukert 2017 (n 21) with further references.

¹³¹ Lionel Bently, “The ‘Extraordinary Multiplicity’ of Intellectual Property Laws in the British Colonies in the Nineteenth Century” (2011) 12 *Theoretical Inquiries in Law* 161, 171–81; Alexander Peukert, “The Colonial Legacy of the International Copyright System” in Mamadou Diawara and Ute Rösenthaler (eds), *Copyright Africa: How Intellectual Property, Media and Markets Transform Immaterial Cultural Goods* (Sean Kingston Publishing 2016) 40–3.

¹³² Sam Ricketson, *The Paris Convention for the Protection of Industrial Property: A Commentary* (Oxford University Press 2015) para 8.23.

¹³³ Tshimanga Kongolo, “Historical Developments of Industrial Property Laws in Africa” (2013) 5 (1) *WIPOJ* 105–17, 115 et seq.; Tshimanga Kongolo, “Historical Evolution of Copyright Legislation in Africa” (2014) 5 *WIPOJ* 163, 163 et seq.

And yet this was only true in geographical terms, for the sole purpose of including the colonies was to protect the citizens of the colonial powers, for instance book publishers based in London or Paris. They were to enjoy the same protection of their rights in the conquered territories as in the home metropole.¹³⁴ The colonized peoples, on the other hand, were barred from obtaining copyrights or patents, whether de jure – as in the case of “natives” in the German colonial law – or de facto, through requirements such as first publication in the UK or restrictions on access to the courts.¹³⁵ If the age of IP colonialism was about progress, then it was only with regard to the metropolises and the enterprises established there.

3. Decolonization

This finding is confirmed by the coinciding of the collapse of colonial empires and the first true crisis of the international IP system in the 1950s and 60s. When colonies became independent states and “developing countries,” they finally gained a voice in treaty negotiations. This triggered the fear within the BIRPI,¹³⁶ the predecessor of WIPO, of an exodus of newly independent states and consequently a drastic shrinking of the global IP territory.¹³⁷ In the 1960s, India in fact raised the claim that the Berne Convention’s high level of protection stood in opposition to the developing countries’ primary interest in gaining access to available knowledge in order to promote education and technological progress.¹³⁸

And yet the system did not implode. The reasons for this resilience are complex but are again rooted in post-colonial, asymmetric power relations between economically and technologically advanced IP exporters in the Global North and low-income IP importers in the Global South. In particular, the lower the IP capacity of a country, the more vulnerable it is to a pro-IP agenda running against its interests as a knowledge importer.¹³⁹ Furthermore, accession to the key conventions, of which both the Western and the Eastern blocs were a part, held out the promise

¹³⁴ Drahos and Braithwaite (n 123) 74; Bently (n 131) 198; Catherine Seville, *The Internationalisation of Copyright Law* (Cambridge University Press 2006) 41 et seq.

¹³⁵ Peukert, *The Colonial Legacy* (n 131) 43–8 with further references.

¹³⁶ *Bureaux Internationaux Reunis pour la Protection de la Propriété Intellectuelle*.

¹³⁷ Claude Masouyé, “Decolonization, Independence and Copyright” (1962) 36 *Revue Internationale du Droit d’Auteur* 85, 86; critical Alan H Lazar, “Developing Countries and Authors’ Rights in International Copyright” (1971) 19 *Copyright Law Symposium* 1, 17 et seq. [“neo-colonialism”].

¹³⁸ Shri M Chagla “Address” in Indian Copyright Office (ed), *International Copyright: Needs of Developing Countries* (1967) x; Braderman (n 13) 154.

¹³⁹ Carolyn Deere, *The Implementation Game* (Oxford University Press 2009) 241, 311; Ruth L Okediji, “The International Relations of Intellectual Property: Narratives of Developing Country Participation in the Global Intellectual Property System” (2003) 7 *Singapore Journal of International & Comparative Law* 315, 384.

of international recognition. After all, this was the only way to ensure that the citizens of the developing countries would be granted legal protection in the former metropolises.¹⁴⁰

4. The TRIPS Agreement

Specific private and state interests finally also spurred the last apex of the international IP system, namely the TRIPS Agreement, which achieved an “unprecedented level of substantive harmonization of IP law.”¹⁴¹ On the face of it, this treaty too is the result of globalist motives and aims. According to its preamble, WTO Members desire to reduce distortions and impediments to international trade; recognize the need for a multilateral framework of principles, rules, and disciplines; and emphasize the importance of reducing tensions through multilateral procedures. All of this resonates well with the ideological mainstream after the fall of the Eastern bloc, when the Washington Consensus propagated a universally valid version of the open market economy in tandem with unequivocally defined and effectively protected titles of property.¹⁴²

Yet the well documented history of the TRIPS Agreement again supports a realist interpretation of the agreement.¹⁴³ According to Adrian Otten, then Director of the Intellectual Property Division of WTO and thus a neutral representative of the multilateral forum,

[t]he driver behind the inclusion of IP in the Uruguay Round was the United States. The background was that, in the years following the end of the Tokyo Round, large parts of US industry as well as the US Government became increasingly of the view that what they saw as inadequate or ineffective protection of US IP abroad was unfairly undermining the competitiveness of US industry and damaging US trade interests. These concerns went beyond the issue of border controls to prevent the importation of counterfeit goods, to the substantive standards of IP protection in other countries and the effectiveness of means for their enforcement, internally as well as at the border. This, in turn, was part of a wider perception of many in the United States that the GATT system, while doing quite a good job in

¹⁴⁰ Peukert 2016 (n 131) 49–58.

¹⁴¹ Annette Kur, “From Minimum Standards to Maximum Rules” in Hanns Ullrich and others (eds), *TRIPS Plus 20. From Trade Rules to Market Principles* (Springer 2016) 135.

¹⁴² John Williamson, “What Washington Means by Policy Reform” (1990) < www.piie.com/commentary/speeches-papers/what-washington-means-policy-reform > accessed 11 September 2020 [“there is general acceptance that property rights do indeed matter”].

¹⁴³ Drahos and Braithwaite (n 123) 12 (trade power crashed democracy); Rochelle Dreyfuss and Susy Frankel, “From Incentive to Commodity to Asset: How International Law is Reconceptualizing Intellectual Property” (2015) 36 *Michigan Journal of International Law* 557, 596; Dinwoodie and Dreyfuss (n 67) 33–4 (coercion narrative). On the linkage between the US manufacturing clause (*supra* n 43) and international trade policy see Rothchild (n 41) 451. On the political economy of the 1996 WIPO Copyright Treaties see Ficsor (n 12) paras 1.34–40 (US, EC, and Japanese policy papers pushing for the “digital agenda” of WIPO).

regard to standard technology manufactured goods where the United States was losing international competitiveness, was doing a bad job, or none at all, in the areas of agriculture, services and IP[,] where US competitiveness increasingly lay. It should also be remembered that this was a period when the international value of the US dollar increased enormously, almost doubling between its low point in 1978 and high point in 1985 according to the DXY index (US dollar relative to a basket of foreign currencies); this greatly exacerbated concerns in the United States about the country's international competitiveness.¹⁴⁴

The change in the IP policy of the USA from an inward- to an outward-looking perspective went hand-in-hand with the move from a net IP-import to a net IP-export economy and becoming a global superpower after World War II.¹⁴⁵ This shift in perspective, however, left the concern for the interests of US industries unaffected. Worried about foreign counterfeits and piracy, the USA, supported by the European Community, in 1978 put forward a proposal for a respective GATT agreement, but to no avail.¹⁴⁶ After corresponding efforts to close two major loopholes in the international IP system (concerning the patentability of pharmaceutical products and copyright protection for computer programs) had failed in WIPO because of opposition by developing countries,¹⁴⁷ the USA shifted the forum back to the GATT, where “trade preferences were now used as a bargaining chip for higher levels of IP protection.”¹⁴⁸ The main push for that move came from a group composed of twelve top executives from the US pharmaceutical, software, and entertainment industries.¹⁴⁹

In June 1988, European, Japanese, and US business communities joined lobbying forces and published a “Basic Framework of GATT Provisions on Intellectual Property,” which significantly influenced the positions of their respective home

¹⁴⁴ Otten (n 89) 58.

¹⁴⁵ Braderman (n 13) 150.

¹⁴⁶ Jörg Reinbothe and Anthony Howard, “The state of play in the negotiations on Trips (GATT/Uruguay round)” (1991) 13 *European Intellectual Property Review* 157, 157 (“sterile North–South confrontation”); Gervais (n 96) paras 1.10–1; Otten (n 89) 57.

¹⁴⁷ Ricketson (n 132) paras 15.03–5; Gervais (n 96) para 1.12; Drahos and Braithwaite (n 123) 110–114 (“WIPO talkshop”), 124.

¹⁴⁸ Josef Drexler, “The Concept of Trade-Relatedness of Intellectual Property Rights in Times of Post-TRIPS Bilateralism” in Hanns Ullrich and others (eds) (n 141) 53–85, 61; Reinbothe and Howard (n 146) 157; Susan Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge University Press 2003); v Lewinski (n 68) para 9.08; Abbot, Cottier and Gurry (n 126) para 1.12; Dinwoodie and Dreyfuss (n 67) 32. On the high rate of private sector interest and participation in WIPO's work see Carolyn Deere Birkbeck, *The World Intellectual Property Organization* (WIPO). A Reference Guide (Edward Elgar Publishing 2016) 187.

¹⁴⁹ Antony Taubman, “Thematic review: Negotiating ‘trade-related aspects’ of intellectual property rights” in World Trade Organization (ed), *The Making of the TRIPS Agreement: Personal insights from the Uruguay Round Negotiations* (WTO 2015) 25; Gervais (n 96) para 1.12–3 (US administration's “Private Sector Advisory Committee on Trade Policy Negotiations (ACTN)”); Drahos and Braithwaite (n 123) 85 et seq.; Dutfield (n 124) 196–201.

governments.¹⁵⁰ As early as 1991, the main content of TRIPS was settled.¹⁵¹ Inter alia, the agreement obliges all WTO Member States to protect computer programs as literary works under the Berne Convention (Art. 10(1)) and to grant patents for any inventions, whether products or processes, in all fields of technology (Art. 27(1)). It thus satisfied the core demands of IP demandeurs.

5. IP Treaty Making in the Twenty-First Century

Multilateralism lost traction as early as the turn of the millennium. The Washington Consensus in general and the TRIPS Agreement in particular became the target of heavy criticism for their perceived failure to foster global development and innovation.¹⁵² This backlash has, however, not brought IP treaty making to a standstill. On all levels, IP exporters continue to push for their outbound IP (supra-)nationalist policy aim to strengthen IP across the globe, and successfully so.¹⁵³

This also includes already widely adopted multilateral treaties, namely the 2006 Singapore Treaty on the Law of Trademarks, which further harmonizes administrative trademark registration procedures,¹⁵⁴ and the 2012 Beijing Treaty on Audiovisual Performances, which closes loopholes in the international copyright acquis.¹⁵⁵ The USA and the European Union furthermore actively rely upon the WTO dispute settlement procedure to enforce TRIPS obligations. On March 23, 2018, the USA requested consultations with China concerning certain measures that the USA claims to be inconsistent with Art. 3 (national treatment) and Art. 28 (rights conferred by a patent), which the European Union requested to join.¹⁵⁶ On June 1, 2018, the European Union initiated its own WTO procedure against China, referring to the very same Arts. 3 and 28 TRIPS, which the USA requested to join in turn.¹⁵⁷

Bilateral and plurilateral treaty negotiations complement these efforts. This flexible, multilevel, forum-shifting approach also appears to be the norm rather than the exception.

¹⁵⁰ Intellectual Property Committee, Keidanren and Union of Industrial and Employers' Confederations of Europe (UNICE), "Basic Framework of GATT Provisions on Intellectual Property [June 1988]" in Friedrich-Karl Beier and Gerhard Schrickler (eds), *From GATT to TRIPS: The Agreement on Trade-Related Aspects of Intellectual Property Rights* (Wiley-VCH 1996) 355–402.

¹⁵¹ Taubman (n 149) 17, 29; Gervais (n 96) para 1.19 with reference to an EC proposal from March 1990; Reinbothe and Howard (n 146) 158.

¹⁵² See eg William Fisher III and Cyrill P Rigamonti, *The South Africa AIDS Controversy: A Case Study in Patent Law and Policy* (Harvard Law School 2005).

¹⁵³ The legal basis defining the principal negotiating objectives of the United States regarding intellectual property, 19 US Code § 2901(b)(10), has remained unchanged since 1988; see Pub. L. 100–418, title I, § 1101, August 23, 1988, 102 Stat. 1121.

¹⁵⁴ <<https://www.wipo.int/treaties/en/ip/singapore/>> accessed 11 September 2020.

¹⁵⁵ <<https://www.wipo.int/treaties/en/ip/beijing/>> accessed 11 September 2020.

¹⁵⁶ See WT DS 542: China – Certain Measures Concerning the Protection of Intellectual Property Rights. At the time of writing, this procedure is suspended in light of ongoing bilateral negotiations between the U.S. and China. See also Claussen (n 18) 63.

¹⁵⁷ WT DS 549: China – Certain Measures on the Transfer of Technology.

Bilateral pressure by IP exporters prepared the ground for the IP Unions in the late nineteenth century and the TRIPS Agreement in the late twentieth century.¹⁵⁸ That acquis then served as a platform for the Berne, Paris, and TRIPS-plus bilateral treaties after multilateralism in WIPO and the WTO had largely come to a halt.¹⁵⁹ Although the European Union and the USA act independently, their IP bilaterals even support each other in that the industries of both IP exporters benefit from the IP provisions in all TRIPS-plus free trade agreements (FTAs) via the most-favored-nation treatment of Art. 4 TRIPS.¹⁶⁰

At present, the European Union is actively negotiating FTAs that include comprehensive IP chapters with numerous countries.¹⁶¹ In its early days, the Trump Administration withdrew from the Trans-Pacific Partnership (TPP) and thereby surrendered significant IP benefits for various US industries, including longer patent terms for drugs, additional protections for biological medicines, and longer copyright protection.¹⁶² It would, however, come as a surprise if “Trump had turned away from innovation nationalism.”¹⁶³ And indeed, the agreements the USA concluded in late 2019 and early 2020 with Mexico, Canada, and China prove the contrary. Chapter 20 of the United-States–Mexico–Canada Agreement (USMCA) is “virtually identical to the TPP” in terms of the IP provisions negotiated by the Obama Administration.¹⁶⁴ China has committed itself to very precise measures to improve IP protection and enforcement to the benefit of US pharmaceutical and tech companies that are active in China, whereas the USA mostly only “affirms that existing US measures afford treatment equivalent to that provided for” in the agreement.¹⁶⁵

6. Art. 31bis TRIPS and the Marrakesh VIP Treaty

In my view, only two twenty-first century IP treaties truly live up to the narrative of cooperation for the global public good, namely Art. 31bis TRIPS, which entered into

¹⁵⁸ *Supra* C III 2,4.

¹⁵⁹ See, e.g. Abbot, Cottier and Gurry (n 126) 36–59; Josef Drexler, Henning Grosse Ruse-Khan and Souheir Nadde-Phlix (eds), *EU Bilateral Trade Agreements and Intellectual Property: For Better or Worse?* (Springer 2014); Henning Grosse Ruse-Khan, *The Protection of Intellectual Property in International Law* (Oxford University Press 2016) ch 5; Dreyfuss and Frankel (n 143) 566–85.

¹⁶⁰ Clemens Keim, TRIPS-plus Patentschutzklauseln in bilateralen Freihandelsabkommen der EU (Wolters Kluwer 2017) 101–2.

¹⁶¹ <<https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>> accessed 11 September 2020.

¹⁶² Kumar (n 6) 241–2.

¹⁶³ But see Kumar (n 6) 244.

¹⁶⁴ Thomas J Schoenbaum, “The Art of the Deal and North American Free Trade: Advantage for the United States?” (2020) 14 *Ohio St Bus LJ* 100, 123–24; see Agreement between the United States of America, the United Mexican States, and Canada (13 December 2019) <<https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement-between>> accessed 11 September 2020.

¹⁶⁵ Cf Ch 1 US–China Economic & Trade Agreement.

force in 2017,¹⁶⁶ and the 2013 Marrakesh VIP Treaty.¹⁶⁷ Neither of these multilateral agreements establishes private exclusive rights, but they do facilitate access to and use of knowledge primarily for humanitarian and social developmental reasons.

Moreover, the beneficiaries of the access rules are located partially if not exclusively *outside* of the territories in which the patents or copyrights concerned are in force. The only formal amendment of WTO law provides the legal basis for WTO Members to grant special compulsory licenses exclusively for the production and *export* of affordable generic medicines to other members that cannot domestically produce the needed medicines in sufficient quantities for their patients.¹⁶⁸ Similarly, the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled permits the *exchange* of these works across borders by organizations that serve those beneficiaries.¹⁶⁹ Thus, and in contrast to the rest of the international IP acquis, these agreements specifically tackle and partially overcome the territorial fragmentation of IP markets, to the benefit of foreign IP users. It must be noted, however, that Art. 31bis TRIPS and the Marrakesh VIP Treaty address very specific access problems of marginal economic significance. They do not disturb the functioning of the global IP money-making machine.

D. CONCLUSION

I. A Dialectic Virtuous Circle

This article has demonstrated the complex and indeed dialectic relationship between economic nationalism and globalism in the area of IP. On the one hand, outward-looking policy perspectives have largely taken precedence over inbound IP nationalism. Even self-contained measures like Arts. 8 and 15 of the EU DSMDD are embedded in and reflect upon the deep levels of global economic integration. Moreover, today's international IP acquis establishes an effectively global and substantively comprehensive level playing field for IP producers and users alike. The leeway for inbound IP nationalist catch-up policies, whether in the form of no or weak IP or as discrimination against foreigners, has shrunk considerably – and in certain core areas of patent, copyright, and trademark law has shrunk to effectively being nothing at all. In those regards, IP nationalism has clearly lost ground.

On the other hand, the overview of past and present IP policies confirms that economic nationalist motives were, and remain, the main driver of international IP policy and law.¹⁷⁰ This is also true as regards the international IP treaty acquis. This

¹⁶⁶ <https://www.wto.org/english/news_e/news17_e/trip_23jan17_e.htm> accessed 11 September 2020.

¹⁶⁷ <<https://www.wipo.int/treaties/en/ip/marrakesh/>> accessed 11 September 2020.

¹⁶⁸ <https://www.wto.org/english/tratop_e/trips_e/phammpatent_e.htm> accessed 11 September 2020.

¹⁶⁹ Arts. 5, 9 Marrakesh VIP Treaty.

¹⁷⁰ Levi-Faur (n 1) 370 (“versions of nationalism have always been part of human history; this is so obvious that it seems unnecessary to supply examples”).

poster-child of universal cooperation is indeed merely a side effect of outbound IP nationalist policies of powerful net IP exporters. These players adopt unilateral, bilateral, plurilateral, and multilateral measures as functional equivalents to pursue one and the same immediate goal, namely, to support domestic industries in an interconnected world market.

At this point, a dialectic virtuous circle emerges. The more that private parties depend upon foreign sales, the more they lobby their home governments for IP protection abroad. The deeper global economic integration, the greater the demand for global IP. Global economic integration thus turns selfish or nationalist short-term aims and benefits into drivers of an ever more comprehensive body of international IP law. This is the realist answer to the question of why IPRs and IP laws have continuously grown in number and expanded in scope, territorial reach, and duration – while at the same time having been contested far more than other branches of property law.¹⁷¹

II. *The Economic Nationalist DNA of IP*

The resilience and dynamic of this virtuous circle vest in two universally accepted basic legal structures of IP. First, IPRs are private rights.¹⁷² They are granted to private parties who acquire and enforce them at their will.¹⁷³ While it is true that these property rights have to serve the public good,¹⁷⁴ their immediate benefit is private. Accordingly, the political economy of IP differs greatly from branches of international law and policy that directly aim at global public goods, such as biological diversity. Whereas the latter require a global perspective of all stakeholders involved and equally global solutions, international IP protection is demanded by individual private parties who have strong vested interests. If governments respond to their demands, they can easily present themselves as putting local industries first and thus boost their domestic legitimacy.¹⁷⁵

Secondly, the private IP privilege is “territorial in nature.”¹⁷⁶ The principle of territoriality has been accepted by all states ever since the early call by France for

¹⁷¹ Conceptual aspects of this puzzle are addressed in Alexander Peukert, “Fictitious Commodities: A Theory of Intellectual Property Inspired by Karl Polanyi’s ‘Great Transformation’” (2019) 29 *Fordham Intell Prop Media & Ent LJ* 1151–1200.

¹⁷² Preamble, TRIPS.

¹⁷³ Christoph Menke, *Kritik der Rechte* (Suhrkamp Verlag 2015).

¹⁷⁴ Arts. 7, 8 TRIPS.

¹⁷⁵ See, for example, Braderman (n 13) 148 (“What we can do in the international copyright field, as in most other areas of foreign affairs, is dependent on our domestic base. Therefore, I wish to make clear that as a matter of fundamental policy, I believe in a strong and effective copyright law.”); generally Crane (n 1) 59 with further references.

¹⁷⁶ *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn of Internet Providers* [2004] 2 SCR 427, para 2; case C–192/04 *Lagardère v SPRE* [2005] ECR I–7199, para 46; *Voda v Cordis* [2007] 476 F3d 887, 902 (Fed Cir).

universal cross-border protection was defeated by the pragmatic demands of greater national control during the negotiations of the Paris and Berne Conventions in the 1880s.¹⁷⁷ Global trade and communication are still not governed by one world IPR but by a mosaic of more than 190 national IP territories or jurisdictions.¹⁷⁸ In other words, fragmentation and particularism are the only truly universal aspects of IP. It is the nation state that ultimately guarantees IP protection. And those states that call for increasing levels of IP protection do so in the vested private interest of their local IP constituency.

The ensuing system could be considered universal only if it provided for a full harmonization or even unification of all existing national IP laws, which would logically rule out any IP nationalism. Such a level of integration has, however, not been achieved within the European Union, and it remains utopian on a global level.¹⁷⁹ Even if a global IP code were adopted,¹⁸⁰ it would not be normatively neutral, and jurisdictions on a lower regulatory level might, in addition, still pursue self-serving aims by turning their attention to non-IP mechanisms – such as prizes, grants, tax credits, or in-house government research – to foster local innovation.¹⁸¹ In other words, the end of history and politics has not yet arrived.¹⁸² And it requires strong visionary skills to imagine its realization.¹⁸³

¹⁷⁷ Graeme B Dinwoodie, “The Architecture of the International Intellectual Property System” (2002) 77 *Chi-Kent L Rev* 993, 995–96; Graeme B Dinwoodie and Rochelle C Dreyfuss, *A Neofederalist Vision of TRIPS: The Resilience of the International Intellectual Property Regime* (Oxford University Press 2012) 23.

¹⁷⁸ Alexander Peukert, “Territoriality and Extraterritoriality in Intellectual Property Law” in Günther Handl, Joachim Zekoll and Peer Zumbansen (eds), *Beyond Territoriality: Transnational Legal Authority in an Age of Globalization* (Brill 2012) 189–228. On the link between territoriality and economic nationalism see also Chantal Thomas, “Trade and Development in an Era of Multipolarity and Reterritorialization” (2019) 44 *Yale Journal of International Law Online* 77; Generally Cottier (n 4) 217. It also merits noting that Friedrich List, one of the masterminds of economic nationalism, had a generally positive view of patents as a tool to foster innovation and economic progress; see List (n 6) 246.

¹⁷⁹ David (n 32) 57 (proposals for an international regime of IP “not practical”); Maskus, *International Agreements* (n 68) 21 (“the international system remains controversial and subject to further revisions”).

¹⁸⁰ Cf Robert M Sherwood, “Why a Uniform Intellectual Property System Makes Sense or the World” in National Research Council (ed), *Global Dimensions of Intellectual Property Rights in Science and Technology* (National Academy Press 1993) 68 et seq. with Claudio R Frischtak, “Harmonization Versus Differentiation in Intellectual Property Right Regimes” in *ibid* 89 et seq.

¹⁸¹ Daniel J Hemel and Lisa Larrimore Ouellette, “Knowledge Goods and Nation-States” (2016) 101 *Minn L Rev* 167, 171–72; Daniel J Hemel and Lisa Larrimore Ouellette, “Innovation Policy Pluralism” (2019) 128 *Yale LJ* 544, 588–9.

¹⁸² Dutfield/Suthersanen (n 2) 2; Lee (n 72) 186.

¹⁸³ Billion or trillion-dollar multinational companies might strive to detach from any nation state. However, as long as international treaty-making power vests exclusively with states, even the most powerful company requires a good relationship with a government (or more than one) that is willing to act as a proxy for “its” company.

In conclusion, I want to stress the descriptive character of this analysis. It demonstrates how, in which forms, and why economic nationalism manifests itself so strongly in IP. The more important IP becomes, the more likely it is that its nationalist DNA will impact other policy areas. Such tendencies can only be successfully counteracted if “scholars . . . speak the same nationalistic language that the government understands.”¹⁸⁴

¹⁸⁴ Kumar (n 6) 246.

Hybrid International Intellectual Property Protection

Coherence, Governance and Balance

Peter-Tobias Stoll

ABSTRACT

At international level, the protection of intellectual property rights is subjected to a hybrid array of international regimes and agreements. Traditionally, this has been the realm of WIPO and its conventions. Since the establishment of the WTO and the entry into force of its TRIPS Agreement in 1995, the multilateral trade system has also assumed regulatory power in this field. In addition, recent “regional,” “preferential,” and “free” trade agreements increasingly engage in setting standards in regard to intellectual property rights as well. The resulting complexity raises questions as to coherence, effectivity and legitimacy. This paper will assess the coherence and effectivity of this hybrid system and discuss its implications for governance. In addition and more specifically, the balancing of the individual rights and interests of right holders with the public interest will be seen. This balancing is a key challenge of the protection of intellectual property rights. The paper concludes that the “hybrid” international regimes still see such public interest as a matter of concern for the national level and widely fail to properly take into consideration the manifold international principles and rules at hand, including, for instance human rights and multilateral environmental agreements.

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A. INTRODUCTION

The law of the international protection of intellectual property (IP) rights emerged as a very early element of what later became the International Economic Legal Order. Based on universal agreements dating back to the end of the nineteenth century and administered by the United Nations special agency, this branch of the law had its own culture. At the end of the twentieth century, IP rights became closely connected to the emerging multilateral trade order and to the World Trade Organization (WTO). Soon after, trade agreements on a regional and bilateral basis were concluded in large numbers, and IP rights were addressed in many cases.

We may call this new state of affairs a “hybrid” system. The increasing roles that international investment law and human rights play in this area add to the complexity. In addition, the system has met with a number of challenges: among others, the failed attempts to set up the Anti-Counterfeiting Trade Agreement, the Trade-Related Aspects of Intellectual Property Rights (TRIPS), and public health debate must be mentioned here. These developments have been accompanied by heated debates in public as well as in academia.

As early as the TRIPS negotiations, there were concerns about what was understood to be the exclusive competence of the World Intellectual Property Organization (WIPO). Later, IP chapters in trade agreements were feared to be “ratcheting up” IP protection at the expense of public policy objectives in access and use. In these debates, many different points were made. Along with the more general issue of the fragmentation of international law, issues of interpretation and treaty conflict were considered. In addition, concerns about bargaining power in multilateral and bilateral settings were voiced, and the appropriateness of the levels of protection in different countries was questioned.

A three-pronged approach is proposed here to assess the impact that the “trade turn” (and the subsequent “bilateral turn”) has on the system of the international protection of IP rights. Accordingly, firstly it will be seen whether these developments have affected the coherence of the system with its diverse agreements and its dispute settlement activities, using a rather “technical” perspective in order to assess whether the system represents a “healthy” state of affairs, in line with the questions and findings of the discussion of the fragmentation of international law. Secondly, it will be seen whether all these agreements along with their rules, procedures, and institutions represent an appropriate form of governance, in a manner that offers a regulatory system that achieves its goals. Thirdly, it will be seen whether this system – in a substantive dimension – does appropriately balance the diverse objective and interests involved.

B. MAPPING A HYBRID WORLD OF INTERNATIONAL AGREEMENTS ON IP

Internationally, IP protection is taken care of by multilateral and regional or bilateral agreements. The field has seen important developments in terms of content and structure over the last twenty years.

I. *The International Core of IP Protection and Its Multilateral and Regional Levels*

The international protection of IP rights rests on numerous international agreements, called “conventions.” The most basic ones originated in the nineteenth century. They set out the basic elements of international protection in terms of national treatment and minimum standards, and they address specific details for those rights that depend on grants by authorities and applications. These conventions have been subject to revisions and amendments over time. Institutionally, the conventions are hosted by the WIPO, a specialized agency of the United Nations that was founded in 1964.

This array of conventions and the WIPO as an administering institution are open to all members of the United Nations and indeed, WIPO and most of the basic instruments enjoy almost universal membership. A number of other instruments, while also being negotiated and adopted within WIPO and open for any member state, have a less comprehensive membership. Nevertheless, the system altogether always has been and still is seen as a “universal” system, as its instruments – the WIPO conventions – as well as the institutions are open to all states. It should be noted that beyond this formal dimension, the term “universality” in international law is also seen to carry a substantive dimension¹ In this way, it might be seen as referring to an existing or “pre-positive” system of common values.² More recently, universalism in this sense is contrasted with legal pluralism.³

Nowadays, the term “multilateral,” which appears to have been borrowed from international trade terminology, is often used. The term in our sense, has different meanings. It first of all indicates that the organization and the agreements are open to all UN members and are not limited to a regional or even a bilateral set of members. In this way, multilateralism contrasts with bilateralism or unilateralism.⁴ Second, “multilateral” signifies that the discussion, negotiation, conclusion, and the later administration of instruments are taken care of by a forum with UN-like membership, where all states have a voice. It is important at this point to recall that “multilateral” in this sense signifies the organizational frame and design of the

¹ See Graeme B. Dinwoodie, *Universalism in International Copyright Law as Seen through the Lens of Marrakesh* (in this volume).

² André Nollkämper, *Universality*, in Anne Peters (ed.), *Max Planck Encyclopedia of Public International Law*, 2011, at para. 5. For a discussion of universalism and legal pluralism, see Jørgen Blomqvist, *Universality or Diversity? The WIPO Role and Strategy in International Copyright Lawmaking* in T. E. Synodinou (ed.), *Pluralism or Universalism in International Copyright Law*. 1 ed, Wolters Kluwer, Alphen aa den Rijn, Nederlandene, 2019, pp. 317–337.

³ Jørgen Blomqvist, *Universality or Diversity? The WIPO Role and Strategy in International Copyright Lawmaking* in T. E. Synodinou (ed.), *Pluralism or Universalism in International Copyright Law*, Alphen aa den Rijn, 2019, pp. 317–337.

⁴ See André Nollkämper, *Unilateralism/Multilateralism*, in Anne Peters (ed.), *Max Planck Encyclopedia of Public International Law*, 2011.

conventions and does not necessarily imply that all WIPO conventions actually enjoy “universal” or “multilateral” membership. Furthermore, it should be noted, the notion of multilateralism probably lacks any substantive dimension, which as mentioned above would be inherent in the term “universalism.”

This “multilateral core” of international protection of IP is accompanied by a number of agreements – or regimes – which set up regional institutions, procedures, and rules, often relating to specific rights. The European and African patent organizations must be mentioned here as well as the regional trademark systems. Institutional links exist between the regional and the multilateral institutions. In addition, a relatively small number of bilateral agreements have been concluded over time, which specifically address the protection of IP.

II. *The “Trade Turn”*

The classic WIPO system of international protection of IP rights met with growing criticism in the 1980s. The standards of protection were believed to be too low and experts feared they would be further watered down by initiatives of developing countries in WIPO bodies. In addition, compliance and enforcement were at issue, as the WIPO conventions did not address the enforcement of IP rights in substance and barely contained any means to secure the compliance of state parties and to settle disputes among them.

To remedy these shortcomings and concerns, the protection of IP rights was tabled in negotiations on a new trade regime. The hope was that linking IP rights with trade would allow for improvements in the protection of IP by offering trade advantages. In this vein, IP rights became part of a larger package, which resulted in the establishment of the WTO with its various agreements. The TRIPS Agreement extensively refers to existing WIPO agreements, often envisages a higher standard of protection, and for the first time adds enforcement provisions. In addition, as part of the WTO legal system, the agreement is subject to the WTO’s proper dispute settlement system.

Hence, a link has been established between matters of international trade and the international protection of IP rights. This link is well established and hardly questioned today. It is largely forgotten that at the time of the negotiation of the TRIPS Agreement, there was a clear controversy as to whether a trade body, the General Agreement on Tariffs and Trade (GATT) at the Uruguay Round, had any competence at all to negotiate on IP issues – which are after all part of the remit of WIPO.⁵ The sheer existence of the TRIPS Agreement indicates these concerns did not prevail in the end. Indeed, the jurisdictional boundaries of international organizations and regimes are not very strict. Moreover, the proponents of an agreement on

⁵ Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis*, London, Sweet & Maxwell, 2021 at para. 1.12 et seq.

IP in the context of the nascent WTO argued that the agreement would confine itself to the trade-related aspects of IP rights protection, which were not addressed at all in the WIPO conventions. Even today, the frequent use of the term “trade-related aspects” testifies to the effort to relativize a potential conflict between WIPO and the international trading system.⁶

In addition to the question of jurisdiction, the parallel regulation of the international protection of IP rights in WIPO and the WTO raises questions of international treaty law. At first glance, it is hard to overlook the fact that both systems deal with the international protection of IP rights. The differences between the two systems lie not so much in the substantive standards as in the enforcement, for which the TRIPS Agreement provides for private mechanisms and WTO dispute settlement, while the WIPO conventions merely refer to the International Court of Justice.

The question of whether this situation raises issues in view of the international law of treaties depends on how one interprets the lack of further enforcement mechanisms in the WIPO conventions. If one believes that relevant WIPO conventions expressly and conclusively exclude additional mechanisms for enforcement, the inclusion of private means of enforcement and trade dispute settlement in the TRIPS Agreement could be seen as a successive treaty among parties relating to the same subject matter, Art. 30 of the Vienna Convention on the Law of Treaties, or even as an amendment of a multilateral treaty. Moreover, the specific provisions on amendment as contained in various WIPO conventions would come into play. However, there is no indication that WIPO bodies or WTO committees or states have further considered the issue. Likewise, the issue has hardly ever been discussed in public or in academia.

III. *The Bilateral Turn: Preferential Trade Agreements*

However, much more relevant for this paper are the rules and regulations on IP rights that have been adopted and provided for in a different context. Regional integration is a particularly relevant issue in this regard and indeed, in addition to the regional IP systems already mentioned, some developments took place in the EU, for instance, and in the Andean Pact. In addition, the 1994 North American Free Trade Agreement explicitly addressed IP issues.⁷

⁶ See Josef Drexl, The Concept of Trade-Relatedness of Intellectual Property Rights in Times of Post-Trips Bilateralism, in Hanns Ullrich, Reto M. Hilty, Matthias Lamping and Josef Drexl (eds), *Trips Plus 20 – From Trade Rules to Market Principles*, Heidelberg, Springer, 2016, pp. 53–83; Holger Hestermeyer, The Notion of “Trade-Related” Aspects of Intellectual Property Rights: From World Trade to EU Law – and Back Again, *IIC* 44 (2013), pp. 925–931

⁷ See Peter Drahos, BITS and BIPS, Bilateralism in Intellectual Property, *J. World Intell. Prop.* 4 (2001), pp. 791–808 at 799 et seq.

In addition to arrangements in a regional context and a focus on regional integration, a different type of agreement emerged in the 1990s – and in particular after the establishment of the WTO. They are often called “free trade agreements” (FTAs) and they reflect the desire of particular WTO members to establish better market access and closer cooperation in trade matters on a bilateral level. Today, such bilateral agreements make up the majority of preferential trade agreements. The WTO members initiate and conclude such agreements for various reasons. A number of agreements have been concluded by parties that are in a specific geographical situation, as is true for Chile or Singapore, which sometimes have been called “hubs.” In addition, big players such as the USA have established a network of such agreements. The USA maintains such agreements with quite a few partners.

The EU had originally been hesitant to conclude such agreements for fear that doing so might undermine the multilateral system. However, in 2006, a paper by the European Commission called “Global Europe” paper made a turnaround and advocated the conclusion of a whole set of FTAs. Indeed, from that point onwards, the EU started several negotiations to partner with a large number of countries around the world, including but not limited to the USA, Canada, Japan, Korea, Vietnam, Singapore, Mexico, and India. Obviously, the proliferation of such agreements also reflects the view that the WTO has not been able to achieve progress in the Doha round.⁸

In substance, all these agreements contain provisions or chapters on IP. They recall the TRIPS Agreement and related obligations. In addition, in many cases, they contain a list of additional WIPO conventions that the parties shall ratify or maintain. Furthermore, they contain a number of additional standards of protection in view of substance and enforcement, and sometimes they envisage a kind of institutionalized cooperation on these topics.

IV. A Hybrid System

As already explained, the international protection of IP rights has been traditionally understood to rest on WIPO and its conventions. On closer examination, however, it becomes clear however that even in earlier times, other international institutions became involved. A second pillar was added by the establishment of the TRIPS Agreement, and ever since then a sort of a bipolar system has existed. The merits and challenges of this bipolar system have been widely discussed. Indeed, one could say that the TRIPS Agreement added a dispute settlement and enforcement dimension,

⁸ See Peter-Tobias Stoll, *Saving The World Trade Order From the Bottom Up: A Role for Preferential Trade Agreements*, in Colin Picker, Junji Nakagawa, Peter-Tobias Stoll, Rostam Neuwirth and Meredith Kolsky Lewis (eds), *The Post-WTO Legal order: Paradise Lost or Found?*, Springer 2020, pp. 259–276 at 261 et seq.

whereas WIPO focused on substantive issues – and its work can even be seen to have been revitalized, whereas further negotiations in the WTO were stalled.

The bilateral and regional turn as seen above added an additional level of complexity. In addition to the bipolar universal – or multilateral – regimes, several regimes emerged that were focused at the bilateral, regional, or even “megaregional” levels, and the result could be described as a hybrid system.⁹

C. DEALING WITH COMPLEXITY

These developments have been widely discussed in academia and by the general public. A number of critical points have been made, and quite some statements and voices conclude that the developments resulted in a considerable increase in the standards of protection. To many, they have an inherent tendency to further “ratchet up” protection, while the public interest is marginalized.¹⁰ In more detail, a potential erosion of the TRIPS Agreement, the effect of most-favored nation (MFN) clauses, and the bilateral setting of negotiations have been criticized. A number of issues have been raised, including treaty interpretation and conflict, the legitimacy of bilateral undertakings, and the proper balancing of individual and public interest. Aside from doctrinal perspectives, some analyses have drawn on critical theory, international relations, and the established reasoning in the law of IP. In some cases, more general discourses –for instance, the debate on the fragmentation of international law – have been taken into account.

The debate on regionalism and bilateralism in international economic relations is still ongoing and has not yielded much progress, given the specialist area of IP rights and its potential specifics. As this may indicate, there is need for a more encompassing theoretical background to understand the complexities in the field of the international protection of IP, in the context of international economic law and international law more generally, and to set the stage for a more sound and nuanced judgment. As one contribution to such endeavor to understand the international protection of IP more comprehensively, this paper addresses the coexistence of multilateral and regional or bilateral levels. In doing so, it considers three main dimensions:

- (1) the coherence of the ensemble of rules in legal terms from a “technical” perspective (subsection I);

⁹ See in this regard Peter-Tobias Stoll, A Washington wake-up call and hybrid governance for world trade. QIL [Questions of International Law], Zoom-out, 63, 59–81 at http://www.qil-qdi.org/wp-content/uploads/2020/01/04_WTO-Future_STOLL_FIN.pdf, last visited September 5, 2021.

¹⁰ Peter Drahos, BITS and BIPS, Bilateralism in Intellectual Property, *J. World Intell. Prop.* 4 (2001), pp. 791–808 at 798; Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy*, London, Routledge, 2002.

- (2) the question of how governance is organized in such a context (subsection II); and
- (3) how, in terms of substance, the different interests at hand – basically, individual property rights versus public interest – are balanced (subsection III).

I. *Coherence and Effectivity*

The escalation of a huge number of preferential trade agreements in recent times coincides with a general trend in international law. The “diversification and expansion of international law” has met with quite some concern, and in 2006 the trend prompted a well-received study by the International Law Commission.¹¹ In its assessment, the Commission rightly understood that this trend is accompanied by the proliferation of international courts and tribunals, and that the growing number of both international agreements and of those dispute settlement institutions and procedures have to be seen in context. The Commission has addressed the overlap and the potential for conflict resulting from these developments in view of the proper functioning of the international legal order.

The key concern in this regard has been the coherence of this order and the potential for conflicts arising from inconsistencies in both the agreements and dispute settlement. Hence, coherence is a valid starting point for exploring the array of multilateral and regional and bilateral agreements in the area of the international protection of IP rights. Indeed, the question is whether this number of agreements fit together well.

1. Coherence After an Unfriendly Takeover: The WIPO–WTO Relationship

The establishment of the WTO TRIPS Agreement alongside the established WIPO system was initially seen as an unfriendly takeover, provoking a number of critical questions. Now, after twenty-five years, this dual structure has become more routine. In view of the rules, hardly any inconsistency has surfaced. This may be due to the fact that the TRIPS Agreement makes several references to established WIPO conventions, which promote consistency. However, there seems to be a division of labor, where the WIPO system is more concerned with the substantive standards, whereas the TRIPS Agreement and the WTO institutions particularly address the enforcement side. This uncontroversial state of affairs continued even in times of quite some treaty-making activity within WIPO, which was probably sparked due to some kind of institutional rivalry or competition. Members, when drafting new

¹¹ International Law Commission, *Fragmentation of International Law: Difficulties Arising from the Diversification and Expansion of International Law*, A/CN ILC (2006) at para. 1.

WIPO agreements, were obviously careful not to create any conflicting provisions. On the other hand, the potential for conflict in rulemaking has been limited, as the WTO has not developed much activity in this direction with the exception of the changes made due to the “TRIPS and Public Health” debate. Some other changes have been proposed to the TRIPS Agreement, which, however, only address very specific points and overall have stalled along with the general impasse in WTO Doha Round negotiations.

However, there has been a particular issue with dispute settlement. In general, WTO dispute settlement has worked well in promoting compliance with international standards of the protection of IP and has contributed to the clarification of the rules. While primarily applying WTO law and thus the TRIPS Agreement, panels and the appellate body have also looked into WIPO rules. Because the WIPO system contains hardly any efficient state-to-state dispute settlement mechanisms, the activities of the WTO dispute settlement process have been helpful and have not resulted in duplication and possibly divergent decisions.

However, there is a particular inconsistency in regard to retaliation in cases where a TRIPS obligation is paralleled by a similar obligation under one of the WIPO conventions. Such inconsistency arises – and indeed has already arisen – where the Dispute Settlement Body has authorized the suspension of obligations under the TRIPS Agreement, while a respective WIPO commitment would still stand.¹²

2. The Multilateral TRIPS Agreement and Patent Term Adjustment: Conflict or Harmony?

More recent are concerns about the consistency between the many IP-related provisions of patent term adjustments (PTAs) and the TRIPS Agreement.¹³ Obviously, the former aim at a higher standard of protection and differ considerably from the TRIPS Agreement. In regard to their underlying policies and the intentions and strategies of the parties, one might in some cases even speak of a conflict between the multilateral TRIPS Agreement and PTAs. Doing so, however, would

¹² See Henning Grosse Ruse-Khan, A Pirate of the Caribbean? The Attractions of Suspending TRIPS Obligations (2008) 11(2) *Journal of International Economic Law* 313.

¹³ See Henning Grosse Ruse-Khan, Protecting intellectual property under BITs, FTAs, and TRIPS: conflicting regimes or mutual coherence? in Chester Brown and Kate Miles (eds), *Evolution in Investment Treaty Law and Arbitration*, Cambridge University Press / Springer, 2011, pp. 485–515. On the interrelationship between the TRIPS Agreement or PTAs and WIPO treaties see Jane C. Ginsburg, Floors and Ceilings in International Copyright Treaties (Berne, TRIPS, WCT Minima and Maxima) in this volume; Annette Kur, From Minimum Standards to Maximum Rules, in Hanns Ullrich, Reto M. Hilty, Matthias Lamping and Josef Drexel (eds), *Trips Plus 20 – From Trade Rules to Market Principles*, Heidelberg, Springer-Verlag, 2016, pp. 133–162 and Annette Kur, Measuring The Scope Of Obligations Under International Treaties: (To what extent) are IP Conventions binding on Paris- or TRIPS-Plus Legislation? in this volume.

imply a sense of harmony of intentions and policies, which does not match the current reality of the international legal order and its purposes and needs.¹⁴

This was why the International Law Commission (ILC), while being fully aware of potentially conflicting policies and intentions of international agreements, introduced a distinction by pointing to a narrower notion of conflict, which entails incompatibility in the rules of two agreements in a given case. However, in most cases, PTAs contain TRIPS-“plus” standards, and Art. 1:1 2nd sentence of the TRIPS Agreement largely permits such a higher protection by stating that “[m]embers may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement.”

It goes without saying that by allowing the “implementation” of “more extensive protection,” the provision also allows for committing to such protection in an international agreement. It is equally clear from a reading of the last part of the provision that it does not allow for raising the standard of protection indefinitely.¹⁵ Thus, a conflict in the narrower sense could arise where a PTA would contain a “TRIPS plus” standard that would contravene a provision of the TRIPS Agreement.

However, it is difficult to identify the limits of the provision alluded to by referring to a contravention “to the provisions of this agreement.” Art. 7 on the objectives of the TRIPS Agreement and Art. 8 on public health are relevant in this regard. Both are drafted in rather general terms, however, and it would be difficult to establish a clear-cut “contravention.” Seen from a dispute settlement perspective, which is quite common in trade law discourse, the question would arise how the contravention issue could come to bear. This is certainly the case where, after concluding a PTA with TRIPS-plus standards, one party would refuse to abide by such standard later on. In such a case, the other party (or parties) to the agreement could initiate a complaint in the respective PTA dispute settlement system. As practically all PTAs fully endorse the TRIPS Agreement, the defending party could rely on Art. 1:1 TRIPS and base its defense on a “contravention.” A PTA dispute settlement panel would then be tasked to adjudicate on the contravention issue. In doing so, it would have to engage in an interpretation and application of Art. 1:1 TRIPS, which has been made part of the PTA by reference.

When the panel engages in a detailed examination of the meaning on Art. 1:1, 2nd sentence TRIPS and the words “such protection does not contravene the provisions of this Agreement” it would have to keep in mind that “this Agreement” clearly relates to the TRIPS Agreement, even though the provision now has been “transplanted” to a PTA by way of reference. Nevertheless, such panel would very likely

¹⁴ See ILC, para. 16.

¹⁵ See Klaus Elfring and Katrin Arend, Art. 1 TRIPS, in Peter-Tobias Stoll, Jan Busche and Katrin Arend (eds), *WTO – Trade-Related Aspects of Intellectual Property Rights*, Leiden, Max Planck Institute, 2009, pp. 75–94 at para. 11 et seq.

also have to consider the wider context, which is the PTA, and this might add a special flavor to its interpretation, which might differ slightly from what a panel in a WTO dispute settlement would conclude when looking only at the context of the TRIPS Agreement.

In addition, because the TRIPS Agreement does not include an exemption from the MFN standard in the case of PTAs, a third party C might reflect on bringing a claim in WTO dispute settlement to enjoy the protection that Party A committed to in relation to Party B. The proper basis of such claim would be the MFN standard under Art. 4 TRIPS. Again here, Party A would very likely defend itself by raising Art. 1:1, 2nd sentence. In this case, it would be for the WTO panel to apply and interpret that provision. It is obvious that the views of a PTA panel and a WTO panel might differ slightly and that fragmentation might occur here, which is true more generally as well as in a situation of parallel dispute settlement in PTAs and the WTO.

3. Potential Conflicts among Different PTAs

It is far more complex to assess the potential conflicts that may arise in case of multiple regional or bilateral agreements. It is highly likely that a TRIPS-plus commitment in one agreement can coexist with an even stricter commitment in another agreement, on the understanding that these standards generally set a minimum standard but seldom a maximum standard. For example, if Party A were to agree with Party B on an extended duration of patent protection, and Party A then commits to an even longer prolongation in an agreement with C, both these commitments can stand side-by-side, in a simplistic linear understanding of the “more extensive protection” envisaged by Art. 1.1 TRIPS. However, the linear logic may turn out to be overly simplistic where different and conflicting concepts of protection are at stake. Geographical indicators are a case at hand, because conceptually, diverse – and divergent – approaches exist, and they are increasingly being written into PTAs. In addition, an extension of protection in terms of coverage, duration, or enforceability might be related to stricter limitations. In all these cases, a conflict of obligations might arise between different PTAs.

4. Conclusion

In summary, this preliminary assessment has yielded an ambivalent finding. Through the increasing number of regional and bilateral agreements on IP rights, states knowingly foster fragmentation and complexity. This certainly impacts the clarity and consistency of this body of law and ultimately its effectiveness.

However, so far, the probability for norm conflicts has been modest. Thus, the system may be deemed healthy and coherent from a technical point of view. This is

particularly due to the fact that the agreements are based on the logic of minimum standards of protection and largely allow for other agreements to increase standards.

II. *The Governance Dimension*

Beyond the existing rules and their coherence, the array of multilateral, bilateral, and regional agreements may also be seen as part of a system of regulation of the international protection of IP. Rather than looking only at existing rules and agreements, this perspective would suggest seeing the protection of IP as a continuing process of reflection, discourse, and regulation, where agreements and laws are newly concluded and enacted and amended to respond to relevant – and changing – circumstances, and they reflect the potentially changing views of relevant actors and stakeholders. Such a system can be assessed by looking at its ability to achieve certain objectives and to do so in a way that is legitimate.

Altogether what is at stake here may be said to be the governance dimension of the international protection of IP rights. While a comprehensive understanding of such governance has yet to be developed, some particularly relevant aspects can be discussed here.

1. The Trade Turn as a Governance Problem

One noteworthy issue, as explained above, is the trade turn in international protection of IP rights that was introduced with the WTO TRIPS Agreement.

A. THE TRADE LINKAGE: A STRANGE ADDITIONAL “RATCHET” EFFECT In this case, as well as in the many subsequent trade agreements of a regional or bilateral nature, the linkage between the protection of IP rights and trade topics turned out to be effective in improving the standards of protection and enforcement. The “trade turn” made it possible to arrange for trade-offs in a way that trade advantages were offered in return for commitments in view of the protection of IP rights. This kind of mechanism worked out well with the WTO TRIPS Agreement as well as in case of the PTAs. The introduction of this linkage created an expectation whereby commitments regarding IP rights are tied to similar commitments in the area of trade. Agreements concluded in this way are seen to reflect a quid pro quo in this way.

A particular relevant issue in this regard is the potential later amendment of the rules once established by means of this linkage. As explained, the agreements once concluded will very likely be seen as embodying some sort of a quid pro quo and there will be a general expectation that IP issues will be negotiated jointly with trade issues. As a consequence, there is a strong tendency to subject any amendment to the same linkage and to expect trade concessions in return for agreeing to amend respective rules.

The current WTO Doha negotiations are an example in this regard, as, according to the rules, potential amendments to the TRIPS Agreement will be adopted together with amendments of any other trade chapters of the WTO in some sort of a package deal, or more specifically through the single undertaking approach. As the whole negotiation undertaking is currently stalled, the few proposed amendments to the TRIPS Agreement have also been stalled. Although most of the bilateral or regional trade agreements lack such strict rules for amendments, it can be expected that future initiatives for the amendment of IP chapters will also raise the question as to a linkage to the amendment of other chapters of the agreements. If one party would like to raise the standards of protection, it will probably be asked to offer additional trade advantages, and the same is also true for cases where a party would like to ease its commitments.

B. TALKING TO TRADE PEOPLE Another implication of the trade turn concerns the actors and stakeholders involved in negotiations and later on in implementation, application, and dispute settlement at the international and national levels. Certainly, economic considerations also play an important role in WIPO. However, in a trade format, the stakeholders from the trade side are officially involved and take the lead in negotiations. In addition, IP issues are subjected to the logic of trade negotiations, with their strong sense of reciprocity and the need to arrive at a package deal – or a single undertaking. This is true for the setting of international negotiations as well as for the actors involved in delegations and capitals. In all these structures, IP issues have to be framed in a way that corresponds to the logic of other issues, such as trade in services, agriculture, or trade in goods. Given the fact that the structure of IP rights and their protection at international level is probably more complex and specific, this is a challenging task for negotiators, other officials, and stakeholders in charge of IP issues.

C. THE WIPO SYSTEM: REGULATORY COMPETITION? The situation is even more complex as one of the major multilateral players, namely WIPO, does not pursue this kind of a trade linkage in its work. To date, trade issues can hardly be tabled in discussions or negotiations within WIPO or be made the subject of any agreement proposal. Nevertheless, WIPO has been quite successful in its work in recent times. This success may indicate that the traditional rationale of dealing with IP separately still works. One could even see this scenario as welcome competition between two governance models: the traditional one and the trade-related one. However, the WIPO system and the multilateral and bilateral trade regimes are not entirely separate. Frequently, PTAs contain commitments as to the ratification of and compliance with WIPO conventions, and the TRIPS Agreement does the same. While probably being able to create momentum for widespread ratification on WIPO conventions, this might at the same time invite parties to wait for the

ratification of WIPO conventions before they identify opportunities for a corresponding trade advantage.

In sum, the trade turn has the potential for creating strong momentum for promoting international protection of IP rights, but in the long run renders it more difficult to achieve subsequent changes, as an expectation is created to link IP change with changes in the trade area too.

2. The Bilateral Turn: Pros and Cons

Another issue is the bilateral turn, which results from the increasing number of trade agreements concluded bilaterally or within relatively small groups of parties.

A. BARGAINING POWER AND FAIRNESS IN NEGOTIATIONS Frequently, concerns have been raised about inequalities in negotiation power and the state of economic development.¹⁶ This point is particularly valid in view of the trade linkage, where IP issues are tabled along with market access questions. While such inequality in bargaining power exists in many areas of international relations, in IP matters, the MFN or national treatment effects give it an additional twist. While reciprocal market-access concessions, which form the core of PTAs, are exempt from MFN under Art. XXIV GATT and Art. V GATS, no such exemption exists in the TRIPS Agreement. Consequently, a TRIPS-plus standard that is agreed on in a particular PTA will benefit all members of the WTO and their inventors and creators respectively. However, as this happens “automatically,” the party committing to the “plus” standard is not able to ask the other members benefiting from the commitment for a concession in return.

B. RESTRICTED NUMBER OF PARTIES: EXCLUSIVITY A particular issue with bilateral agreements is their exclusivity in terms of the parties at hand. Choices for potential partners to negotiate and conclude a PTA are typically influenced from a trade perspective and the choices made are not necessarily in line with an appropriate setting for IP issues. At least, in many cases an opening up of the membership to such agreements could be helpful, as lately envisaged by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. Such quasi-plurilateral agreements have been widely discussed recently and may also hold merit for IP issues.

C. THE LACK OF TRANSPARENCY AND PARTICIPATION Furthermore, treaty-making in regional – and even more so in bilateral – contexts lacks transparency and the forum function provided for by the multilateral institutions at hand, namely WIPO with its various bodies, and the WTO, particularly the TRIPS Council.

¹⁶ Peter Drahos, *Developing Countries and International Intellectual Property Standard-Setting*, *J. World Intell. Prop.* 5 (2002), pp. 765–789.

Regional and bilateral cooperation is certainly much more of a “closed shop,” particularly at the negotiation stage. This is particularly worth noting, as actors such as the EU have made impressive steps to involve stakeholders and constituent bodies internally and to share their analytical work, such as sustainability impact assessments, and to publish early negotiation drafts. Moreover, recent PTAs envisage the involvement of stakeholders, for instance by setting up domestic advisory groups. They intend for joint meetings of such groups as a way of participation in the implementation process and in the operation of the agreements.

However, transparency and participation at the international level and among different states and international organizations are rather limited. PTAs envisage an involvement of parties with international forums, or with third states, only in particular circumstances. As far as international organizations are concerned, the WTO is relevant, as PTAs are primarily related to trade and WTO rules. However, even though the Committee on Regional Trade Agreements is notified about any PTAs concluded, it has never engaged in a more substantive discussion on the merits. The issues at hand might also be tabled in other WTO bodies or procedures. However, these options have hardly ever been explored further.¹⁷

Further, the prominent “forum function” of the WTO is explicitly related to the “multilateral trade relations” among members under Art. III:2 WTO Agreement. The WIPO is a bit more open in this regard, as the WIPO Convention envisages in Art. 7 (2)(i) that the WIPO conference may “(i) discuss matters of general interest in the field of IP and may adopt recommendations relating to such matters, having regard for the competence and autonomy of the Unions”¹⁸

It is evident that much has been done to improve the transparency, participation, and ultimately legitimacy with regard to PTAs internally and within the respective bilateral relations. However, neither the parties to such agreements nor the competent international organizations have done much to discuss the manifold direct and indirect implications that PTAs in particular, and the bilateral turn more generally, entail for particular third states or the world trade order. The implications for the international system of IP governance more broadly have also not been addressed.¹⁹

¹⁷ For suggestions to table the issues in the WTO TRIPS Council or in TPRM: Peter Drahos, Developing Countries and International Intellectual Property Standard-Setting, *J. World Intell. Prop.* 5 (2002), pp. 765–789 at 783 and Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy*, London, Routledge, 2002, at 207.

¹⁸ For a proposal to table development issues in WIPO see Peter Drahos, Developing Countries and International Intellectual Property Standard-Setting, *J. World Intell. Prop.* 5 (2002), pp. 765–789 at 785.

¹⁹ See Peter-Tobias Stoll, Saving The World Trade Order From the Bottom Up: A Role for Preferential Trade Agreements, in Colin Picker, Junji Nakagawa, Peter-Tobias Stoll, Rostam Neuwirth and Meredith Kolsky Lewis (eds), *The Post-WTO Legal order: Paradise Lost or Found?*, Springer 2020, pp. 259–276 at 274 et seq.

D. A PIONEERING FUNCTION However, from a more general perspective on the international system of governance of IP protection, some positive effects of regionalism and bilateralism must also be mentioned. Parties to such agreements might pioneer more ambitious and progressive rules for IP, which can later on be taken up by multilateral forums. In a bilateral setting, agreement can be achieved relatively speedily, as only a small number of parties take part in the negotiation process.

E. CONCLUSION In sum, it becomes clear that the “bilateral turn” in international trade relations has important implications for the global governance of international economic relations and the international protection of IP rights. It allows “coalitions of the willing” to move forward and sometimes even to act as pioneers. At the same time, it fuels fragmentation both in terms of the rules and regarding global consensus and legitimacy.

III. *Balancing*

Yet another way to look at the system of international protection of IP rights and the related array of multilateral, bilateral, and regional agreements is to examine how this system achieves a balance between a number of potentially conflicting objectives and purposes. Such a view adds to the governance dimension as discussed before, in a more substantive perspective.²⁰ This assessment would have to identify the different objectives and interests and study how they are taken into account and balanced in a rational way.

1. Balancing in IP: How It Works at National Level

Very basically, IP law and policy is about the balancing of interest of inventors and creators in exclusionary protection and the interest of the public in access. While the former interest is secured by IP rights, public interests in access are less clearly defined. They are reflected by the limits of protection regarding protectable subject matter, the duration of protection, and limits to exclusionary uses, as taken care of by legislators, patent examiners, and courts, as the case may be. In rare cases only is this public interest reflected in individual rights or claims, as might be true for a competitor’s right to claim a compulsory license, for instance. All this takes place at national levels, with a long tradition and in a consistent and homogeneous legal environment, which offers a rich orientation including constitutional provisions, fundamental rights, rule of law principles, and jurisprudence.

²⁰ Whereas most issues addressed here under the heading of “governance” could be considered roughly under “input legitimacy,” the view offered here largely refers to what often has been called “output legitimacy.”

2. Balancing as an Objective of the TRIPS Agreement

The TRIPS Agreement reflects this understanding of balancing in its Art. 7 on objectives, which reads, “[t]he protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.”

In its explicit wording, the provision has a clear bias in favor of technology, while ignoring the creativity reflected by copyright and other IP rights.²¹ However, it correctly recalls the general conceptual basis of IP law as also reflected by IP doctrine. In more general words, it shall promote innovation, but also its transfer and dissemination. It shall do so to the “mutual advantage” of “producers” but also “users,” having in mind economic but also “social” welfare, and shall “balance” the rights and obligations. This scenario corresponds to an understanding in which the system of IP rights takes care of the interests of “users” more generally and society by the proper limitation of the rights limitations in terms of subject matter, eligibility, duration, and the scope of protected uses.

Article 7 may come to bear in the context of Art. 1:1 TRIPS. As mentioned earlier, the provision allows for a “more extensive protection . . . provided that such protection does not contravene the provisions of this Agreement.” Art. 7 is one of the “provisions of the Agreement” and therefore limits the extent to which members may raise the standards of protection unilaterally or in context with an international agreement. However, the language of Art. 7 is rather vague, and it would be difficult to see how it can effectively curb the ratcheting up of standards.

3. The Protection of IP Rights as an International Concern

In more detail, the question of how balancing can be achieved relates to how the diverse interests at stake are defined and assigned to actors. The international protection of IP through WIPO conventions and the TRIPS Agreement roughly aim at the coordination of national systems by way of non-discrimination and minimum standards. Participating states thus opened up their IP systems to foreigners on a non-discriminatory basis, and the right holders enjoy a quasi-international protection. Altogether, one could consider this to be an internationalization of the rights and interests of the right holders.

In this system, any stepping up in the standards of protection, be it undertaken unilaterally or resulting from bilateral or other agreements, will benefit any inventor

²¹ Florian Keßler, Art. 7 TRIPS, in Peter-Tobias Stoll, Jan Busche and Katrin Arend (eds), *WTO – Trade-Related Aspects of Intellectual Property Rights*, Leiden, Max Planck Institute, 2009, pp. 179–187 at para. 2.

or creator across the world. This can be seen as a ratcheting-up mechanism, but it should be noted that arguably this is nothing new but happened even under traditional WIPO conventions. The internationalization of rights rests on the obligations of parties under international treaties, which can be enforced in dispute settlement in the WTO or PTAs.

4. The Public Interest: Primarily a National Concern

The situation is quite different in view of public interest in access. In part, the public interest is taken care of by the limits set by international minimum standards of protection in view of eligible subject matter, exclusionary uses, and duration. In addition, Art. 8 TRIPS must be mentioned, as it explicitly refers to the public interest and lists various issues and policy areas in this regard.²²

In detail, such public interest considerations may be implemented by way of fair use and compulsory or non-voluntary licenses or even by implementation periods. The options to raise or not to raise standards beyond the international minimum standard of protection, to fully use implementation periods, to make use of fair use restrictions, and to grant compulsory licenses are all called “flexibilities,” which secures policy space for parties of agreements. Overall, however, the public interest in access is primarily seen as an issue to be taken care of by the parties individually and internally. They are seen as the ones to define and secure such public interest. What is more is that also in substantive terms, this public interest is understood to arise in the confines of the territory of a party and to lie in its own responsibility.²³

In sum, while the international rules on IP altogether acknowledge the protection of IP as a common interest and responsibility of the parties, they see the public interest in access as something to be taken care of by parties in their own responsibility.

5. Policy Spaces and Treaty-making

It is understood generally that parties may use such flexibilities, or policy spaces, unilaterally as well as through committing themselves in an international agreement. This is in line with international law reasoning more generally, according to which any matter not subjected to international commitments falls within the sovereignty of a state. As sovereignty essentially includes the power to conclude agreements, states would appear to be fit to freely make binding concessions.²⁴

²² See Oliver Brand, Art. 8 TRIPS, in Peter-Tobias Stoll, Jan Busche and Katrin Arend (eds), *WTO – Trade-Related Aspects of Intellectual Property Rights*, Leiden, Max Planck Institute, 2009, pp. 188–204 at para. 3 et seq.

²³ An example is the topic of TRIPS and public health.

²⁴ See, on the sovereignty issue in this context, Henning Grose Ruse-Khan, “Gambling” with sovereignty: Complying with international obligations or upholding national autonomy, in

However, the realities of negotiations have sometimes been characterized as an “illusion of sovereignty.”²⁵ In this context, the concept of “democratic property rights”²⁶ has been developed, which can be understood to imply that the policy spaces at hand in view of IP rights have not only a substantive but also a procedural dimension. In this vein, one might see the use of the policy spaces by way of national regulations as a matter of self-determination and democracy, which should not be subjected to any international obligation.

In a way, these ideas come close to the concept of absolute sovereignty. With concepts such as *jus cogens*, lack of capacity, or proper consent, a fundamental change of circumstances or a state of emergency in international law accommodates some of the concerns at hand. However, it is difficult to see how the TRIPS Agreement and its Art. 1:1, 7, and 8 could go beyond such established concepts in requiring a special standard of internal decision-making as a precondition for the validity of an international obligation in the area of IP rights.²⁷ Having said this, a number of options exist and have been recommended²⁸ to strengthen the legitimacy of obligations and to allow for the adaptation of commitments to new developments. Such options relate to the transparency and participation in respective negotiations and include treaty provisions such as a sunset-clause and emergency exceptions.

6. Public Interest: Support by Other International Law Rules

The array of agreements on the international protection of IP is not to be seen in isolation. The medicines controversy has made it clear that such agreements have to be seen in the context of other areas of international law.²⁹ The human right to health has been a starting point for reflecting on the impact that other rules of international law may have. The right to health also was at stake in a later case regarding clean packaging. Other human rights, such as the freedom to speech, the

Meredith Kolsky Lewis and Susy Frankel (eds), *International Economic Law and National Autonomy*, Cambridge 2010, pp. 141–168.

²⁵ Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy*, London, Routledge 2002 at 74.

²⁶ Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy*, London, Routledge 2002 at 187 et seq.

²⁷ In the context of criticism about the power imbalances in negotiating international IP standards, a concept of “democratic bargaining” (Peter Drahos, *Developing Countries and International Intellectual Property Standard-Setting*, *J. World Intell. Prop.* 5 (2002), at 766 and 769) and even the idea of “democratic property rights” have been proposed (Peter Drahos and John Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy*, London, Routledge 2002, at 187.)

²⁸ See Henning Grosse Ruse-Khan, Josef Drexl, Reto M. Hilty, et al., *Principles for Intellectual Property Provisions in Bilateral and Regional Agreements*, *IIC* 44, no. 8 (2013), pp. 878–83.

²⁹ Holger Hestermeyer, *Human Rights and the WTO: The Case of Patents and Access to Medicines*, Oxford University Press, 2008.

right to privacy, and the rights of persons with disabilities, also became relevant in the application and further development of international IP rights rules.

Outside the area of human rights, a number of norms on sustainable development, particularly the climate change and biodiversity regimes, but also some provisions contained in sustainable development chapters of PTAs themselves, may also become relevant. Some of these norms can even be said to relate to what has recently been described as fundamental values in international law.³⁰ They may all be understood to protect what has been framed here as the public interest.

It is obvious that states are obliged to observe all their international commitments, and this implies to employ, what the ILC calls a “systematic” interpretation.³¹ This is true for existing commitments as well as for negotiating and concluding new international agreements. Furthermore, particular human rights play a role in the emerging concept of a “duty to protect.” According to this concept, states enjoy sovereignty not only as an end in itself, but – at least partially – also in a functional way to protect the human rights of their citizens. Seen in this light, the duty to protect could require states to balance their IP regimes and related international commitments with the public interest as determined by human rights.

D. CONCLUSION

The law on the international protection of IP rights has seen vivid development over the last thirty years. It has seen a “trade turn” with the entry into force of the TRIPS Agreement and a subsequent “bilateral turn” when a vast number of regional and bilateral trade agreements with IP chapters were concluded. The resulting complex array of international agreements and rules can be characterized as hybrid, where layers of multilateral and regional and bilateral agreements are interrelated.

These developments have met with quite some criticism concerning their coherence, effectiveness, and balance. There is an urgent need to elaborate an analytical framework to properly assess the various implications and impacts of this hybrid system. This paper has focused on the interrelationship between multilateral and regional or bilateral agreements. In so doing, three dimensions, namely coherence and effectivity, governance, and balance, were analyzed. As it turned out, the considerable fragmentation – while possibly affecting overall effectivity – did not call into question its coherence in technical terms. This is mainly due to the fact

³⁰ See Massimo Iovane and Pierfrancesco Rossi, International Fundamental Values and Obligations *Erga Omnes*, in Massimo Iovane, Fulvio M. Palombino, Daniele Amoroso and Giovanni Zarra (eds), *The Protection of General Interests in Contemporary International Law*, Oxford University Press, 2021, pp. 46–67.

³¹ See Peter-Tobias Stoll, A “New” Law of Cooperation: Collective Action across Regimes for the Promotion of Public Goods and Values versus Fragmentation in Massimo Iovane, Fulvio M. Palombino, Daniele Amoroso and Giovanni Zarra, *The Protection of General Interests in Contemporary International Law*, Oxford University Press, 2021, pp. 319–341 at 322 et seq.

that most of the agreements are construed in a way that sets minimum standards and welcomes a further increase in protection agreed upon elsewhere, which has been described as a “ratcheting up” effect.

The strong and lasting trend to promote and increase protection has also driven the “trade turn.” Seen from a governance perspective, linking trade to IP has been a strong momentum, which brought about the TRIPS Agreement. However, in the long run, such linkage may hamper the further development of IP, as it would make progress in the IP area dependent on progress in various other trade issues. The new bilateralism, while bearing some potential in view of pioneering new developments, raises a number of questions. These concern bargaining power, exclusivity, and the lack of transparency and a forum function. Moreover, in contrast to trade issues, MFN cannot be excluded for IP issues in preferential trade agreements. As a result, TRIPS-plus standards “automatically” benefit all WTO members, without giving parties a right to ask other members for a concession in return for such benefits.

Balancing rights and public interest is an essential function of national IP systems and is acknowledged explicitly by the TRIPS Agreement. However, while agreements envisage an international responsibility for protection, the definition and implementation of the public interest is left to the parties. Parties may, at times, have difficulty withstanding the demands from others to commit to stronger protection. While Art. 1.1, 7, and 8 of the TRIPS Agreement are of limited relevance in this regard, other international norms and particularly human rights might help, as has been seen in the medicines case.

PART II

Intellectual Property Protection within Its General
International (Economic) Law Context

The Role of Customary International Law for Intellectual Property Protection beyond Borders

Henning Grosse Ruse-Khan

ABSTRACT

This paper considers the role of customary international law for the protection of intellectual property (IP) beyond borders. As an area where standards of protection are primarily, if not exclusively, governed by treaty law, there seems to be little role left for custom. The analysis shows that this point holds true for principles or rules that commit states to a particular form of protecting the rights of foreign IP owners. However, the interpretation, application and enforcement of these rules are informed by other areas of public international law, including those governed by custom. After reviewing this often neglected role of customary international law for IP protection in general, the paper focuses on the customary right to regulate and its role in neighbouring areas of international economic law, – in particular the protection of foreign investments. Exploring the contours and limits of this right, the main research question then is whether – and if so, how – this right applies to treaty commitments in relation to the protection of IP rights. I conclude that despite a complex web of treaty-based rules, there is usually no specific evidence that the state parties intended to ‘contract out’ of the right to regulate. That aspect is further confined by reference to this right in the Doha Declaration on TRIPS and Public Health. A broader point is to emphasise custom as a necessary contextual factor of the environment within which international IP law operates: it is a relevant element simply because coordinating protection beyond borders often relies on the functionality and tools of international law.

I am extremely grateful for suggestions by Jorge Viñuales in the very early stages of my work on this topic, the excellent research assistance provided by Iduan Guimarães Prudêncio and Manuela Martins, and the comments provided at the workshop on IP Regulation beyond Borders held at the Weizenbaum Institute in June 2019, Berlin.

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A. INTRODUCTION: RATIONALISING THE TREATY ORIGINS
OF INTERNATIONAL IP LAW

Based on the principal notion of territoriality, the protection of intellectual property (IP) rights is effected by – and hence in the end remains a matter of – domestic law. Usually, the relevant law is that of the country for whose territory protection is sought. In order to ensure protection for their domestic IP owners abroad, states have essentially relied on an increasingly dense network of international agreements that commit the contracting parties to, for example, treat foreign IP owners no less favourably than domestic parties and to provide defined minimum standards of protection and enforcement of IP rights. In that sense, international IP protection is an area of international law that is primarily governed by treaties, which are agreements between states. Other sources of international law, set out in Article 38 of the Statute of the International Court of Justice¹ – in particular, ‘international custom, as evidence of a general practice accepted as law’ and ‘the general

¹ Statute of the International Court of Justice (ICJ Statute), 26 June 1945, 59 Stat. 1055, 33 *UNTS* 933. In addition to custom and general principles, the ICJ Statute also refers to ‘judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law’. These are hence not ‘primary’ or ‘direct’ sources of international law, but serve as useful and important aides in determining the nature and content of treaties, custom and general principles.

principles of law recognised by civilized nations’ – have received little attention in the context of protecting IP rights beyond borders.

In their treatise, Abbott et al. observe that sources other than treaty law ‘have been of much less importance to the international IPRs system than to the classical domains of international law’ – to an extent that ‘the link between international IP law and the full body of international law has not been fully established’.² Retracing the history of early international agreements on IP protection, Dinwoodie et al. remark that ‘in the milieu of the nineteenth century international system, positive international law gained its readiest expression in the form of treaties between nation states’.³

The focus on treaties as a clear and positive expression of law between states thus seems an obvious one for IP. The principal rationale was to achieve concrete commitments to protect, usually in defined ways by means of exclusive rights operating between private parties for specific types of intangible assets abroad. Arguing for the existence of an unwritten custom that requires such protection, derived from general state practice that had been accepted as law, appears difficult to sustain even today⁴ and would have been much less convincing in the nineteenth century. In light of the significantly diverging national laws on IP protection (with several countries not granting key rights such as patents at all),⁵ one would have been unable to offer evidence for sufficiently general state practice in the protection of different types of IP rights – let alone being able to show that any such practice of protection was undertaken on the basis of a sense of legal obligation, under international law, to do so. Similarly, basing one’s demands for concrete and effective forms of protection (such as the notion of priority rights, a cornerstone of the Paris Convention of 1883)⁶ on general principles of law recognised among states would have equally been a futile exercise.

It was this demand from IP owners for concrete and specific forms of protection for their intangible assets – such as inventions, indicators of origin, industrial designs and literary and artistic works – that required international agreements, which were the only feasible tool for fast and precise law creation on the international plane. And once IP protection beyond borders had been designed as a treaty-based system from inception, its ‘highly specialised and contained’ nature and the lack of interest

² Frederick Abbott, Thomas Cottier and Francis Gurry, *International Intellectual Property in an Integrated World Economy*, 3rd ed. (Kluwer, 2015), at 15.

³ Graeme Dinwoodie, William Hennessey, Shira Perlmutter and Graeme Austin, *International Intellectual Property Law and Policy*, 2nd ed. (LexisNexis, 2008), p. 31.

⁴ Compare *ibid.*

⁵ See the overview of national laws prior to the 1883 Paris Convention on the Protection of Industrial Property (PC) (Paris, 20 March 1883, last revised at Stockholm on 14 July 1967 and amended in 1979, 828 UNTS 306) in Samuel Ricketson, *The Paris Convention on the Protection of Industrial Property – A Commentary* (Oxford University Press, 2015), at 1.16–1.23.

⁶ See the ‘*droit de priorité*’ as set out in Article 4(1) of the original 1883 ‘*Convention de Paris pour la protection de la propriété industrielle*’ online at <https://wipolex.wipo.int/en/text/287780>.

from general international lawyers were argued to be contributing factors for the widespread disregard for other (usually more generalist) sources of law within the domain of international IP law.⁷ In addition, the private law origins of IP protection on the domestic plane made engagement with broader public international law doctrines and principles much less inevitable than in related fields, such as international investment law.⁸ At the domestic level, distinct from the protection of the property of aliens against state interferences, IP law essentially operates in the form of private rights, applicable primarily between private parties.

While therefore the origins of international IP protection are essentially (if not solely) treaty-based, this growing field over time has coincided with other areas of international law, including those based on custom. In particular, with the integration of IP as one of the three pillars of trade regulation in the World Trade Organization (WTO) and by subjecting IP to WTO dispute settlement, questions of treaty interpretation, dispute settlement and compliance began to receive an increasing amount of attention from experts in IP, trade and public international law.⁹ Based on the invitation in Article 3(2) of the WTO Dispute Settlement Understanding (DSU), WTO adjudicators and commentators have explored how the 'customary rules of treaty interpretation of public international law' operate in relation to the Trade-Related Aspects of Intellectual Property (TRIPS) Agreement and the prior conventions it incorporates by reference.¹⁰ However, this debate has

⁷ Abbott et al., note 2, at 15–16. One might add that IP Conventions prior to TRIPS were not subject to international adjudication, despite the option under Articles 28 PC and 33 of the Berne Convention on the Protection of Literary and Artistic Works (BC) (Berne, 9 September 1886, last revised at Paris on 24 July 1971 and amended in 1979, 1161 UNTS 30) to bring a dispute 'concerning the interpretation or application of this Convention' to the ICJ. It is telling that although international IP law has been a contested field for many decades and despite only a minority of countries having made use of the reservation option under Article 28:2 and 33:2, these provision have never been invoked and have been compared to 'the once new car resting in the garage that has never been driven' (see Ricketson, note 5, 8.66). While the members of the Paris and Berne Unions may have various reasons not to take a dispute to the ICJ, this lack of involvement of the Court as the generalist institution par excellence in international law has certainly contributed to the traditionally self-contained nature of international IP law.

⁸ While this argument would benefit from further systemic substantiation, a telling example is that one of the early textbooks on international industrial property by Ladas does not, in three volumes and over 2000 pages, include any general discussion on public international law other than the impact of World War II and restoration of IP rights under treaties of peace (see Stephen Ladas, *Patents, Trademarks, and Related Rights – National and International Protection*, Harvard University Press, Cambridge (MA), 1975, pp. 1805–1846).

⁹ See for example Rochelle Dreyfuss and Andreas Lowenfeld, *Two Achievements of the Uruguay Round: Putting TRIPS and Dispute Settlement Together*, 37 *Virginia Journal of International Law* 275 (1997). For a recent treatment of the IP in the WTO context, see Matthew Kennedy, *WTO Dispute Settlement and the TRIPS Agreement – Applying Intellectual Property Standards in a Trade Law Framework* (Cambridge University Press, 2016).

¹⁰ An in-depth engagement with various aspects of Articles 31–33 VCLT, which the WTO Appellate Body (AB) from its very first decision onward confirmed reflects customary international law (see *United States – Standards for Reformulated and Conventional Gasoline (US – Gasoline)*, Appellate Body Report (29 April 1996, WT/ DS2/ AB/ R), p. 16; *Japan – Taxes on*

not ended with an engagement with custom, as codified in Articles 31–33 of the Vienna Convention on the Law of Treaties (VCLT).¹¹ Due to the WTO rules on dispute settlement, compliance and cross-retaliation, questions of state responsibility and in particular countermeasures¹² – for example, via attempts by several countries to suspend their TRIPS obligations to ‘enforce’ favourable WTO rulings – have become part of international IP law. Of course, in the WTO context, and generally also in relation to free trade agreements (FTAs) if they contain an IP Chapter and subject its obligations to dispute settlement, these questions are primarily addressed via treaty law, namely the DSU (and FTA dispute settlement provisions). However, WTO Panels and the Appellate Body have resorted to the underlying customary international law rules on state responsibility in order to clarify and interpret WTO treaty law where necessary.¹³ And where treaty-based dispute settlement systems are not available, Sam Ricketson has rightly pointed to customary international law on

Alcoholic Beverages, Appellate Body Report (4 October 1996, WT/DS8/AB/R), pp 96–106) can be found in the Panel Report in *United States – Section 110 (5) of the US Copyright Act (US – Copyright)* (WTO/DS160/R, 15 June 2000), at para. 6.43–55. However, as lamented by several commentators referred to below, WTO adjudication has not consistently engaged with all aspects of the customary international law treaty interpretation framework and has, until recently, not given much weight to the object and purpose of TRIPS. As explained further below, this has somewhat changed with the Panel and AB decision in *Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging (Australia – Plain Packaging)* (WTO/DS435), Panel report circulated 28 June 2018, AB report circulated 9 June 2020. In addition to all major IP treatise and TRIPS commentaries, which now routinely consider the meaning of IP treaty provisions in light of the interpretative framework codified in Articles 31–33 VCLT, see for example Susy Frankel, *The WTO’s Application of ‘the Customary Rules of Interpretation of Public International Law’ to Intellectual Property* (2005) 46 *Virginia Journal of International Law*; Robert Howse, *The Canadian Generic Medicines Panel: A Dangerous Precedent in Dangerous Times* (2000) 3(4) *Journal of World Intellectual Property* 493–507; Bryan Mercurio and Mitali Tyagi, *Treaty Interpretation in WTO Dispute Settlement: The Outstanding Question of the Legality of Local Working Requirements* (2010) 19(2) *Minnesota Journal of International Law* 275; Henning Grosse Ruse-Khan, *Proportionality and Balancing within the Objectives of Intellectual Property Protection*, in *Intellectual Property and Human Rights*, Paul Torremans, ed. (Kluwer, 2008), pp. 161, 184.

¹¹ Vienna Convention on the Law of Treaties (VCLT) (Vienna, 23 May 1969, 1155 UNTS 331).

¹² See *European Communities – Regime for the Importation, Sale and Distribution of Bananas*, Recourse to Arbitration by the European Communities under Article 22.6 of the DSU (WT/DS27/ARB/ECU), 24 March 2000; A Subramanian and J Watal, *Can TRIPS Serve as an Enforcement Device for Developing Countries in the WTO?* (2000) *Journal of International Economic Law* 403–416; *United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, Recourse by Antigua and Barbuda to Article 22.2 DSU (WT/DS285/22, 22 June 2007); Henning Grosse Ruse-Khan, *A Pirate of the Caribbean? The Attractions of Suspending TRIPS Obligations* (2008) 11(2) *Journal of International Economic Law* 313.

¹³ See *United States – Subsidies on Upland Cotton* (Recourse to Arbitration by the United States under Article 22.6 of the DSU and Article 4.11 of the SCM Agreement – Decision by the Arbitrator (WT/DS267/ARB/1, 31 August 2009), fn. 129; and *United States – Definitive Anti-Dumping and Countervailing Duties on Certain Products from China* (WT/DS379/AB/R, 11 March 2011), para. 316. On the role of customary law on countermeasures in relation to

countermeasures against a material breach as the potential basis for member states of the Paris or Berne Union to react to instances of non-compliance with commitments under the conventions.¹⁴

An initial analysis therefore suggests that while the international law – which contains the principal commitments to protect the inventions, indicators of origins, industrial designs or literary and artistic works – is treaty law, the interpretation, application and enforcement of that law has been informed by other areas of public international law. Such areas include those governed by custom (whether predominantly or to a lesser extent). Many of these interfaces remain to be explored more fully,¹⁵ but this chapter does not offer the space for a comprehensive review of all aspects of customary international law relevant for IP protection beyond borders.

The following sections focus on the customary right to regulate and its interface with treaty commitments to protect IP rights. However, first, an additional example of a well-known customary rule and its reception in the IP context shall suffice to show the complex interplay of treaty and customary rules that is likely at play in the context of international IP law. Even though set out in Article 26 VCLT, the principle of *pacta sunt servanda* emanates from custom.¹⁶ In the TRIPS Agreement, it has found general expression in the very first sentence of its first Article: ‘Members shall give effect to the provisions of this Agreement.’ Article 1(1) 3rd sentence qualifies this by

cross-retaliation by means of suspending treaty commitments to protect IP rights, see Grosse Ruse-Khan, *note 12*.

¹⁴ Ricketson, *note 5*, para. 8.67–68. While the principal customary rule here has been codified in Article 60 VCLT, the latter is generally understood to reflect customary international law (Malcolm Shaw, *International Law*, 8th ed [Cambridge University Press, 2018] pp. 685 and 717–719).

¹⁵ This is important not only as an academic exercise but also has a central normative dimension. As the analysis below shows, the interplay between treaty and custom does not generally preempt the application (or more general interpretative relevance) of the latter in favour of the former. While treaty law may often be considered as *lex specialis*, custom retains relevance – for example in informing the proper construction of treaty norms in light of the underlying principles expressed in customary rules, or by means of gap-filling where treaty norms do not exist. Disregarding custom therefore means not fully accounting for the broader contextual framework within which international IP treaties operate, which can lead to further self-isolation and containment of the international IP system. Since that system was primarily put in place to protect the interests of right holders, an isolated focus on its treaty rules alone will likely prevent a full appreciation of its normative context.

¹⁶ Article 26 VCLT states that ‘[e]very treaty in force is binding upon the parties to it and must be performed by them in good faith.’ It is generally understood to reflect customary international law (see e.g. the ICJ in *Gabcikovo Nagymaros*, ICJ reports 1997, pp. 7, 78–79; *United States – Continued Dumping and Subsidy Offset Act of 2000* (WT/DS217/AB/R, 16 January 2003) Report of the Appellate Body, fn. 247; Shaw, *note 14*, p. 685), and its ‘codification’ in the VCLT shows how custom can be clarified and crystallised via treaty rules, in particular those originating from the work of the International Law Commission (ILC), including the codification conventions it has drafted.

leaving members 'free to determine the appropriate method of implementing [TRIPS] within their own legal system and practice.' This interplay of custom and its reception – as well as qualification – in IP treaties can also be found in Part III of TRIPS on IP enforcement. Here, Article 41(5) TRIPS adds further clarification on what is not owed by members (including in terms of specific IP courts, law enforcement in general and the distribution of resources for IP enforcement). Article 41(1) otherwise reiterates the *pacta sunt servanda* rule by demanding that 'Members shall ensure that enforcement procedures . . . are available under their law so as to permit effective action against any act of infringement' of IP rights covered by TRIPS.¹⁷

Altogether, this example reveals a complex interplay between general and specific treaty rules, underpinned by general principles emanating from customary international law – a scenario where the latter is not necessarily completely superseded by treaty law, but where custom may well serve an important role in informing the proper interpretation of the individual treaty provisions. As the following discussion on the right to regulate shows, one can derive important conceptual, systemic and normative insights from contextualising IP treaty law within its relevant broader international law environment, including customary law.

With these initial considerations on the role of custom and its relation to treaties in the context of international IP law in mind, this chapter proceeds as follows. Section B looks at the difficulties in identifying customary international law, in particular in relation to (primary) commitments on the protection of IP rights beyond borders – while pointing to the sometimes neglected but important role of custom in relation to the (secondary) principles and rules about the interpretation and enforcement of, as well as general public interest defences relating to, IP protection commitments.

Using the customary 'right to regulate' as an example, Section C then explores the contours and limits of this right in the context of international investment law. Section D considers whether – and if so, how – this right applies to treaty commitments in relation to the protection of IP rights. It does so by reviewing the potential operational scope of such a customary right the context of international IP law (subsection I); by then asking the question as to whether states have contracted out of this customary right when entering into IP treaties (subsection II); and by identifying the contours of this right in the specific context of the WTO–TRIPS Agreement (subsection III). Section E concludes with some broader observations on the role of customary international law for IP protection beyond borders and the politics and consequences of not properly accounting for custom.

¹⁷ For an analysis of the IP enforcement obligations that reflect the *pacta sunt servanda* rule and the related flexibilities in this context, see *China – Measures affecting the Protection and Enforcement of Intellectual Property Rights (China – IPRs)*, Panel Report (26 January 2009, WT/DS362/R), paras. 7.323, 7.511–515 and 7.591–599.

B. DIFFICULTIES IN IDENTIFYING CUSTOM
IN INTERNATIONAL IP LAW

Custom derives its status as law from a common practice among states, backed by their volition – or at least cognition – regarding the legal (rather than ethical, moral, political or courteous) nature of that practice.¹⁸ The essence of custom brings with it inherent difficulties. Any serious analysis on customary international law needs to begin with a careful scrutiny as to whether a particular rule, set of rules or principle of custom actually exists and what exactly its content is. Discussing a possible role for custom in international IP law therefore faces the foremost challenge of identifying custom – which essentially involves an empirical exercise of establishing a general practice of states, undertaken with a sense of legal right or obligation.¹⁹ This methodological ‘two element approach’ – which applies uniformly to all areas of international law – requires one to assess (1) whether there is general practice between states and (2) whether that practice is accepted as law.²⁰

The 2018 Draft conclusions of the International Law Commission (ILC) offer instructive guidance on this assessment: for example, that state practice can take many forms, involving all types of state organs; and it must be general, in the sense of being ‘sufficiently widespread and representative, as well as consistent’.²¹ If that is the case, no specific duration is required, and the assessment is relative – that is to say, the required spread and consistency depend on the specific context.²² Under the second constituting element, the state practice so identified must be accepted as law (*opinio juris*), meaning that ‘the practice in question must be undertaken with a sense of legal right or obligation’.²³ Therefore, general practice must be accompanied by a conviction among states ‘that it is permitted, required or prohibited by customary international law’ – which must be shown in relation to states engaging in the relevant practice as well as those in a position to react to it.²⁴

¹⁸ For a more comprehensive discussion on the theoretical and jurisprudential basis of custom, as well as its legal nature, see Tullio Treves, *Customary International Law*, Oxford Public International Law (Oxford University Press, 2015), para. 4–9 (<http://opil.ouplaw.com>).

¹⁹ Treves, *note 18*, para. 17–18; see generally International Law Commission (ILC), Draft conclusions on identification of customary international law, with commentaries, ILC Report (A/73/10), 2018, para. 66 (2)–(3). The draft conclusions were adopted by the ILC at its seventieth session in 2018 and submitted to the General Assembly as a part of the Commission’s report covering the work of that session (A/73/10). The report also contains commentaries to the draft articles (para. 66) and appears in *Yearbook of the International Law Commission, 2018*, vol. II, Part Two.

²⁰ See the ILC’s Draft conclusions, *note 19*, para. 66 (2)–(3) and Conclusion 2 (1)–(2), (6).

²¹ *Ibid.*, Conclusions 6–8 and accompanying commentary.

²² *Ibid.*, Conclusion 8 (2), (9).

²³ *Ibid.*, Conclusion 9.

²⁴ *Ibid.*, at (2)–(5). Conclusion 10 then summarises the forms of evidence for *opinio juris* and highlights that under certain circumstances the mere tolerance of practice can be relevant; see (8).

Finally, the ILC Conclusions 11 and 12 offer important guidance on the role of treaties and resolutions of international organisations or intergovernmental conferences in providing evidence for determining the existence and content of custom. As the discussion in this chapter will come back to this topic in greater detail, it suffices to say here that a rule set out in a treaty can serve as evidence for its customary international law status (in terms of codifying, crystallising or giving rise to custom), in particular when that rule is reflected in various agreements between states.²⁵ In order to distinguish appropriately between custom and treaty law, it is essential to show that states not only act in accordance with the rule because of the *pacta sunt servanda* principle but also because they feel that it represents a rule of custom.²⁶ (Here, of course, ‘states’ crucially includes those non-parties to the treaty.) Similarly, a provision in a resolution can reflect customary international law, but it cannot, in itself, create custom without being backed by general state practice and *opinio juris*.²⁷

Considering the ILC guidance for our question of custom and IP protection beyond borders, one might usefully pick up the distinction made above between (1) the (primary) norms concerning the protection of IP rights, and (2) the (secondary) principles and rules related to the interpretation and enforcement of IP protection commitments. On (1), the question is then whether it is possible to identify customary rules that oblige countries to protect an IP right in a particular way. In other words, have certain minimum standards of IP protection gained the status of customary rules in international law? On the one hand, one might think of some of the core principles of the international IP system, such as the obligation to offer foreign right holders national treatment. While this question is not examined in full detail here, several arguments speak against a customary national treatment rule: first of all, state practice in relation to newly evolving IP rights that are not covered by an IP treaty (such as a right for database makers or press publishers) shows no widespread, let alone consistent, approach to granting such rights to foreigners.²⁸ And

²⁵ *Ibid.*, Conclusion 11 and accompanying commentary, in particular (1)–(7).

²⁶ *Ibid.*, at (4) and (7). The ILC Conclusions highlight the importance of the text and terminology used here: treaty language whereby the Parties ‘confirm’ the customary status of a rule or express their intention to ‘codify’ custom might carry key evidentiary value, but is not the sole determinant, see *ibid.*, at (5).

²⁷ *Ibid.*, Conclusion 12, in particular accompanying commentary (3)–(8).

²⁸ The EU (and by extension all its twenty-seven members) in particular has a reputation for not making ‘new’ IP rights available to foreign right holders (see e.g. Article 15 DIRECTIVE (EU) 2019/790 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC and corresponding recital 55 on a ‘copyright-style’ right for press publishers – but only those established in an EU Member State); or for allowing foreigners only to benefit from such rights when their own home state offers equivalent protection (see Article 11 of the DIRECTIVE 96/9/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 1996 on the legal protection of databases and corresponding recital 56). In addition, the USA in the 1980s made the protection of the layout of semiconductor chips available only

while of course almost all countries offer national treatment in relation to copyright, trademarks, patents, industrial designs and other IP rights that are internationally common, there is no evidence that this protection against discrimination is not solely because of the respective treaty commitments in the Paris and Berne Conventions as well as TRIPS. In fact, recent FTAs which add to the national treatment clauses in those IP treaties by clarifying that, for example, legal protection for technological protection measures (TPMs) and digital rights management (DRM) systems falls within the notion of ‘protection’ of copyright, and hence within the scope of the national treatment principle, show that states still consider treaty rules in this area to be necessary.²⁹ A further argument against considering national treatment as part of custom follows from the fact that protection of foreign investors and their proprietary assets against discrimination is commonly seen as a treaty standard and not part of custom in international investment law.³⁰

In light of the arguments above, identifying a rule of custom to protect IP rights will face a steep uphill battle of showing evidence of general practice that is accepted as law. For the time being, the flurry of new treaties’ rules on IP protection (primarily set out in IP Chapters of FTAs) is not likely to change this situation. While one might see some degree of convergence of IP protection standards in FTAs (for example in relation to test date exclusivity rules, the protection of TPMs and DRMs, or TRIPS-plus border measures or criminal sanctions in IP enforcement), such convergence at best indicates the future prospect for consolidation of these standards on the multilateral treaty level. There is no evidence that those states who are willing to commit to these IP protections in FTAs are doing so because they deem providing such protection to foreign IP owners to be something owed in the absence of the treaty rule.

An example from the *China – IPRs* dispute shows that a WTO Panel was not even willing to consider various FTA provisions concerning criminal sanctions for IP infringements on a ‘commercial scale’ as subsequent interpretative practice under Article 31(3)(b) VCLT, which would – akin to custom – establish an agreement of the parties, here regarding the interpretation of Article 61 TRIPS.³¹ If common provisions in an FTA do not, in the view of the Panel, meet the standard of a

to US manufacturers, subject to reciprocity clauses in Sec. 902 and 914 of the US Semiconductor Protection Act 1984, for a detailed discussion, see Kim Feuerstein, *Chips Off the Trade Bloc: International Harmonization of the Laws on Semiconductor Chips* (1992) 2 *Fordham Intellectual Property, Media and Entertainment Law Journal* 137.

²⁹ See Article 20.8(1) and fn. 2 USMCA, Article 18.8(1) and fn. 4 CPTPP.

³⁰ Stephan Hobe, *The Law relating to Aliens, the International Minimum Standard and State Responsibility*, in *International Investment Law*, Marc Bungenberg, Jörn Griebel, Stephan Hobe and August Reinisch eds. (Hart, Beck & Nomos, 2015), pp. 14–15; Andrea K Bjorklund, *National Treatment in Investment Law in Elgar Encyclopaedia of International Economic Law*, Thomas Cottier and Krista Nadakavukaren Schefer, eds. (Elgar 2017), 203; Simon Klopschinski, Christopher Gibson and Henning Grosse Ruse-Khan, *The Protection of Intellectual Property Rights under International Investment Law* (Oxford University Press, 2020), para. 5.08.

³¹ *China – IPRs*, Panel Report, para. 7.580–581.

‘common, consistent, discernible pattern of acts or pronouncements’ among WTO members,³² they certainly cannot be considered custom among all states.

In sum, showing the emergence – let alone existence – of a customary international law rule with regard to an obligation to protect IP rights of foreigners in a particular way is not likely to be a very successful undertaking. The following analysis thus focuses on point (2) of the distinction made above, namely to identify custom in relation to the (secondary) principles and rules related to the interpretation and enforcement of IP protection commitments. As already explained, this is straightforward for the ‘customary rules of interpretation of public international law’ which Article 3(2) DSU instructs WTO adjudicators to rely on in clarifying the provisions in WTO Agreements, including TRIPS.³³ And with regard to customary rules relating to dispute settlement and compliance, especially those on state responsibility deserve further scrutiny for their role relating to IP protection beyond borders.³⁴ However, perhaps the most relevant aspect of custom concerns the justifications or defences that a state may rely upon to limit the protection of IP rights in the public interest. It is this question about a customary right to regulate and its application in the context of international IP law to which this chapter now turns.

C. THE STATE’S RIGHT TO REGULATE AS A RULE OF CUSTOMARY INTERNATIONAL LAW

A useful starting point for appreciating a state’s customary right to act in the public interest is the protection of aliens (especially against injuries to their property) as part of customary international law. Initially in the form of general international law on all forms of protection available to foreign legal and natural persons in the host state, the so-called international ‘minimum standard of treatment’ (MST) has developed as the core substantive protection for foreign investors based on custom.³⁵ While ambiguity and controversies over the contours of the MST led especially capital-exporting states to demand treaty-based protection via international investment agreements (IIAs), the often expansive protections afforded under these treaties by investor-state dispute settlement (ISDS) tribunals have resulted in a push-back by

³² *Ibid.*, para. 7.581. In addition, the Panel disagreed that such practice could imply an agreement on the interpretation of TRIPS, hence lacking the subjective element which in custom is reflected by *pinion juris*.

³³ See *Section B* above, discussing the customary international law status in particular of Articles 31–33 VCLT and the use of these rules of interpretation in the context of TRIPS disputes.

³⁴ As mentioned in *Section B*, questions arise relating to the customary law on countermeasures in case the suspension of TRIPS obligations also affects other treaty commitments to protect IP, such as under the Paris or Berne Convention or IP Chapters in FTAs.

³⁵ Hobe, *note 30*, at pp. 9–14.

states, including by means of more concrete and narrow determinations of protection standards – including the MST.³⁶

Another expression of the ‘return of the state’³⁷ comes in the form of explicit recognition and concretisations, in IIAs as well as in ISDS awards, of a state’s right to regulate in the public interest, also referred to as ‘police powers’.³⁸ That right is thus not about customary protection of aliens and their property but the limits commonly accepted to such protection, based on the underlying notion of state sovereignty.³⁹ As the discussion below further indicates, this foundation of the right to regulate makes it particularly apt to limit not only customary but also treaty-based protections of investors and their assets.

Within its principal operational context of international investment law, the right to regulate (or ‘police powers’ doctrine)⁴⁰ has been accepted as forming part of custom.⁴¹ Various forms of state practice, often backed by express *opinio juris*, are commonly cited in support of this proposition,⁴² such as the provisions on

³⁶ On the scope of the customary protection, see Hobe, *note 30*, pp. 15–22. On the overall historical developments towards treaty standards via IIAs and the remaining role of custom, see Patrick Dumberry, *Customary International Law in International Economic Law, Encyclopaedia of International Economic Law* (Edward Elgar, 2017), 44–45. With a specific focus on fair and equitable treatment (FET), the MST, ISDS interpretations and state responses, see Klopschinski, Gibson and Grosse Ruse-Khan, *note 30*, 6.08–17. An example for state practice aiming to crystallise the contours of MST as part of custom is Article 9.6 of the CPTPP, read together with Annex 9-A to the CPTPP Investment Chapter, defining MST to include FET and full protection and security (FPS), which in turn are described in various subsections as including or not including certain elements of protection, with Annex 9-A confirming the Parties’ shared understanding of these protections and their limits reflecting custom.

³⁷ Jose Alvarez, *The Return of the State*, 20(2) *Minnesota Journal of International Law* 223 (2011).

³⁸ See generally Klopschinski, Gibson and Grosse Ruse-Khan, *note 30*, paras. 6.107–123.

³⁹ For a discussion on the foundations of the right to regulate in the concept of sovereignty, see Jorge Viñuales, *Sovereignty in Foreign Investment Law*, in Zachary Douglas, Joost Pauwelyn and Jorge E. Viñuales, eds. *The Foundations of International Investment Law: Bringing Theory into Practice* (Oxford University Press, 2014); Katja Ziegler and Domine Reserve, *Max Planck Encyclopaedia of Public International Law* (Oxford University Press, 2013); Cook, *note 93*, pp. 257, 261–263 (citing relevant WTO case-law).

⁴⁰ See for a general discussion Joel Trachtman, *The International Economic Law Revolution and the Right to Regulate* (Cameron May, 2005) and Catherine Titi, *The Right to Regulate in International Investment Law* (Nomos/Hart, 2014). Noam Zamir, *The Police Powers Doctrine in International Investment Law* (2017) 14(3) *Manchester Journal of International Economic Law* 318–337.

⁴¹ See generally Jorge Viñuales, *Customary Law in Investment Protection*, *Italian Yearbook of International Law* (2013/2014), pp. 23–48, who also discusses other expressions of state sovereignty within customary international law (such as necessity and the doctrine of countermeasures) and their role in framing investment protection standards, even if they are treaty-based. See also Dumberry, *note 36*, at 44; OECD, ‘Indirect Expropriation’ and the ‘Right to Regulate’ in International Investment Law, OECD Working Papers on International Investment, 2004/4 (Sept. 2004).

⁴² See for example the (relatively brief) discussion on state practice in *PMI v. Uruguay*, Award, para. 292–294.

expropriation in Annex B to the US Model BIT (2012), which are meant to mirror custom. The annex begins by emphasising that the parties understand that the substantive rules of BIT on expropriation are ‘intended to reflect customary international law concerning the obligation of States with respect to expropriation’; it then clarifies that ‘[e]xcept in rare circumstances, non-discriminatory regulatory actions by a Party that are designed and applied to protect legitimate public welfare objectives, such as public health, safety, and the environment, do not constitute indirect expropriations’.⁴³ Essentially identical text on the type of regulatory measures excluded from the notion of expropriation can be found in Annex 9-B on Expropriation in the CPTPP, and very similar formulations exist, for example, in the Canadian Model BIT,⁴⁴ the CETA,⁴⁵ the Indian Model BIT,⁴⁶ and Article 5(3) of the China – Turkey BIT⁴⁷ and Article 20(8) of the COMESA Investment Agreement⁴⁸. As early as 1961, the Harvard Draft Convention on the International Responsibility of States for Injury to Aliens excluded from wrongfulness ‘[a]n uncompensated taking of property of an alien or a deprivation of the use or enjoyment of property of an alien which results from . . . the action of the competent authorities of the State in the maintenance of public order, health, or morality’. This was subject to further conditions, such as non-discrimination, due process and non-arbitrariness.⁴⁹

Recent agreements such as CETA also show that the right to regulate is not limited to the expropriation standard.⁵⁰ And outside the specific investment law context, one can point to Article 1 of the 1st Protocol to the ECHR, which

⁴³ See US Model BIT (2012), Annex B – Expropriation, para. 1 and 4(b) available online at <https://ustr.gov/sites/default/files/BIT%20text%20for%20ACIEP%20Meeting.pdf>.

⁴⁴ See Article 9:3 Model FIPA (2021) available online at www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/fipa-apie/2021_model_fipa-2021_model_e_apie.aspx?lang=eng#article-9.

⁴⁵ See CETA, Annex 9-A on Expropriation, para. 3 available online at <https://data.consilium.europa.eu/doc/document/ST-10973-2016-ADD-3/en/pdf#page=64>. In addition, in Article 8(9) CETA on investment protection and regulatory measures, ‘the Parties reaffirm their right to regulate within their territories to achieve legitimate policy objectives, such as the protection of public health, safety, the environment or public morals, social or consumer protection or the promotion and protection of cultural diversity.’ The term ‘reaffirm’ shows that the Parties consider this right to exist regardless of its specific inclusion in the treaty.

⁴⁶ See Indian Model BIT (2016), Article 5(5) available online at https://dea.gov.in/sites/default/files/ModelBIT_Annex_o.pdf.

⁴⁷ See Article 5:3 of the China – Turkey BIT (2015) available online at <https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/6085/download>.

⁴⁸ Investment Agreement for the Common Investment Area of the Common Market for Eastern and Southern Africa (COMESA), Article 20(8), which explicitly considers these exclusions of regulatory measures from expropriation as ‘[c]onsistent with the right of states to regulate and the customary international law principles on police powers’. Available online at <https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/3092/download>.

⁴⁹ See Article 10(5) of the 1961 Harvard Draft Convention on the International Responsibility of States for Injury to Aliens.

⁵⁰ See Article 8(9) CETA on investment protection and regulatory measures, cited in [note 45](#).

emphasises that the human rights’ protection of property ‘shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties.’ While not all of these treaty provisions on the right to regulate make express reference to customary international law, they generally appear to reflect widespread and representative state practice. That remains true even if one might question whether this (treaty) practice is sufficiently consistent with regard to all contours of the right and can always be considered as being undertaken with a sense of a legal right beyond the treaty in question.⁵¹

A significant number of ISDS awards have also referred to the right to regulate and have frequently based its existence on customary international law, even where the applicable IIA does not contain a reference to that right. As this chapter cannot engage in a full review of ISDS cases on this topic, it is appropriate to focus on the main IP-related investment dispute where the right to regulate was invoked.

In *Philip Morris v. Uruguay*, the tribunal had to rule on claims that the host state’s regulations, which in various ways limited the use of brands on tobacco packaging, constituted a breach of expropriation and fair and equitable treatment (FET) provisions in the Uruguay–Switzerland BIT.⁵² Uruguay countered that its measures had been designed to protect the public health of its citizens. The tribunal recognised that while the Philip Morris (PM) trademarks constitute a protected investment, neither under domestic law nor under applicable international (IP) treaties does the investor ‘enjoy an absolute right of use, free of regulation – but only an exclusive right to exclude third parties from the market so that only the trademark holder has the possibility to use the trademark in commerce, subject to the State’s regulatory power.’⁵³

On the expropriation claim, the tribunal held that not only had PM failed to show that there was a substantial deprivation of its protected investment (as there was no

⁵¹ As discussed further below, the scope of the right and the conditions for its exercise differ at times in certain relevant details, not only in the treaty provisions cited above but also in the way ISDS tribunals have considered them. Nevertheless, key elements of the right to regulate remain at its consistent core, namely the need to act to protect legitimate public welfare objectives and subjecting the right to conditions that prevent an abusive reliance on it (such as non-discrimination and/or good faith). The *pinion juris* element on the other hand can arguably be established if one recalls that the right to regulate is an expression of the basic and default notion of state sovereignty: as again further explained below, states will generally be aware of this right and will expect to be able to rely on it – unless and only to the extent they have explicitly agreed to limit their right to regulate in a particular way in a treaty.

⁵² *Philip Morris Brands Sàrl, Philip Morris Products S.A. and Abal Hermanos S.A. v. Uruguay (PMI v. Uruguay)*, ICSID Case No. ARB/10/7, Award, 8 July 2016. For a detailed discussion of this case see Klopschinski, Gibson and Grosse Ruse-Khan, [note 30](#), para. 3.109–160; Prabhash Ranjan, Police Powers, Indirect Expropriation in International Investment Law and Article 31 (3)(c) of the VCLT: A Critique of Philip Morris v. Uruguay, (2019) 9 *Asian Journal of International Law* 98–124; Yannick Radi, CASE COMMENT: Philip Morris v. Uruguay. Regulatory Measures in International Investment Law: To Be or Not To Be Compensated? (2018) 33(1) *ICSID Review* 74–80.

⁵³ *PMI v. Uruguay*, Award, para. 271.

significant economic loss suffered in consequence of the tobacco packaging measures), but importantly also that ‘the adoption of the challenged Measures by Uruguay was a valid exercise of the State’s police powers, with the consequence of defeating the claim for expropriation under Article 5(1) of the BIT.’⁵⁴ Explaining that ‘[p]rotecting public health has since long been recognized as an essential manifestation of the State’s police power’,⁵⁵ the tribunal then systemically integrated the customary right to regulate into the investment protection provisions of the BIT. Even though these treaty provisions are not explicitly subject to the state’s police powers, an interpretation based on Article 31(3)c) VCLT allows for importing such powers from customary international law.⁵⁶ Those powers include a right to protect public health as a specific expression of a general right to regulate, which allows states to protect the public interest if the measures are ‘bona fide actions for the purpose of public welfare’. In other words, they cannot be ‘arbitrary and unnecessary’ but must be ‘directed to the [public welfare] end’ and ‘capable of contributing to its achievement’.⁵⁷ The tribunal found Uruguay’s tobacco packaging measures to meet these requirements and, as elaborated further in relation to the FET claim, highlighted the ‘margin of appreciation’ which regulatory authorities of the host state enjoy when making public policy determinations.⁵⁸ The tribunal continued that, as a matter of principle,

[t]he responsibility for public health measures rests with the government[,] and investment tribunals should pay great deference to governmental judgments of national needs in matters such as the protection of public health. In such cases respect is due to the discretionary exercise of sovereign power, not made irrationally and not exercised in bad faith . . . involving many complex factors.⁵⁹

In its analysis, the tribunal refers to a range of further ISDS decisions which have, in various ways, recognised the right to regulate. For example, the tribunal in *Saluka v. Czech Republic* stated:

⁵⁴ *Ibid.*, para. 287. On the substantial deprivation standard and its application to PM’s investments, see paras. 274–286 and the discussion by Ranjan, [note 52, 105–107](#).

⁵⁵ *PMI v. Uruguay*, Award, para. 291.

⁵⁶ *Ibid.*, para. 290.

⁵⁷ *Ibid.*, paras. 295, 298–306. For a comprehensive review of the tribunal’s approach to the police powers doctrine and a critique of its reliance on potentially different rules resulting from this doctrine, see Ranjan, [note 52, 107–117](#).

⁵⁸ *Ibid.*, para. 398. See also the general discussion, inspired by the *Philip Morris* award on the applicability of this concept in ISDS by Yuka Fukunaga, Margin of Appreciation as an Indicator of Judicial Deference: Is It Applicable to Investment Arbitration? (2019) 10 *Journal of International Dispute Settlement* 69.

⁵⁹ *Ibid.*, para. 399 – referring further to *Electrabel SA v. Republic of Hungary (Electrabel)*, Decision on Jurisdiction, Applicability and Liability, ICSID Case No. ARB/ 07/ 19 (30 November 2012), para. 8.35; and *Saluka Investments BV (The Netherlands) v. Czech Republic (Saluka)*, UNCITRAL, Partial Award (17 March 2006), paras. 272–273. See however also the Dissenting Opinion of Gary Born on this particular point, *Philip Morris v. Uruguay*, ‘Concurring and Dissenting Opinion by Mr Gary Born’, paras. 87–88.

It is now established in international law that States are not liable to pay compensation to a foreign investor when, in the normal exercise of their regulatory powers, they adopt in a non-discriminatory manner bona fide regulations that are aimed to the general welfare. . . . [T]he principle that the State adopts general regulations that are ‘commonly accepted as within the police power of States’ forms part of customary international law today.⁶⁰

In *Tecmed v. Mexico*, the tribunal went as far as claiming that ‘[t]he principle that the State’s exercise of its sovereign power within the framework of its police power may cause economic damage to those subject to its powers as administrator without entitling them to any compensation whatsoever is undisputable.’⁶¹ And a tribunal established under North American Free Trade Agreement (NAFTA) Chapter 11 confirmed that ‘as a matter of general international law, a non-discriminatory regulation for a public purpose, which is enacted in accordance with due process and, which affects, inter alios, a foreign investor or investment is not deemed expropriatory’.⁶²

However, while other tribunals have taken a similar position,⁶³ there is also case law finding an expropriation, despite the measure being in support of a public welfare purpose. These cases often focus primarily on the detrimental effect of the measure on the investor’s assets.⁶⁴ Yet others have emphasised the limits of the right to regulate, in particular those which follow from specific obligations that states agreed to in an investment treaty.⁶⁵ In balancing the right to regulate with specific

⁶⁰ *Saluka v. Czech Republic*, para. 255, 260, 262.

⁶¹ *Tecnicas Medioambientales Tecmed SA v. United Mexican States (Tecmed)*, ICSID Case No ARB (AF)/00/2, Award (29 May 2003), para. 119. That tribunal however went on to state that regulatory measures are not per se exempted from expropriation claims (para. 121); therefore, the tribunal adopted a proportionality test which – as discussed further below – balances the impact of the state action against its aims and the extent to which the action achieves those (para. 122).

⁶² *Methanex Corp. v. United States of America (Methanex)*, UNCITRAL, Award (3 August 2005), Part IV, Ch D, para. 7.

⁶³ See for example *Chemtura Corp. (formerly Crompton Corp.) v. Canada*, Final Award, ICGJ 464 (PCA 2010), para. 266; *Renée Rose Levy de Levi v. Peru*, ICSID Case No. ARB/10/17, Award, 26 February 2014, para. 476; *Pope and Talbot Inc v. Canada*, Interim Award, 26 June 2000, para. 96; for an extensive review of the early case-law and state practice (among NAFTA states in particular) confirming custom, see *Marvin Feldman v. Mexico*, ICSID Case No. ARB(AF)/99/1, Award, 16 December 2002, paras. 98–150.

⁶⁴ *Compañía del Desarrollo de Santa Elena, S.A. v. Costa Rica*, ICSID Case No. ARB/96/1, Final Award, 17 February 2000, paras. 71–72; *Metalclad Corporation v. Mexico*, ICSID Case No. ARB (AF)/97/1, Award, 30 August 2000, para. 103; *Vivendi Universal S.A. v. Argentina*, ICSID Case No. ARB/97/3, Award, 20 August 2007, para. 7.5.20; on this issue see generally the discussion in *Azurix Corp. v. Argentina (Azurix)*, ICSID Case No. ARB/01/12, Award, 14 July 2006, paras. 306–323.

⁶⁵ *ADC Affiliate Ltd and ADC and ADMC Management Ltd v. The Republic of Hungary (ADC)*, ICSID Case No. ARB/03/16 (Award 2 October 2006), para. 423–424.

treaty commitments to protect foreign investors, some tribunals have adopted proportionality tests, at times informed by the approach of the ECHR,⁶⁶ which demand some reasonable relationship of proportionality between the means employed and the aim to be realised.⁶⁷ In *El Paso v. Argentina*, the tribunal's balancing exercise considered whether 'the interference with private rights of the investors is disproportionate to the public interest'⁶⁸ – thereby adopting an approach that is more closely aligned with the deferential test in *PMI v. Uruguay*, which leaves room for a 'discretionary exercise of sovereign power' and only reviews whether a decision taken in the public interest is 'not made irrationally and not exercised in bad faith'.⁶⁹ Similar deferential approaches, at times specifically linked again to the notion of margin of appreciation adopted by the ECHR, have been adopted in relation to FET claims or other aspects of balancing international investment protection and the sovereign power of the state to regulate.⁷⁰

Retracing the nuanced differences in the case law, academic commentators refer to three lines of authority with regard to the method to draw a line between non-compensatory regulation and regulatory expropriation.⁷¹ While there seems to be

⁶⁶ See for example *James v. United Kingdom* (1986), ECtHR Judgment of 21 February 1986, para. 50, 63.

⁶⁷ *Azurix v. Argentina*, para. 311–312 (agreeing with the ECtHR that proportionality is lacking when the measure leads to an 'excessive burden' for the individual investor); *LG&E Energy v. Argentina*, 46 ILM 40 (2007), para. 189, 195 (balancing the 'degree of the measure's interference with the right of ownership and the power of the state to adopt its policies' – para. 189); see also *Continental Casualty Company v. The Argentine Republic (Continental Casualty)*, Award, ICSID Case No. ARB/03/9 (5 September 2008), para. 276; *Les Laboratoires Servier, S.A.S. Biofarma, S.A.S., Arts et Techniques du Progrès S.A.S. v. Poland (Servier)*, PCA (UNCITRAL), Final Award, 14 February 2012, para. 569; *Fireman's Fund Insurance Company v. Mexico*, ICSID Case No. ARB(AF)/02/01, Award, 17 July 2006, para. 176.

⁶⁸ *El Paso Energy International Company v. The Argentine Republic (El Paso)*, Award, ICSID Case No. ARB/03/15 (31 October 2011), para. 233. Similarly, the tribunal in *Servier v. Poland* (at para. 570) rephrased the (positively formulated) proportionality test into one case where it needed to determine whether the state had exercised its regulatory powers 'in bad faith, for some non-public purpose, or in a fashion that was either discriminatory or lacking in proportionality between the public purpose and the actions taken.'

⁶⁹ *PMI v. Uruguay*, Award, para. 399; see also the further discussion by the tribunal in paras. 409–410, 418–420.

⁷⁰ *Glamis Gold, Ltd v. The United States of America (Glamis Gold)*, UNCITRAL (NAFTA), Award (8 June 2009) para. 805; *Continental Casualty v. Argentina*, para. 199; *RWE Innogy GMBH & RWE Innogy AERSA SAU v. Kingdom of Spain (RWE)*, Decision on Jurisdiction, Liability and Certain Issues of Quantum, ICSID Case No. ARB/14/34 (30 December 2019), para. 553. See generally the discussion in Klopschinski, Gibson and Grosse Ruse-Khan, note 30, at paras. 6.114–123.

⁷¹ Ursula Kriebaum, Expropriation, in Bungenberg et al. (eds.) note 30, at 1001–1006, 1005. Along the lines discussed above, the author identifies cases that (1) primarily focus on the economic impact on the investor or (2) the nature of the regulatory measure, or (3) adopt some sort of a proportionality or reasonableness test to balance the investors' and the public's interests. See also Ranjan, note 52, at 107. For a similar but conceptually broader differentiation between the Hull formula (about the extent and criteria for compensation), the sole effect doctrine (focusing mainly on the effect on relevant assets) and the proportionality tests (which can also

some convergence on the basic proposition that '[i]t is an accepted principle of customary international law that where economic injury results from a bona fide non-discriminatory regulation within the police power of the State, compensation is not required',⁷² various differences on the exact (and potentially additional) conditions as well as on scope of the right to regulate remain.⁷³ Different views also exist on the interpretative methods used to import the right to regulate as a customary principle (in whatever exact form) into the specific treaty context. A particular question here is whether references to public welfare and non-discrimination as requirements for the legality of (compensatory) expropriation in the treaty bar an interpretative integration of police powers in order to exclude certain public welfare-oriented and non-discriminatory measures from the notion of (indirect) expropriation altogether.⁷⁴ And while authors have generally recognised an increased tendency to resort to the concept of police powers, Titi for example cautions – in the words of the Tribunal in *Saluka v. Czech Republic* – that 'international law has yet to identify in a comprehensive and definitive fashion precisely what regulations are considered "permissible" and "commonly accepted" as falling within the police or regulatory power of States and, thus, non-compensable'.⁷⁵

The overall picture that emerges from this necessarily brief review of state practice and *opinio juris* in recent investment treaties, the ISDS case law applying those treaties in light of what tribunals consider to constitute custom, and academic commentary hence is a somewhat blurry image of a right to regulate, the exact contours of which remain ambiguous. While its basic idea seems to receive increasing support from all sides, the scope and requirements of the right remain particularly elusive. Issues related to scope are: what type of public interests are covered and against which type of claims does the right apply? Issues related to the requirements include: subject to meeting which conditions exactly can the right be invoked? If the conditions include some sort of proportionality test, who decides on the balancing, and with what degree of deference to policy choices made by the host state? The answers remain unclear and are likely to differ depending on the specific (treaty) context. With this rather open assessment, the following section considers how this right might be invoked in the context of international IP treaties.

be seen as additional requirements, applied alongside the police powers doctrine), see Catherine Titi, *Police Powers Doctrine and International Investment Law*, in *General Principles of Law and International Investment Arbitration*, Andrea Gattini, Attila Tanzi and Filippo Fontanelli eds. (Brill, 2018) II.

⁷² OECD, 'Indirect Expropriation' and the 'Right to Regulate' in International Investment Law, OECD Working Papers on International Investment, 2004/4 (Sept. 2004) available online at <http://dx.doi.org/10.1787/780155872321>, p. 5, n. 10 (referring to several further sources).

⁷³ See in particular the critique by Radi, note 52, pp. 75–77, 78–80 and Ranjan, note 52, 107–117 concerning the reasoning in *PMI v. Uruguay* award in particular and of the ambiguities in the police powers doctrine more generally.

⁷⁴ See Radi, note 52, pp. 78–80, and Ranjan, note 52, 121–124.

⁷⁵ Titi, note 71, at III, citing *Saluka v. Czech Republic*, para. 263. See also her discussion of various specific open questions at IV.

D. SHOULD INTERNATIONAL IP TREATIES RECOGNISE AN INHERENT RIGHT TO REGULATE?

Based on the proposition that – despite its ambiguous contours – the right to regulate ‘reflect[s] the position under general international law’,⁷⁶ the remainder of this chapter considers the role of the right for international IP law – in particular, whether it can operate as an (implicit) limitation to obligations to protect IPRs under international IP treaties such as the TRIPS Agreement. This, in turn, requires addressing at least the following questions: (1) with regard to international obligations of protecting IP, what is the scope of a right to regulate? This is not so much the open question on the exact conditions under which the right can be exercised (as that arguably depends on the individual treaty context) – but concerns, as discussed below, conceptual differences between investment and IP protection in international law. Depending on the so determined scope of the right, a key further question is (2) whether states bound by international commitments to protect IP have contracted out of the right to regulate by agreeing to international IP treaties, in particular TRIPS.

And finally, one needs to consider, in case the right to regulate has not been waived in full by entering into a specific IP treaty, (3) what actually is its (residual) content? In particular, if the conditions under which it is meant to be exercised involve the balancing of different interest (for example under some sort of a proportionality test), can this be decided by international adjudicators? Or does the implementing state retain some degree of discretion or margin of appreciation to which adjudicators have to defer? Since answering most of the above questions will depend on the specific IP treaty context, the following discussion simply sketches the broader analytical parameters within which the questions can be addressed. And since – at the time of writing – the principal forum for adjudicating disputes over international IP commitments is (still) the WTO dispute settlement system, the discussion uses TRIPS as the main example.⁷⁷

I. *What Is the Operational Scope of a Right to Regulate in the Context of International IP Protection?*

When considering how (if at all) the right to regulate applies in the context of international IP law, one needs to keep key conceptual distinctions between IP and investment protection obligations in mind. As I have discussed in more detail elsewhere, international investment law operates primarily a form of protection against a state interfering with the protected assets of foreign investors (in form of

⁷⁶ *PMI v. Uruguay*, Award, para. 301.

⁷⁷ As discussed below, the analysis also applies to the Paris and Berne Convention rules incorporated into TRIPS, and – depending on the individual treaty at issue – may apply analogously to commitments in IP chapters in FTAs, especially if these chapters refer to TRIPS.

taking property, or treating its owner unfairly).⁷⁸ On the other hand, international IP law essentially obligates states to protect, by means of private rights, various forms of ‘creations of the mind’ as a specific type of intangible asset against unauthorised exploitation and use by third (usually private) parties.⁷⁹ In short: investment protection primarily operates within the vertical relations between a state and a foreign private party, whereas IP law regulates the horizontal relations between private parties. While the discussion below shows that this characterisation of the modes of protection in international investment and IP law is not absolute, the principal question that emerges from it is whether the right to regulate solely applies to measures where the state directly interferes with a protected asset. Or can it also be applied to the regulation of private rights between private parties?

As a basic proposition, one may argue that if the internationally recognised objective of IP rights and their protection is to promote public welfare aims,⁸⁰ then, as a matter of principle, the power of the state to regulate in the public interest continues to apply to at least the same extent – if not more – as when the state directly interferes with private property. Regardless of the endless debates about the purpose of IP protection, within the context of TRIPS, IP rights – even as private rights – are not an end in themselves (and hence not primarily for the benefit of IP owners) but serve as tools to balance the incentive to innovate with the need to maximise access to intangibles with a public good character.⁸¹

Against this background, there is no argument of principle whereby the regulation of private party relations should be outside the scope of the state’s power to act in the public interest. The intangible nature of what domestic IP laws define as works, inventions, signs or other protectable subject matter inherently entails the need to make policy choices about the availability, conditions, scope and limits of IP

⁷⁸ Henning Grosse Ruse-Khan, *Protecting Intellectual Property through Trade and Investment Agreements: Concepts, Norm-setting, and Dispute Settlement*, in *Research Handbook on Intellectual Property and Investment Law*, Christophe Geiger ed. (Edward Elgar Publishing, 2020) pp. 11–47; University of Cambridge Faculty of Law Research Paper No. 14/2019, online at <https://ssrn.com/abstract=3393645>.

⁷⁹ As the Preamble to the TRIPS Agreement recognises, IP rights are ‘private rights’ which however serve ‘public policy objectives’. See also the further discussion in Grosse Ruse-Khan, *note 78*.

⁸⁰ See, next to the Preamble cited above, the ‘objectives’ set out in Article 7 TRIPS whereby the ‘protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare’.

⁸¹ In economic terms, intangible creations of the mind (such as those captured by the legal concept of a ‘work’, an ‘invention’ or a ‘sign’) are public goods because they have non-rival characteristics (that is, my use of a specific creation of the mind, for example a literary work, does not prevent someone else’s use of that same work, at the same time) and non-exclusive characteristics (this means that legal protections aside, for example via exclusive rights, the further utilisation and dissemination of an intangible creation of the mind cannot be controlled once it has been made available to others).

protection. And the overarching utilitarian objectives for such protection in the TRIPS Agreement necessarily include the basic idea that the state designs and tailors the legal framework for IP subject matter in the public interest. A right to regulate is therefore not only very much possible for the regulation of private rights in private law relations but is arguably inherent in the very nature of IP. In the context of regulating intangible creations of the mind, such a right hence goes beyond the ability of the state to – for example – expropriate assets in the public interest. While the contours of the right of course need to be properly construed in light of the treaty commitments to protect the IP of foreign right holders, there is no reason why the right to regulate would not also operate within the typical domain of IP protection.

A comparative look back in time at international investment (and human right to property) protection confirms the basic proposition above. Whereas the protection of property assets under international law is primarily conceived as protection against state interference, when that expands to cover a duty to protect property then there is no convincing reason that such a duty is not equally, or more, subject to the state's right to regulate. The generally rather limited scope of a duty to protect (in contrast to a duty not to interfere) in itself is an expression of sovereignty and the right to regulate. Such a duty is usually construed narrowly in terms of what states actually have to do to protect against third-party interferences with property, and this narrow scope in itself leaves sufficient policy space for the state to regulate.⁸² But even where a duty to act exists, there is no principal reason why the right to regulate should not be generally available for the state to act, while taking the interests of the public and other specific groups into consideration.⁸³ Again, much will depend on the specific treaty commitments undertaken and the extent to which they can be

⁸² In international investment law, the 'full protection and security' standard owed by the host state to protect investors against third-party acts generally only entails a duty of due diligence, subject to proportionality and the respective level of development of the host state (see generally Christoph Schreuer, *Full Protection and Security* 1(2) *Journal of International Dispute Settlement* 353, 353 (2010); Klopschinski, Gibson and Grosse Ruse-Khan, *note* 30, paras. 6.02–07, 6.85–93). And while the (human) right to property under Article 1 P1 ECHR was also construed to cover a duty to protect IP in *Anheuser Busch v. Portugal* (Judgment of the ECtHR Grand Chamber, 11 January 2007), the ECtHR equally highlighted its limited review of domestic measures involving the application of domestic (IP) laws protecting against other private parties (which only checks whether such measures are manifestly unreasonable or arbitrary). Similarly, the CJEU has interpreted Article 17(2) EU Charter to oblige EU Member States to 'ensure the effective exercise' of IP rights vis-à-vis third parties, but also held that this is limited by the rights of others (see for example the CJEU Judgment in *Coty Germany v. Parfümerie Akzente*, Case C-230/16, 6 December 2017).

⁸³ Confirmation for this point can be found for example in Article 8:9 CETA whereby the contracting parties generally reaffirm their right to regulate in relation to all obligations to protect the foreign investor – hence including CETA's narrowly defined full protection and security standard in Article 8:10.5; on the public policy defences and/or justifications in the context of FET, see generally Klopschinski, Gibson and Grosse Ruse-Khan, *note* 30, at 6.107–123.

construed as exhaustive *lex specialis*, whereby states have contracted out of their police powers. The next section considers this point in more detail.

Finally, the international IP system also addresses situations where the state might want to directly interfere with property. Generally, the idea that IP rights are merely negative rights to exclude third parties from utilising protected subject matter without authorisation (rather than rights which entail a claim against the state for its undistorted exploitation or use) will often make state interference (in a mere negative right) dispensable.⁸⁴ That is because owning a copyright in a cinematographic work with sexual explicit content, for example, does not entail a right to object to state restrictions on how the work can be distributed, shown in cinemas or otherwise made available to the public; similarly, a patent for a medicine does not prevent state regulatory approval requirements (for example to show the safety and efficacy of the patented medicine). The international IP system acknowledges this core limit of IP rights as merely negative rights in various forms – for example in defining the scope of exclusivity (e.g. in Articles 14, 16 and 28 TRIPS), or in the express recognition of the state’s right to ‘censor’ and otherwise restrict the utilisation of copyrighted works in Article 17 BC.⁸⁵ However, in particular for trademarks, the idea that protected signs are in principle meant to be used in commerce to indicate the (commercial) origin of goods or services requires that the negative rights character is not absolute. Again, the international IP system accounts for this – not in the form of a ‘right to use’ but via a limited protection against trademark use restrictions which are ‘unjustifiable’.⁸⁶

In sum then, the analysis shows that international commitments to protect IP rights are subject to the basic concept of a right to regulate, both with regard to regulating private law relations and by addressing direct state interferences with property. The key question that hence arises is whether this right has been exhaustively addressed in the relevant IP treaties, or whether those treaties leave room for the basic recognition of this right under customary international law.

II. *Have States Contracted Out of Their Police Powers by Agreeing to International IP Treaties?*

The debates in international investment law about the exact contours of a right to regulate – which, in its basic conception, receives widespread recognition and

⁸⁴ As discussed further below, this point is further reflected in Article 8(1) TRIPS, whereby the state may adopt measures that protect (for example) public health, but only if they are otherwise consistent with TRIPS, including its provisions on the grant of rights to exclude others.

⁸⁵ On the scope of exclusivity under Article 16 TRIPS, see *Australia – Plain Packaging* (Panel Report, at 7.1993–2031 and Appellate Body Report, at 6.581–586); on Article 17 BC, see *China – IPRs*, para. 7.131–132. See also [Section E](#) of this chapter on the extent to which these specific treaty provisions reflecting the right to regulate are exhaustive *lex specialis*.

⁸⁶ See Article 20 TRIPS and the further discussion in [Section E](#).

acceptance – show that the perhaps most important question concerns the relation between a state’s customary police powers and the specific treaty commitments the state has entered into.⁸⁷ When considering this question in the context of international IP law, our focus on TRIPS as part of the WTO legal order means that the analysis has to address: (1) the role that customary international law in general can play within WTO law, and (2) the role a customary right to regulate can play with regard to TRIPS in particular.

In an area that sometimes has been referred to as a ‘self-contained regime’ where rules are essentially derived from the WTO’s own ‘covered agreements’, custom might be argued to play little, if any, role. A default assumption may be to consider a treaty rule to supersede an equivalent rule of custom. But general international law practice and scholarship tell us that unless there is clear evidence (usually in form of an express treaty rule) that the state parties wished to contract out of custom, customary international law principles and rules apply – at least as a source of guiding treaty interpretation. For example, on the applicability of the local remedies rule, the ICJ stated that it ‘finds itself unable to accept that an important principle of customary international law could be held to have been tacitly dispensed with, in the absence of any words making clear the intention to do so.’⁸⁸ The ILC explains the continued role of custom in a world dominated by treaties in similar terms in its report on fragmentation: ‘It is in the nature of “general law to apply generally” – namely inasmuch as it has not been specifically excluded. It cannot plausibly be claimed that these parts of the law – “important principles” as the [ICJ] put it – have validity only as they have been “incorporated” into the relevant regime.’⁸⁹

The basic starting point therefore is that rules of custom (or general international law, as these terms are sometimes used interchangeably) apply – unless there is clear evidence that states, for example by including specific terms in a treaty, wished to contract out of these rules. One then needs to positively identify state intent to exclude a rule of custom – rather than an intention to retain that rule as soon as related treaty rules exist.

What do these insights from general international law mean for WTO law and in particular the IP treaties incorporated into the WTO legal order? In the words of the ILC, there is ‘little reason of principle’⁹⁰ to depart from the above-described principle when applying and interpreting the rules of TRIPS and the IP treaties it

⁸⁷ See Section C, and in particular the critique by Ranjan, note 52, and Radi, note 52, about the need to define the right and its interpretative role in light of the specific treaty rules on expropriation, and whether those rules already recognise public welfare and other elements of the host state’s police power.

⁸⁸ *Elettronica Sicula S.p.A. (ELSI) (United States of America v. Italy)*, ICJ Reports 1989 p. 42, para. 50.

⁸⁹ International Law Commission, *Fragmentation of International Law: Difficulties Arising from the Diversification and Expansion of International Law* (Report of the Study Group of the International Law Commission, 13 April 2006, UN Doc A/ CN.4/ L.682), para. 185.

⁹⁰ *Ibid.*, para. 169.

incorporates. While WTO dispute settlement is no forum of universal jurisdiction, the Appellate Body has, even in its very first decision, confirmed that WTO law does not operate in ‘clinical isolation’⁹¹ from other rules of international law. When Panels and the Appellate Body consider claims under the covered agreements (rather than based on non-WTO rules), they must construe the rights and obligations flowing from WTO rules ‘within the overall context of general international law’.⁹² In several decisions, WTO adjudicators have accepted and applied this approach.⁹³ In as much as WTO law therefore does not constitute a self-contained regime per se, the same must be true for other WIPO-administered treaties and indeed the (internal and external) conduct of international organisations that deal with IP, such as the European Patent Office (EPO). While one can for example point to the WIPO Global Challenges Division as evidence of engagement with the outer (international law) environment,⁹⁴ such evidence is not required for relying on custom and other generally applicable rules of international law. As the default rule is continued relevance, one would need to show that for example by agreeing to the Patent Cooperation Treaty or by setting up the EPO, contracting states wanted to create self-contained regimes.

Specifically on the WTO members’ police powers, WTO Panels and the Appellate Body have generally recognised a ‘sovereign right to regulate’,⁹⁵ but have underscored that this right needs to be exercised in accordance with the state’s international obligations. With regard to services trade, the Panel in *US – Gambling* held that ‘[m]embers maintain the sovereign right to regulate within the parameters

⁹¹ *United States – Standards for Reformulated and Conventional Gasoline (US – Gasoline)*, Appellate Body Report (29 April 1996, WT/DS2/AB/R), p. 16.

⁹² ILC Report, note 89, para. 170.

⁹³ See for example the decisions *Korea – Government Procurement*, Panel Report (19 January 2000, WT/DS163/R), para. 7.96 where the Panel states:

We take note that Article 3(2) of the DSU requires that we seek within the context of a particular dispute to clarify the existing provisions of the WTO agreements in accordance with customary international law rules of interpretation of public international law. However, the relationship of the WTO agreements to customary international law is broader than this. *Customary international law applies generally to the economic relations between WTO members*. Such international law applies to the extent that the WTO treaty agreements do not ‘contract out’ from it. To put it another way, to the extent that there is no conflict or inconsistency, or an expression in a covered WTO agreement that applies differently, we are of the view that the customary rules of international law apply to the WTO treaties and to the process of treaty formation under the WTO (emphasis added).

See also *US – Antidumping and Countervailing Duties*, Appellate Body Report (11 March 2011, WT/DS379/R/AB), para. 316; and generally Graham Cook, *A Digest of WTO Jurisprudence on Public International Law Concepts and Principles* (Cambridge University Press, 2015), pp. 234–244, in particular the case law at pp. 240–242.

⁹⁴ See the WIPO webpages of its Global Challenges Division at www.wipo.int/about-wipo/en/activities_by_unit/index.jsp?id=56.

⁹⁵ Generally, see Cook, note 93, pp. 261–263.

of Article VI of the GATS. Members' regulatory sovereignty is an essential pillar of the progressive liberalization of trade in services, but this sovereignty ends whenever rights of other Members under the GATS are impaired.⁹⁶ On trade in goods, the Appellate Body stated that 'the object and purpose of the TBT Agreement is to strike a balance between, on the one hand, the objective of trade liberalization and, on the other hand, Members' right to regulate'.⁹⁷ In terms of how such a balance is to be struck by means of appropriately construing WTO commitments, the Panel in *China – Rare Earths*

agree[d] with China that an interpretation of the covered agreements that resulted in sovereign States being legally prevented from taking measures that are necessary to protect the environment or human, animal or plant life or health would likely be inconsistent with the object and purpose of the WTO Agreement. In the Panel's view, such a result could even rise to the level of being "manifestly absurd or unreasonable".⁹⁸

The conclusion then is that as part of custom, WTO members generally retain their police powers unless there is clear evidence that it has been specifically contracted out in a WTO Agreement. Hence one needs to positively identify states' intent to exclude the right to regulate, rather than an intention to retain their police powers as soon as relevant treaty rules exist. In the context of WTO dispute settlement, where the competence of adjudicators is limited to deciding claims about consistency with 'the covered [WTO] Agreements',⁹⁹ even relatively conservative views allow the importation of custom via treaty interpretation, including on the basis of Article 31:3 c) VCLT.

The analysis in [Section I](#) suggests that there is no reason of principle for the right to regulate not also to apply to international IP protection – although the specific IP treaty commitments are of course essential in determining the extent to which the WTO members' police power has been contracted out. In *China – IPRs*, China highlighted 'the right of governments to take the necessary steps to maintain public order', as reflected in Article 17 BC, and which arguably was 'not affected by the [author's] rights given by the Convention'.¹⁰⁰ The Panel generally agreed with this interpretation, explaining that:

⁹⁶ *US – Gambling*, Panel Report (WT/DS/285/R, 10 November 2004), para. 6.316.

⁹⁷ *US – Measures affecting the Production and Sale of Clove Cigarettes (US – Clove Cigarettes)*, Appellate Body Report (WT/DS/406/R/AB, 4 April 2012), para. 174; see also *US – Import Prohibition of certain Shrimp and Shrimp Products*, Appellate Body Report (WT/DS/58/AB/R, 12 October 1998), para. 185 and *US – Clove Cigarettes*, Panel Report (2 September 2011), para. 7.2.

⁹⁸ *China – Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum (China – Rare Earths)*, Panel Report (WT/DS/431/R, 26 March 2014), para. 7.111.

⁹⁹ See Article 3(2) DSU.

¹⁰⁰ *China – IPRs*, para. 7.131.

[a] government's right to permit, to control, or to prohibit the circulation, presentation, or exhibition of a work may interfere with the exercise of certain rights with respect to a protected work by the copyright owner or a third party authorized by the copyright owner. However, there is no reason to suppose that censorship will eliminate those rights entirely with respect to a particular work.¹⁰¹

In *EC – GIs*, responding to the European Community's argument that since TRIPS lacked a general exception clause akin to Article XX GATT it should be allowed to import and rely on Article XX GATT as defence against a TRIPS violation, the Panel countered as follows:

the TRIPS Agreement does not generally provide for the grant of positive rights to exploit or use certain subject matter, but rather provides for the grant of negative rights to prevent certain acts. This fundamental feature of intellectual property protection inherently grants Members freedom to pursue legitimate public policy objectives since many measures to attain those public policy objectives lie outside the scope of intellectual property rights and do not require an exception under the TRIPS Agreement.¹⁰²

These Panel findings in *China – IPRs* and *EC – GIs* confirm the analysis in [Section I](#) that the negative rights nature of IP protection under TRIPS is a reflection of the right to regulate.¹⁰³ And where TRIPS does offer some protection against state interferences with IP owners' ability to use protected subject matter, the Panel and Appellate Body in *Australia – Plain Packaging* construed the relevant TRIPS commitments in a way that aligns with WTO members' customary police powers.¹⁰⁴

The discussion so far shows that WTO adjudication in general and with regard to TRIPS in particular has applied and interpreted relevant treaty commitments to protect IP in light of a right to regulate – even if the adjudicators have not always referred to the customary international law status of the right. With regard to situations where state measures interfere with IP assets (in that the utilisation of

¹⁰¹ *China – IPRs*, para. 7.132.

¹⁰² *European Communities – Geographical Indications (EC– GIs)*, Panel Report (15 March 2005, WT/ DS/ 174R), para. 7.210.

¹⁰³ In *Australia – Plain Packaging*, the Panel (see para. 7.1916–2031) and the rejection by the Appellate Body (para. 6.581–86) of claims that the exclusive rights set out Article 16 TRIPS should be construed to prevent restrictions on use which may, gradually and over time, affect the distinctiveness of a mark further confirm the WTO Members' police power: such a broad reading of trademark rights would operate to limit or even prevent restrictions on the use of the protected subject matter without any balancing test, while Article 20 TRIPS explicitly subjects such restrictions to a test of justifiability. Only a narrow reading of the scope of the exclusive rights as mere negative rights hence ensures that public policy measures which affect the (unhindered) use of IP-protected subject matter are not caught by provisions setting out the IP owner's right to exclude others.

¹⁰⁴ As discussed further below, the notion of 'justifiability' in Article 20 TRIPS has been interpreted in light of a 'right of WTO Members to adopt measures for the protection of certain societal interests that may adversely affect [trademark] use'; see *Australia – Plain Packaging*, Panel Report, para. 7.2429.

IP-protected subject matter is restricted), WTO members therefore have not contracted out of their police powers. However, what about a right to regulate IP rights as 'private rights' and how they operate in private law relations? Do treaty commitments to grant and protect these rights (for defined subject matter and subject to certain requirements as well as with certain allowed exceptions, limitation and duration) offer sufficient evidence that WTO members have contracted out of the right to regulate IP in its principal private law domain? Section I showed that, based on the intangible character of IP subject matter and the utilitarian aims of IP protection, a right to regulate follows from the very nature of IP. And as I have argued elsewhere, for state measures which delineate the scope of protection of private rights vis-à-vis the rights of others and the general public to use IP-protected subject matter (such as patented drugs), the negative rights character of IP rights is not sufficient to secure a WTO member's police powers.¹⁰⁵ The long-standing debates on access to medicines show that the protection of public health will often require limiting IP protection in order to facilitate the access to essential goods (such as medicines and other health related technologies) via subject matter exclusions, exceptions and limitations, compulsory licences and so on.

Of course, with Articles 27, 30 and 31 for example, the TRIPS Agreement contains a range of provisions allowing WTO members to adopt access-enhancing measures. But there is no indication that their mere existence exhaustively covers the right to regulate – in other words, that WTO members intended to contract out of their customary police powers by signing up to TRIPS. That follows first of all from recognising the appropriate point of departure for this analysis: as discussed above, the general position in international law is that one needs to positively identify state intent to exclude a rule of custom – rather than an intention to retain that rule as soon as related treaty rules exist.¹⁰⁶ Second, and arguably more importantly, the relevant treaty provisions and their application by WTO members strongly support a continued role for the right to regulate. In the specific TRIPS context, most of the treaty provisions addressing access-enhancing measures contain key terms that are broad, open and undefined – which in turn have commonly been understood and implemented to include policy space for WTO members to protect public interests, including (for example) access to medicines.¹⁰⁷

¹⁰⁵ See Grosse Ruse-Khan, *The Protection of Intellectual Property in International Law* (Oxford University Press, 2016), para. 13.17–21.

¹⁰⁶ See Section I.

¹⁰⁷ A full discussion of this topic is beyond the scope of this chapter, but it is beyond doubt that TRIPS commitments to grant patents for all 'inventions' that are 'new', 'inventive' (i.e. 'non-obvious') and 'industrially applicable' (i.e. 'useful') have not harmonised notions such as invention, novelty, or inventive step. This follows not only from the significantly diverging state practice in implementing these concepts but also in the (failed) attempts to address and harmonise some of them in the Substantive Patent Law Treaty (SPLT). This lack of uniformity in implementing such broad and open terms in TRIPS also applies to other IP commitments, including those under the Paris and Berne Conventions.

The most widespread, representative and consistent state practice recognising this policy space is reflected in the Doha Declaration on TRIPS and Public Health, adopted at the Doha Ministerial Conference in November 2001. Here, all WTO members 'reaffirm[ed] the right of WTO members to use, to the full, the provisions in the TRIPS Agreement, which provide flexibility for this purpose.'¹⁰⁸ In the terms of the ILC Conclusions, the Doha Declaration constitutes a resolution adopted at an intergovernmental conference that provides evidence for determining the existence and content of a rule of custom.¹⁰⁹ Since the Declaration was adopted by consensus of all WTO members and is not intended to amend TRIPS,¹¹⁰ it also includes evidence of states' *opinio juris* for a customary right to regulate within TRIPS. That is to say, the Declaration reflects a sense of all WTO members of a legal right to adopt measures in the public interest – even though they have committed to TRIPS and its obligations to protect IP. In para. 4 of the Declaration, all WTO members

agree that the TRIPS Agreement does not and should not prevent members from taking measures to protect public health. Accordingly, while reiterating our commitment to the TRIPS Agreement, we affirm that the Agreement can and should be interpreted and implemented in a manner supportive of WTO members' right to protect public health and, in particular, to promote access to medicines for all.¹¹¹

The negotiation history of the Declaration offers further support for states' *opinio juris* that TRIPS does not prevent domestic measures to protect public interests.¹¹²

¹⁰⁸ Doha Declaration on the TRIPS Agreement and Public Health (Doha Declaration) (Doha, 14 November 2001, WT/MIN(01)/DEC/2), para. 4. The purpose referred to in para. 4 is, as para. 1–3 elucidates, to address 'public health problems', in particular the need to 'promote access to medicines for all'. On the negotiation history see Grosse Ruse-Khan, [note 105](#), para. 12.27–29, and generally Holger Hestermeyer, *Human Rights and the WTO – The Case of Patents and Access to Medicines* (Oxford University Press, 2007); Frederick Abbott, The Doha Declaration on the TRIPS Agreement and Public Health: Lighting a Dark Corner at the WTO (2002) 5(2) *Journal of International Economic Law* 469.

¹⁰⁹ See the ILC Draft conclusions, [note 19](#), Conclusion 12.2, at 147–148.

¹¹⁰ In the existing literature, the main emphasis is on the legal status of the Declaration (as an instrument amending the TRIPS Agreement, an authoritative interpretation within Article IX of the WTO Agreement, or an agreement on the interpretation of TRIPS under Article 31(3) a) VCLT): see Steve Charnovitz, The Legal Status of the Doha Declarations (2002) 5(2) *Journal of International Economic Law* 211; Daya Shanker, The Vienna Convention on the Law of Treaties, the Dispute Settlement of the WTO and the Doha Declaration on the TRIPS Agreement (2002) 36(4) *Journal of World Trade* 763; James Thuo Gathii, The Legal Status of the Doha Declaration on TRIPS and Public Health under the Vienna Convention on the Law of Treaties (2002) 15(2) *Harvard Journal of Law and Technology* 292. This was a point the AB in Australia – Plain Packaging declined to rule on (see Appellate Body Report, para. 6.657).

¹¹¹ Doha Declaration, para. 4.

¹¹² See the Interventions by Argentina, Ecuador (stressing that private rights are subject to public interest measures); Barbados, Canada, Kenya, Norway, Switzerland and Ecuador (emphasising the need to balance IP rights and public interests measures, in particular to protect public health); the United States, Uganda, Brazil, the EU, Hungary and Pakistan (highlighting that

Subsequent IP treaty commitments – in particular IP Chapters in FTAs – as well as resolutions of international organisations have frequently referred to and reiterated the importance of the Doha Declaration. As I have discussed in detail elsewhere, FTA contracting parties are, for example, ‘recognising the principles set out in’, ‘affirm their commitment to’, or ‘recognise the importance of the Doha Declaration.’¹¹³ Parties have also agreed that in interpreting and implementing their FTA IP rules, they ‘shall ensure consistency’ with the Doha Declaration.¹¹⁴ And some FTAs contain language identical or at least equivalent to the right to protect public health referenced in paragraph 4 of Doha¹¹⁵ – in the round indicating that the right to regulate as affirmed in the Declaration continues to apply, despite generally more extensive commitments to protect IP under FTAs.

Furthermore, in the United Nations, the General Assembly adopted a resolution on ‘Global health and foreign policy’ in 2016, [r]eaffirming the right to use, to the fullest extent, the provisions contained in the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), the Doha Declaration on the TRIPS Agreement and Public Health . . . which provide flexibilities for the protection of public health, and in particular to promote access to medicines for all.¹¹⁶

More recently, the COVID-19 pandemic has placed global access to medical technology, not only vaccines but also personal protective equipment and ventilators, among others, at the centre of attention. As one of many responses, in the

TRIPS, due to its flexibilities, does not prevent public health measures); Chile, India, Tanzania (on behalf of LDC WTO members); Ecuador (pointing to WTO Members’ right to adopt measures under Article 8 TRIPS); Cuba, Egypt, the EU, Hungary, India, the United States, Nigeria, Pakistan and Switzerland (stressing flexibilities within TRIPS to interpret and implement the agreement to protect public interests); Ecuador, Egypt, the EU and Malaysia (on behalf of ASEAN countries); and Norway, Pakistan and Kenya (emphasising the utilitarian objectives of IP protection and enforcement, as set out in Article 7 TRIPS) at the TRIPS Council Meeting in June 2001 (IP/M/31, 18 June 2001). This was prior to the adoption of the Doha Declaration. See also the interventions by Brazil, Zimbabwe, the United States, Canada, the Czech Republic, Egypt, the EU, Hong Kong (China), Hungary, India, Indonesia, Japan, Kenya, Malaysia, New Zealand, Norway, Peru and Switzerland at a subsequent TRIPS Council Meeting in September 2001 (IP/M/33, 19/09/2001) – on various ways in which TRIPS can be construed so that it retains flexibility to regulate in the public interest, especially to facilitate access to medicines.

¹¹³ See the Preamble to Chapter 17 (Intellectual Property) in the US–Chile FTA; Art 16.13.1 US–Colombia FTA, Art 16.13.1 US–Peru TPA, Art 18.11.1 US–Korea FTA and Art 18.6.1 CPTPP; and Art 147 B EU–CARIFORUM EPA. See generally Grosse Ruse-Khan, *note 105*, para. 5.69–74.

¹¹⁴ Article 190:2 of the EU–Colombia Peru FTA.

¹¹⁵ See the discussion in Grosse Ruse-Khan, *note 105*, para. 5.72.

¹¹⁶ UN Resolution, adopted by the General Assembly on 15 December 2016 – Global health and foreign policy: Health employment and economic growth (A/71/L.41, 17 January 2017). See also the almost identical language on the right to use TRIPS flexibilities for access to medicines in the resolution of the Human Rights Council, ‘The right of everyone to the enjoyment of the highest attainable standard of physical and mental health in the implementation of the 2030 Agenda for Sustainable Development’, 21 June 2017, item 3.b.

‘Rome Declaration’ by the G20 countries adopted in May 2021, signatory states agreed to facilitate the global distribution of medical technologies, not least by ‘working consistently within the TRIPS agreement and the 2001 Doha Declaration’.¹¹⁷

Overall, while individual invocations of Doha vary, all share the basic idea of using the Declaration as a central reference point for how WTO members can protect public interests such as health in a manner that is consistent with TRIPS (and FTA). And most refer to a ‘right’ of states to protect health within the framework of TRIPS. Applying the ILC Conclusions, these references in treaties subsequent to TRIPS further support the argument of a rule of custom that is ‘codified’ (in the form of Doha references) in a treaty rule (namely, those FTA provision referring to Doha).¹¹⁸ The references in the United Nations’ and other resolutions of international organisations offer additional evidence for the existence and content of customary police powers remaining, in spite of treaty commitments to protect IP. With these constant recognitions of the right to regulate in mind, the final section below considers the residual scope of this right in the context of TRIPS.

III. *The Contours of WTO Members’ Police Powers in Light of TRIPS*

The discussion in [Section C](#) on the role of a customary right to regulate and its exact contours in international investment law has shown that much depends on the specific treaty commitments undertaken by the state invoking the right. Attempting to offer some parameters for addressing the same issues in the context of TRIPS hence should start with the relevant obligations to protect IP under the WTO framework. Very much hence depends on the individual TRIPS (or other IP treaty) commitment and the extent to which this already implements a WTO member’s police powers – that is, how far the specific treaty rules at issue offer evidence of the contracting parties’ intent to contract out of custom. Such an individual assessment cannot be undertaken here. The principal approach, however, has been confirmed by WTO members in the Doha Declaration. After affirming that TRIPS ‘can and should be interpreted and implemented in a manner supportive of WTO members’ right to protect public health’ and that all TRIPS flexibilities should be used for this purpose, WTO members highlight these flexibilities to include, first and foremost, that ‘[i]n applying the customary rules of interpretation of public international law, each provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement as expressed, in particular, in its objectives and principles.’¹¹⁹ The WTO members then go on to highlight specific interpretative flexibilities regarding compulsory licensing and exhaustion. Furthermore, under

¹¹⁷ G20 ‘Rome Declaration’, adopted at the Global Health Summit in Rome on 21 May 2021.

¹¹⁸ See ILC’s Draft conclusions, [note 19](#), Conclusion 11:1(a) and 2, pp. 143–146.

¹¹⁹ Doha Declaration, para. 5 (a).

the so-called ‘paragraph six mechanism’, they eventually negotiated a waiver to a TRIPS provision whose operation stood in the way of an effective use of compulsory licensing for public health.¹²⁰

The main mechanism for realising a right to regulate within TRIPS is thus by means of an interpretation and implementation of its provisions which afford sufficient policy space for WTO members to protect public interests such as health. This in turn should be achieved by the full use of TRIPS flexibilities, especially those listed in paragraph 5(a)–(d) of the Doha Declaration. As I have discussed in detail elsewhere, because of its horizontal operational effect, the most important flexibility here is interpreting and implementing TRIPS commitments in light of the agreement’s object and purpose, set out in its ‘Objectives’ in Article 7 and ‘Principles’ in Article 8(1).¹²¹

In short, that flexibility follows from (1) the interpretative relevance that Article 31 (1) VCLT (reflecting customary international law principles of treaty interpretation) affords to these provisions as expression of treaty object and purpose of TRIPS; and from (2) the substance of Articles 7 and 8. The interpretative role of Articles 7 and 8 has to be appreciated relative to other factors informing the interpretation exercise, especially ordinary meaning and context. The more ambiguous and multilayered a provision’s common understanding in relation to the treaty is, the more it needs further determination and concretisation by the treaty’s objective – so that policy space via treaty interpretation depends significantly on the terms at issue.¹²² The substance of Article 7 and especially 8(1) TRIPS then further determines the contours of a right to regulate and reflects the two basic rationales for invoking police powers in relation to IP protection, as discussed in [Section I](#): namely, a state (1) interfering with IP rights to protect the public interest (reflected in the public interest principles of Article 8(1)); and (2) regulating the scope of protection as well as its limits in relations between private parties (as set out in the balancing objectives of Article 7).¹²³

The basic concept that emerges is one of a right to regulate which has to be actioned via treaty interpretation, with an important role for the TRIPS object and

¹²⁰ See Doha Declaration, para. 5 (b)–(d) and 6, and the outcome of these negotiations in the form of Article 31bis TRIPS.

¹²¹ See generally Grosse Ruse-Khan, [note 105](#), [Chapter 13](#) of that book.

¹²² See the discussion and examples in Grosse Ruse-Khan, [note 105](#), 13.28, 13.52–56.

¹²³ This finds further support in the origins and negotiation history of Article 8:1 and Article 7. As I discuss in more detail elsewhere, the origins of both provisions lie in a 1989 submission of India referring to the ‘primacy of public interest’ as a ‘principle which is closely related to the balance of rights and obligations’ of IP owners. Under this principle ‘[t]he state has the inherent right to take measures in public interest abridging the rights of holders of intellectual property rights’ – not least because these rights have utilitarian functions; see Uruguay Round of Multilateral Trade Negotiations, Communication from India, Applicability of the Basic Principles of the GATT and of Relevant International Intellectual Property Conventions (5 September 1989, MTN.GNG/NG11/W/39), para. 13–14 and the discussion in Grosse Ruse-Khan, [note 105](#), para. 13.06–09 and 13.36–38.

purpose as set out in Articles 7 and 8 – relative to other interpretative elements. The public interest principles in Article 8(1) confirm the customary police powers of WTO members and crystallise their contours: members may take measures ‘necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development’. Since those measures also must be ‘consistent with the provisions of [TRIPS]’, the policy space to adopt them lies within the interpretative flexibilities provided by individual TRIPS commitments, construed in light of the TRIPS object and purpose. The balancing objectives in Article 7 in turn call for IP protection and enforcement to ‘contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare’.

Broad and open concepts (such as ‘invention’, ‘novelty’ in Article 27, ‘distinctiveness’ in Article 15, or ‘expressions’ – in contrast to ideas – in Article 9) that are commonly used in TRIPS leave it for WTO members to determine their specific meaning and to align the associated interests of IP owners, users and society; hence, the balancing that Article 7 calls for primarily occurs on the level of domestic implementation.¹²⁴ From a right-to-regulate perspective, WTO members have retained sovereignty to ‘customise’ IP protection and to balance all affected interests – unless individual TRIPS provisions entail concrete commitments where no (or few) interpretative flexibilities remain.

Finally, this policy space for tailoring IP protection in line with competing interests and different stakeholders on the domestic level is reinforced by the basic notion of territoriality. The fact that despite almost 150 years of international harmonisation of IP protection, the competence to grant rights over intangible assets remains with the individual nation state is in itself a strong indicator of the right to regulate on the domestic level, not only via norm-setting that builds on the interpretative policy space left by often broad concepts in treaty commitments but also by the principal competence of domestic agencies and courts to apply and adjudicate these norms. While of course territoriality has been (partially) done away with in the case of significantly enhanced socio-economic integration (as in the European Union),¹²⁵ its continued existence within TRIPS and TRIPS-plus frameworks confirms the police and regulatory powers of the state granting, delineating and limiting IP rights.

In sum, the reference to both Article 7 and 8 in Doha’s emphasis on the TRIPS object and purpose highlights the two related but distinct aspects of the right to regulate IP protection. Adopting public interest measures within the contours of

¹²⁴ For a detailed discussion, see Grosse Ruse-Khan, [note 105](#), para. 13.40–45.

¹²⁵ See for example the EU-wide trademark and design rights which are granted by EU institutions and enforced by domestic agencies and courts, subject to a final review by EU courts.

Article 8; and shaping IP protection to facilitate socio-economic welfare aims via Article 7. Crystallising the scope and content of a WTO member's regulatory powers then should be a matter of characterising a domestic measure as primarily within the ambit of Article 7 or 8 TRIPS. A measure that is predominantly delineating or balancing the interests of IP owners, competitors or users falls rather under Article 7; and it is that provision's terms which serve as principal interpretative guides for construing individual TRIPS commitments that may be implicated by the measure at issue.¹²⁶ Article 8 on the other hand concerns measures taken to protect general public interests such as health or the environment.

Here, one should further differentiate between two types of TRIPS provisions implicated by the measure: (1) a TRIPS provision that has an 'internal' public interest test – such as 'unjustifiable' in case of trademark use restrictions under Article 20, in contrast to (2) a TRIPS provision which lacks such a test or equivalent internal mechanism. Interpreting the proper meaning of the latter in light of Article 8(1) then requires importing the necessity test inherent in Article 8(1),¹²⁷ whereas construing a provision with an internalised (and hence *lex specialis*) public interest test usually will lead to that test's ordinary meaning and context to dominate over the object and purpose reflected in Article 8(1) TRIPS. As confirmed in the *Plain Packaging* litigation by both Panel and Appellate Body, a specific test in an individual TRIPS commitment replaces the general one in Article 8(1).¹²⁸ The contours of the right to regulate in the context of international IP law hence are framed by three key parameters:

- (1) Within TRIPS, the pre-existing IP treaties it incorporates and the subsequent FTAs which refer to it, the customary right continues to exist. It is to be effected by means of a flexible interpretation and domestic implementation of individual treaty commitments to protect IP rights.
- (2) That policy space is determined by the interpretative role of the TRIPS object and purpose – relative to the importance of the ordinary meaning and context of the treaty rules at issue. The more open and broad the key terms in these treaty commitments are, the more room remains for the individual WTO member's police powers.

¹²⁶ For a detailed discussion, see Grosse Ruse-Khan, [note 105](#), para. 13.46–57.

¹²⁷ Again, for a discussion on how the necessity test under Article 8(1) operates in light of the specific terms used in that provision and in particular on the policy space left for WTO members, see Grosse Ruse-Khan, [note 105](#), at 13.10–12.

¹²⁸ See *Australia – Plain Packaging*, Panel Report, at 7.2395, 7.2429–2430, 7.2598–2604; as confirmed by the Appellate Body Report, at 6.651–655. In their analysis, both the Panel and the AB also confirmed the 'margin of discretion' (Appellate Body Report, at para. 6.651) available to WTO members to choose a measure they deem appropriate to meet the policy objective they wish to pursue.

- (3) Because Articles 7 and 8 TRIPS address different aspects of these powers to regulate, a domestic measure should be characterised as to which aspect of the TRIPS object and purpose the measure primarily reflects. Broadly speaking, the TRIPS compliance of measures undertaken to protect a general public interest such as health or the environment (and curtailing IP rights accordingly) should be construed in light of Article 8(1) and especially its necessity test – unless the relevant individual TRIPS commitment offers a more specific public interest test. By contrast, the TRIPS consistency of measures balancing the interests of IP owners, competitors or users (and delineating the content and limits of IP rights accordingly) needs to be determined first and foremost under Article 7.

E. CONCLUSIONS

As an area where norm-setting seems *prima facie* driven primarily by treaties, international IP law appears to leave little room for custom or general principles of law. But if one looks beyond the primary rules that define the protection of IP rights beyond borders, there is ample space for other sources of law – for example with regard to treaty interpretation and state responsibility. In the broader context of treaty rules interacting with custom and general principles, this chapter has reviewed the role that remains for a customary right of states to adopt measures protecting public interests once those states have agreed to protect the IP rights of foreigners. The chapter has shown that the principal difficulty in identifying custom to protect foreign IP via state practice and *opinio juris* does not apply to this right to regulate, which emanates from basic concepts of sovereignty. The right to regulate has received widespread recognition in other areas of international economic law, even though its exact contours remain somewhat blurry and in turn have to rely heavily on further determination in reference to the specific commitments to protect the assets of foreigners.

Considering how a state's customary police powers apply in the specific IP treaty context (in particular, the TRIPS Agreement), an important insight from general international law is the continued relevance of custom – unless there is clear evidence that contracting states intended to contract out of custom. This point not only has specific implications for appreciating the contours of a right to regulate in light of relevant IP treaty rules, which are considered above in detail. On a more fundamental level, it reminds us of the continued relevance and 'background functionality' of the general – even where detailed rules have been set, usually in favour of the specific interests of IP owners.

The *raison d'être* to coordinate IP protection beyond borders essentially relies on treaties as a specific legal tool to achieve its principal purpose of protecting IP owners abroad. However, in doing so, this legal protection necessarily becomes a segment of

a wider universe. Therefore, appreciating international IP law, as a whole, means viewing the field contextually – that is, as part of a broader operating system, epistemic community or project (depending on how one prefers to characterise international law). Without this contextual perspective, international IP protection will necessarily appear self-contained, and one misses those elements that exist simply because coordinating protection beyond borders relies on the functionality of international law. For our specific question about the role of customary international law, this means that disregarding custom implies not fully accounting for the broader contextual framework within which international IP treaties operate – which in turn leads to further self-isolation and containment of the international IP system.

For a state's residual police powers to protect public interests, despite specific treaty commitments, this broader view ensures that the default position is not contracting out and self-containment but continued relevance. Custom can therefore retain its role and – in the specific WTO–TRIPS context – serve an interpretative function, unless there is clear evidence that the treaty rules under interpretation exhaustively cover a WTO member's right to regulate. The Doha Declaration as well as Articles 7 and 8 TRIPS confirm this point and offer further guidance on the contours of the right.

The amount of policy space to (1) interfere with IP rights to protect public interests recognised under Article 8, and (2) balance the interests of various stakeholders in line with Article 7 then is driven by the interpretative role of the TRIPS object and purpose, as well as the degree of openness and ambiguity in the treaty terms under interpretation. Given that the key concepts set out in TRIPS remain undefined and have been implemented in diverse ways for decades (if not centuries), WTO members retain quite some flexibility. And while FTAs tend to include more concrete and detailed commitments to protect foreign IP, their frequent references to Doha and/or Articles 7 and 8 suggest that the same principles apply.

However, practically, perhaps the most important point concerns actually utilising the right to regulate, on the ground. Whether it is about access to patented medicines, regulating the use of (tobacco) brands on products, or setting 'safe harbours' from copyright liability, it is within the domestic IP system that measures are adopted and where they can have an impact. This of course follows primarily from the notion of territoriality (which in itself secures significant policy space to regulate). In addition, it also follows from the optional character of most provisions that allow to limit IP rights. Since the *raison d'être* has generally been to coordinate protection (rather than its limits) beyond borders, contracting states are usually not obliged (under the IP system) to exercise their police or regulatory powers.

Again, however, a broader contextual view can shift the perspective: taking account of other legal orders within international law might point to (treaty or customary) rules or general principles which demand state action. The duty to respect, protect and fulfil the right to health under Article 12 of the International

Covenant on Economic Social and Cultural Rights,¹²⁹ for example, then appears as the flipside of the recognition in the Doha Declaration of a ‘right to protect public health’. No matter how much recognition to these ‘external’ norms may be given on the international level, it will be domestic implementation and the effect given at that level that eventually count. With this in mind, the international dimension of a right to regulate – be it based on custom or explicitly set out in treaty terms – is only the prerequisite for actual and concrete action on the domestic level, where intangible ‘creations of the mind’ are turned into legally recognised assets with a concrete scope, limits and duration.

¹²⁹ International Covenant on Economic, Social and Cultural Rights (ICESCR) (New York, 16 December 1966, 993 UNTS 3).

6

Interpretation of IP Treaties in Accordance with Articles 31–33 VCLT

A Case Study on the Practice of the European Patent Office

Axel Metzger

ABSTRACT

The chapter offers a first systematic analysis of the seventy-six decisions and opinions of the European Patent Office (EPO) Enlarged Board of Appeal and Board of Appeals that make explicit reference to the interpretation criteria of the Vienna Convention of the Law of Treaties (VCLT). It explores whether the use of those criteria by EPO boards is congruent with the current teachings of public international law experts on the VCLT. The EPO boards make extensive use of Articles 31–33 VCLT and discuss the various criteria enshrined in the VCLT in detail. The paper concludes that the EPO boards use the VCLT criteria to justify their textual and historical approach to interpretation. By contrast, the EPO boards do not exhaust the potential of a purpose-oriented interpretation.

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A. INTRODUCTION

For most specialists in the respective fields, general public international law and intellectual property (IP) law are rather different areas of law, with different communities of experts, different fora, and different methodologies – and with few fields of common interest. Even though IP lawyers work on a daily basis with the TRIPS Agreement, the Berne and Paris Conventions, and the European Patent Convention (EPC), they seldom make reference to general instruments and principles of public international law. On the other hand, few public international lawyers take the challenge to analyse the specificities of the numerous international IP instruments. This lack of mutual interest is to be regretted. IP lawyers should expect to benefit from the experience gathered in other areas of public international law. And vice versa, public international lawyers of a general orientation would be surprised by the diversity and richness of IP instruments and principles developed on the international level since the late nineteenth century.

Notwithstanding these – at least so far – missed opportunities, there are some inevitable interfaces between the two areas. One of the most obvious of those interfaces is treaty interpretation. IP instruments have to be interpreted like all other legal texts. And public international law provides a highly developed body of rules of interpretation, which are codified in Articles 31–33 Vienna Convention on the Law of Treaties (VCLT). This chapter offers a systematic analysis of how the European Patent Office (EPO) uses Articles 31–33 VCLT for the interpretation of the EPC.¹ The EPC may seem a very special case of an IP treaty because of its limited territorial scope and its specific nature. Nonetheless, it is of particular interest because of the large number of cases handed down by the Enlarged Board of Appeal (EBoA) and the Boards of Appeal (BoAs), which serve as the judiciary of the European Patent Organisation. And indeed, the different judicial bodies of the EPO frequently refer to Articles 31–33 VCLT.² This is even more interesting and worthy of further consideration, since the EPO bodies are part of the epistemic IP community. In the following discussion, the basic principles of treaty interpretation according to Articles 31–33 VCLT are explained. Subsequently, the current practice of EPO bodies is analysed in more detail.

B. ARTICLES 31–33 VCLT: OVERVIEW OF PRINCIPLES RELEVANT FOR EPC INTERPRETATION

The principles of treaty interpretation according to Articles 31–33 VCLT are well known to public international lawyers. Such readers may skip over the following overview, which has no ambition of producing an original contribution to the debate, and continue with [Section C](#), where EPO's practice is analysed in light of

¹ Systematic surveys of European Patent Office (EPO) Boards of Appeal (BoA) and Enlarged Board of Appeal (EBoA) citations of the VCLT are not available. The most detailed analysis of EPO case law citing the VCLT is the collection Case Law of the Boards of Appeal of the European Patent Office, published by EPO on a regular basis (here used: 9th ed. 2019), 781–784. The patent law literature on the interpretation of the EPC refers to the VCLT with further examples from case law, see Moufang, *Rechtsprechung und Auslegungsmethodik der Großen Beschwerdekammer des EPA*, in Metzger (ed.), *Methodenfragen des Patentrechts* (Mohr Siebeck, 2018), 31, 58–59; see also the commentaries on the EPC; Adam & Grabinski, in Benkard (ed.), *Europäisches Patentrecht*, 3rd ed. (C. H. Beck, 2019), *Präambel*, paras. 6–14; Stauder, in Singer, Stauder & Luginbühl (eds.), *Europäisches Patentrecht*, 8th ed. (Carl Heymanns Verlag, 2019); Schulte, *Patentgesetz mit Europäischem Patentrecht*, 10th ed. (Carl Heymanns Verlag, 2018), paras. 136–139. Public international law literature on the VCLT cites cases of ICJ, CJEU, WTO Disputes, ECHR etc. but avoids references to EPO practice, see e.g. Borel & Boré Eveno, in Corten & Klein (eds.), *The Vienna Conventions on the Law of Treaties* (Oxford University Press, 2011), 817, Fn. 70.

² The EBoA used its very first decision to make extensive references to the VCLT, see G 1/83, G 5/83 Second Medical Indication [1985] OJ EPO 60 (5 December 1984). Since then, references to the VCLT have been regular practice, see Fn 1. From the current case law see G 2/12 Tomatoes II and G 2/13 Broccoli II [2016] OJ EPO A 27 and A 28 (25 March 2015).

those principles. For IP specialists, it should be of more interest to read about the teachings of public international law experts on Articles 31–33 VCLT.

I. Ordinary Meaning (of Multiple Languages)

According to Article 31(1) VCLT, a ‘treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty’. This general rule is often described as the codification of a ‘textual approach’,³ which should not be understood as giving the wording primacy over the other criteria of the VCLT.⁴ However, the emphasis on the ‘ordinary meaning’ makes clear that the goal of interpretation is not the reconstruction of the subjective intentions of the parties if these intentions are not reflected in the text. The goal is rather the determination of the ‘objective’ meaning of the text,⁵ which may by implication refer to the ‘presumed intention’⁶ of the parties. Based on such an understanding, the wording of the treaty is at the same time the starting point and the outer boundary of interpretation. Only what is covered by the ordinary meaning can be designated as ‘interpretation’. Everything beyond the ordinary meaning must be justified on different grounds, such as international customary law, general principles of law, or judicial decisions.⁷

‘Ordinary meaning’ refers to the use of expressions in the common language – that is, regular or everyday, normal language.⁸ Legal practice refers to dictionaries or encyclopaedias to determine such ordinary meanings.⁹ However, specific legal expressions have to be understood in the sense of their meaning in the legal context; examples are ‘contract’, ‘state’, and ‘damage’. In this regard, it is not a layman’s but a lawyer’s understanding.¹⁰ A ‘special meaning’ shall only be given to a term ‘if it is established that the parties so intended’ (Article 31(4) VCLT). But how to cope with different understandings in different jurisdictions? In this regard, it is established practice to follow an ‘autonomous interpretation’ approach, which avoids understanding legal expressions in the sense given in a specific jurisdiction (such as ‘contract’ or ‘damage’) but rather as referring to general principles of law, either

³ Dahm, Delbrück & Wolfrum, *Völkerrecht*, Vol. I/3, 2nd ed. (De Gruyter, 2002); Dörr & Schmalenbach, *Vienna Convention on the Law of Treaties*, 2nd ed. (Springer, 2018), 579; Heintschel von Heinegg, in Ipsen (ed.), *Völkerrecht – Ein Studienbuch*, 8th ed. (C. H. Beck, 2018), 474; Villiger, *Commentary on the 1969 Vienna Convention on the Law of Treaties* (Martinus Nijhoff, 2008), 422–25.

⁴ *Ibid.*

⁵ Dahm et al. Fn 3, 638; Heintschel von Heinegg, Fn 3, 474.

⁶ ILC Conclusions, A/RES/73/202, Conclusion 3 and 8.

⁷ See Article 38 of the Statute of the International Court of Justice.

⁸ Dahm et al. Fn 3, 641; Villiger, Fn 3, 426.

⁹ Dörr & Schmalenbach, Fn 3, 581; Gardiner, *Treaty Interpretation* (Oxford University Press, 2008), 166–69.

¹⁰ Dörr & Schmalenbach, Fn 3, 581.

based on a common usage in other international treaties or on the basis of comparative law.¹¹

Interpretation of treaties in accordance with Article 31(1) VCLT must be in ‘good faith’. The International Law Commission (ILC), in its Report of 1966 – as well as some scholars – understand this reference to good faith as flowing directly from the *pacta sunt servanda* principle in Article 26 VCLT.¹² Other authorities give ‘good faith’ a broader meaning and understand the term as an overarching principle that obliges parties to ‘act honestly, fairly and reasonably’, to honour legitimate expectations and to ‘refrain from taking unfair advantage’ – such as from an ‘excessively literal interpretation’.¹³

One element specific to international treaties is the issue of multiple languages addressed in Article 33 VCLT. Treaties are typically authenticated in two or more languages. According to Article 33(1), the text is equally authoritative in each language, unless the treaty provides or the parties agree that, in case of divergence, a particular text shall prevail. According to Article 33(3), the terms of the treaty are presumed to have the same meaning in each authentic text. If nevertheless the authentic texts disclose a difference of meaning that the application of Articles 31 and 32 does not remove, the meaning that best reconciles the texts, having regard to the object and purpose of the treaty, shall be adopted (Article 33(4)).

It is controversial whether Article 31(1) VCLT expresses a primacy of the textual approach over other approaches in cases in which the wording of the treaty appears clear at first glance. Article 32 VCLT seems to determine that *the travaux préparatoires* shall not be taken into account in such a case. But is it possible to refer to arguments based on the context or purpose of the provision or the treaty even if the text appears unequivocal at first glance? According to the *acte claire* doctrine, it is the end of the interpretation if the ordinary meaning of provisions is clear. The doctrine has deep historic roots in Vattel’s maxim¹⁴ and is still supported by some public international law scholars.¹⁵ Today, most scholars are sceptical.¹⁶ It is indeed doubtful whether the ordinary meaning of a text can ever be so clear and unambiguous that it is not worth the effort to verify a possible interpretation with regard to other criteria of interpretation.¹⁷ This doctrine also places potentially undue powers

¹¹ See e.g. Article 7(1) CISG.

¹² In this sense ILC Report, ILCYB 1966 Vol. 2, 221; Dahm et al. Fn 3, 640; Dörr & Schmalenbach, Fn 3, 580.

¹³ Villiger, Fn 3, 425–26; see also Dörr & Schmalenbach, Fn 3, 587–88.

¹⁴ Vattel, *Le droit des gens ou principes de la loi naturelle appliqués à la conduite et aux affaires des nations et des souverains* (Londres, 1758), 294.

¹⁵ See e.g. Borel & Boré Eveno, Fn 1, 818. See also CJEU, 6 October 1982, Case 283/81 – CILFIT.

¹⁶ Dörr & Schmalenbach, Fn 3, 567, 580; differentiating Heintschel von Heinegg, Fn 3, 475 with further references.

¹⁷ In the same direction Kramer, *Juristische Methodenlehre*, 5th ed. (C. H. Beck, 2016), 179; Rütters, Fischer & Birk, *Rechtstheorie mit Juristischer Methodenlehre*, 10th ed. (C. H. Beck, 2020), 443.

into the hands of the interpreter, who becomes the one to decide what is sufficiently clear not to warrant other elements of interpretation. Experienced lawyers know that almost every rule can be interpreted differently, especially if context and purpose are taken into account. But if the interpretation is ambiguous based on the ordinary meaning, context and purpose, then it is also admitted under Article 32(a) VCLT to take the preparatory works into account. Therefore, the *acte claire* doctrine should be handled with caution – if not abandoned.

II. Context

One of the main achievements of the interpretation rules of the VCLT is the structuring of the different layers of contextual criteria in Articles 31 and 32. Article 31(1) states in broad language that the ordinary meaning of the terms of the treaty have to be understood ‘in their context’. Articles 31(2) and 31(3) specify what is meant in this regard by ‘context’. Article 31(2) starts with a reference to traditional sources of contextual arguments, namely ‘text, preamble and annexes’. But the contextual interpretation of treaties does not stop there. Context ‘shall comprise’, according to Article 31(2), (a) ‘any agreement relating to the treaty made by all the parties in connection with the treaty’ and (b) ‘any instrument which was made by one or more parties in connection with the treaty and accepted by all other parties’.

Special sources of contextual criteria of interpretation for international treaties are subsequent agreement and practice.¹⁸ According to Article 31(3), the following ‘shall be taken into account’: (a) ‘any subsequent agreement between the parties regarding the interpretation of the treaty’, (b) ‘any subsequent practice in the application of the treaty which establishes the agreement of the parties regarding its interpretation’ and (c) ‘any relevant rules of international law applicable in the relations between the parties’.

Subsequent agreement and practice are of special interest for the interpretation of the EPC. Subsequent agreement in the sense of Article 31(3)(a) requires that all the parties to the treaty agree on the interpretation of the treaty.¹⁹ However, such an agreement is not bound to strict formal requirements; for example, the decisions taken unanimously within a plenary treaty organ²⁰ or the voting of parties within an international organisation may suffice.²¹

By contrast, subsequent practice does not require an explicit declaration of a common understanding as such. According to the ILC Conclusions of 2018, subsequent practice ‘consists of conduct in the application of a treaty, after its conclusion,

¹⁸ ILC Conclusions, A/RES/73/202 and ILC Commentary, UN doc. A/73/10 (*supra* Fn. 4).

¹⁹ ILC Conclusions, A/RES/73/202, Conclusion 4(1), ILC Commentary, A/73/10, para. 4.

²⁰ See e.g. WTO Appellate Body Final Report, US–Clove Cigarettes, WT/DS406/AB/R, adopted 4 April 2012, paras. 258–268; Dörr & Schmalenbach, Fn 3, 595.

²¹ More cautious ILC Conclusions, A/RES/73/202, Conclusion 6(2) and ILC Commentary, A/73/10, para. 22.

which establishes the agreement of the parties regarding the interpretation of the treaty.²² This practice comprises every conduct of state parties in the application of the treaty. As such, national practice is relevant, but only if it is based on the application of the international treaty or its national implementation, whereas the autonomous national law and its application cannot be taken into account.²³ Inactive parties may still accept,²⁴ but deviant practice by some states may hinder the conclusion of subsequent practice in the sense of Article 31(3)(b).²⁵

Finally, even if not all, but at least many, parties take part in the respective conduct, such a practice may still be considered as a supplementary means of interpretation in accordance with Article 32. Supplementary means of interpretation are not restricted to the *travaux préparatoires*. As the ILC Conclusions of 2018 put it: ‘A subsequent practice as a supplementary means of interpretation under Article 32 consists of conduct by one or more parties in the application of the treaty, after its conclusion.’²⁶ Subsequent practice in this broad sense covers any application of the treaty by one or more (but not all) parties. It can take various forms,²⁷ including the practice of organs of international organisations²⁸ and reactions by contracting states to the decisions of such organs.²⁹

III. Object and Purpose

Article 31(1) VCLT states at the end that a treaty shall be interpreted ‘in the light of its object and purpose’. The two criteria of ‘object and purpose’ cannot be distinguished clearly and are amalgamated into one criterion.³⁰ ‘Object and purpose’ refers to the aims and ends of the treaty and to the general results that the parties wanted to achieve with the treaty as a whole, not just the specific provision at stake.³¹ As such, the criterion introduces a teleological or functional element into the process of interpretation.³²

²² ILC Conclusions, A/RES/73/202, Conclusion 4(2).

²³ ILC Commentary, A/73/10, para. 19, with reference to NAFTA Arbitral Panel Final Report, Cross-Border Trucking Services (*Mexico v. United States of America*), No. USA-MEX-98-2008-01, adopted 6 February 2001, para. 224.

²⁴ Dörr & Schmalenbach, Fn 3, 599.

²⁵ But see the practice of the ECHR, which seems to accept the practice of the overwhelming majority of contracting states as subsequent practice in the sense of Article 31(3)(b), Dörr & Schmalenbach, Fn 3, 597–98 with further references.

²⁶ ILC Conclusions, A/RES/73/202, Conclusion 4(3).

²⁷ ILC Commentary, A/73/10, para. 35.

²⁸ ILC Conclusions, A/RES/73/202, Conclusion 12(3).

²⁹ ILC Conclusions, A/73/10, para. 15.

³⁰ See Dörr & Schmalenbach, Fn 3, 585 with further references.

³¹ Dörr & Schmalenbach, Fn 3, 585; Gardiner, Fn 9, 189–90.

³² Dahm et al. Fn 3, 644; Dörr & Schmalenbach, Fn 3, 584; Heintschel von Heinegg, Fn 3, 478; Villiger, Fn 3, 427.

There are several approaches for how to determine the object and purpose of a treaty. It is common ground that the object and purpose of a treaty may be found in the text of the treaty itself, especially in introductory articles or preambles. However, beyond such explicit statements in the instrument itself, it is controversial how ‘object and purpose’ should be determined. The different approaches taken in this controversy are a mere reflex of a more subjective or a more objective theory of interpretation. For those who adhere, within the limits of Article 31 VCLT, to a more subjective theory of interpretation – which gives weight to the intentions of the parties at the conclusion of a treaty – it may seem obvious to refer to preparatory materials for the determination of the object and purpose.³³ Such an approach entails the risk of falling back behind the textual approach of Article 31 VCLT and giving too much weight to the supplementary means of interpretation in the sense of Article 32 VCLT.³⁴ Moreover, limiting the ‘object and purpose’ to aims which have been explicitly mentioned in the preparatory works may freeze the treaty and prevent necessary adaptations to societal needs that were not foreseen at the time of its conclusion (see also *infra* 5. C.III.5 on dynamic interpretation).

Proponents of a more objective theory of interpretation thus suggest focussing primarily on the inherent purposes of the text and, *faute de mieux*, of making use of ‘intuition and common sense’.³⁵ Such an approach, however – as with all theories of objective interpretation – is in danger of a biased reading of the interpreter’s own preferences into the text. A possible middle ground between the two approaches is to refer to the ‘presumed intentions’ of the parties.³⁶

However, every interpretation based on the object and purpose of a treaty must remain within the limits of the ordinary meaning and the contextual criteria.³⁷ Moreover, it would be against the principle of good faith to pick a specific aim as the object and purpose of a treaty if, according to the preparatory works, such an aim was clearly rejected by the parties during the negotiations. Nonetheless, if the preparatory works are silent or ambiguous, as is often the case for specific questions not foreseen by the parties, such preparatory works should not be used to prevent a teleological interpretation that is reasonable and justified in light of the overall purpose of the treaty.

As a special subcategory of arguments of object and purpose, considerations of effectiveness play an important role in the interpretation of international treaties, especially with regard to the competences given to international organisations and their organs.³⁸ The principle of effectiveness has been the basis for the ‘implied power’ jurisprudence of the International Court of Justice (ICJ), in which the Court

³³ This tendency may be found at Villiger, Fn 3, 427–28.

³⁴ Heintschel von Heinegg, Fn 3, 478.

³⁵ Dörr & Schmalenbach, Fn 3, 584–87.

³⁶ ILC Conclusions, A/RES/73/202, Conclusion 3 and 8.

³⁷ Dahm et al. Fn 3, 644; Dörr & Schmalenbach, Fn 3, 586–87; Gardiner, Fn 9, 197–98; Villiger, Fn 3, 428.

³⁸ Dörr & Schmalenbach, Fn 3, 586.

developed the idea that international organisations and their organs must be empowered with the necessary competences to fulfil their functions.³⁹ Generally speaking, treaty interpretation may not lead to a result where the respective provision cannot reach its aims; or phrased in a positive way: among several possible interpretations of treaty provisions, the one which most effectively serves its object and purpose should be applied.⁴⁰

IV. Preparatory Materials

The preparatory materials of the treaty and the circumstances of its conclusion are not given the same weight as other criteria of interpretation under the rules of interpretation of the VCLT. Article 32 VCLT qualifies them as merely supplementary means of interpretation:

Recourse may be had to supplementary means of interpretation, including the preparatory work of the treaty and the circumstances of its conclusion, in order to confirm the meaning resulting from the application of Article 31, or to determine the meaning when the interpretation according to Article 31 (a) leaves the meaning ambiguous or obscure; or (b) leads to a result which is manifestly absurd or unreasonable.

This concept of a limited recourse to the *travaux préparatoires* has been taken as a manifestation of the rather textual, objective approach to interpretation in Articles 31 and 32 VCLT.⁴¹ This point does not hinder courts and other bodies from exploring the *travaux préparatoires*. However, if the criteria of Article 31 – ordinary meaning, context and purpose – lead to a result which is neither ambiguous nor manifestly absurd or unreasonable, the preparatory works may not be used to change this preliminary result of interpretation.⁴² As such, Article 32 serves as a barrier. Courts and other bodies have to justify on which ground of Article 32 they make use of arguments taken from the *travaux préparatoire* or the circumstances of the conclusion of the treaty.

V. Other Criteria for Interpretation of Treaties

Treaty interpretation makes use of specific criteria developed over time, which are today codified in the VCLT. The VCLT principles on interpretation are not meant to be exclusive. Other criteria may be used to further concretise their meaning.⁴³

³⁹ See e.g. ICJ, *Reparation of Injuries Suffered in Service of the U.N.*, Advisory Opinion, 1949 I.C.J. 174 (Apr. 11).

⁴⁰ ILC Report, ILCYB 1966 Vol. 2, 219; Dahm et al. Fn 3, 644–45; Heintschel von Heinegg, Fn 3, 478.

⁴¹ Heintschel von Heinegg, Fn 3, 479; cf. Gardiner, Fn 9, 302.

⁴² Dahm et al. Fn 3, 645–47.

⁴³ Dahm et al. Fn 3, 647.

A specific element of treaty interpretation is the time perspective. The interpretation of treaties may change over time.⁴⁴ This dynamic element is of particular importance for international conventions with many contracting states, which are difficult to revise. The concept of dynamic interpretation has several facets. According to Article 31(3) VCLT, subsequent agreement or subsequent practice may influence the interpretation. In addition, the meaning of the words may change over time. Treaties may comprise generic terms whose content may change over time, such as ‘invention’ or ‘sound recording’. If such a development could have been expected by the parties, those terms are subject to a dynamic interpretation.⁴⁵ But parties may also expect that certain words have static content and are not subject to change, such as in case of border conflicts. Here it may be a matter of good faith to adhere to the meaning of words at the time of conclusion of the treaty. The European Court of Human Rights (ECHR) applies a special kind of dynamic interpretation when considering the ECHR as a ‘living instrument’ which has to be read in ‘light of the present-day conditions’.⁴⁶

In addition, international courts apply traditional maxims of interpretation and traditional arguments of legal reasoning, such as *argumentum e contrario*, *a fortiori*, *a maiore ad minus*, *ejusdem generis*, *contra proferentem* and the maxims of *expressio unius exclusio alterius*, *exceptiones sunt strictissimae interpretationis* and *lex specialis derogat legi generali* – and so on.⁴⁷ Those maxims and arguments are applied in many regions of the world at all levels and in all areas of the law. However, even if phrased in Latin, not all of these maxims can claim to be part of the customary law of treaty interpretation. Treaty interpretation should never rely exclusively on one of these maxims or arguments but should always confirm the result with reference to the criteria codified in Articles 31–33 VCLT.⁴⁸

C. CURRENT PRACTICE AT EPO

I. Data Set Used for the Systematic Analysis of EPO Case Law

The following analysis of EPO case law citing the VCLT is based on a structured search in the BoA decisions database.⁴⁹ The database search was performed with the search term ‘Vienna Convention’. From the 165 entries in the result list (obtained on 10 July 2020), eighty entries remained after sorting out double or multiple registrations of decisions in different languages or versions. A further four decisions were removed in which the VCLT was cited by only one of the parties⁵⁰ but not by the

⁴⁴ On the following see Dörr & Schmalenbach, Fn 3, 572–74; Heintschel von Heinegg, Fn 3, 480–81.

⁴⁵ Dörr & Schmalenbach, Fn 3, 573.

⁴⁶ See e.g. ECHR, *Tyrer v. The United Kingdom*, 5856/72, 15 March 1978.

⁴⁷ Dahm et al. Fn 3, 647–48 with further references.

⁴⁸ Heintschel von Heinegg, Fn 3, 479.

⁴⁹ See www.epo.org/law-practice/case-law-appeals/advanced-search.html.

⁵⁰ Or explored in submissions by the EPO president or in *amicus curiae* briefs etc.

board. Seventy-six entries remained as the basis for content analysis, which was performed by the author of this chapter.⁵¹

The seventy-six entries comprised twenty-five decisions by the EBoA,⁵² twelve decisions of the Legal Board of Appeal, thirty-seven decisions of Technical Boards of Appeal, and two decisions of the Disciplinary Board of Appeal. The seventy-six entries were analysed with regard to the VCLT articles and the criteria used for interpretation. Seventy-six may appear a relatively small number of entries compared with the full body of EPO case law, which today exceeds 100 EBoA and 35,000 BoA cases.⁵³ However, the number as such is still noteworthy given the fact that courts rarely reflect with explicit considerations about their methods of legal reasoning. For the EPO boards, the VCLT serves as the focal point for methodological reflections.

II. Applicability of the VCLT to the Interpretation of the EPC

The EBoA took the first opportunity in its very first case to clarify that the provisions on interpretation of the VCLT may be applied when interpreting the EPC. The EBoA rightly stated in ‘Second medical indication’, G 5/83, that the provisions of the VCLT did not apply *ex lege* to the EPC, since according to Article 4 VCLT they apply only to treaties which are concluded by states after the entry into force of the Vienna Convention with regard to such states. At the time of conclusion of the EPC, the VCLT was not yet in force. However, the EBoA also rightly stated that other international (ICJ, ECHR) and national highest courts (German Federal Constitutional Court, English House of Lords) had applied the principles codified in the VCLT to situations to which the Convention strictly did not apply before. The EBoA therefore concluded that it should do the same.⁵⁴ This approach is in line with the prevailing opinion in public international law that the rules on interpretation of the VCLT represent a codification of former customary international law, which may be applied even if the VCLT cannot be applied *ex lege*.⁵⁵

⁵¹ J 8/82, T 128/82, J 6/83, G 1/83, G 5/83, G 6/83, J 9/84, T 26/88, G 1/91, T 789/89, T 951/91, T 585/92, T 557/94, J 22/95, J 16/96, T 1054/96, T 1173/97, T 377/95, T 935/97, T 276/97, J 19/96, G 1/97, T 1194/97, G 3/98, T 964/99, T 276/99, J 10/98, J 13/02, J 2/01, G 3/02, G 2/02, J 40/03, D 16/04, J 18/04, T 1374/04, T 154/04, D 7/06, J 9/07, G 2/06, G 1/07, G 2/08, G 3/08, T 689/05, G 1/09, G 2/07, G 1/08, R 1/10, T 144/09, R 14/11, T 1599/09, T 2459/12, T 2221/10, T 1553/13, T 2017/12, G 1/11, T 1016/10, T 773/10, G 3/14, G 2/12, G 2/13, T 2369/10, T 1402/13, T 1325/15, G 1/15, G 1/16, T 1897/17, T 265/14, T 1063/18, T 623/18, T 2136/15, T 318/14, T 858/18, G 1/18, T 1924/17, T 304/17, G 3/19 (sorted by date of decision).

⁵² 22 ‘G’ decisions, 2 ‘R’ decisions.

⁵³ See the Foreword in Case Law of the Boards of Appeal of the European Patent Office, published by EPO (2019), 781–84.

⁵⁴ At 3, 4.

⁵⁵ ILC Conclusions, A/RES/73/202, Conclusion 2(1) sentence 2 and ILC Commentary, A/73/10, para. 4.

III. VCLT Interpretation Criteria Applied by EPO (EBoA and BoA)

1. Ordinary Meaning

The EPO EBoA and BoAs attach considerable importance to the ‘ordinary meaning’ of EPC provisions, but do not stop at this textual approach. Article 31(1) is the most cited VCLT provision in EPO case law.⁵⁶ The ordinary meaning of the provision is typically used as the starting point of interpretation. The EPO BoAs use dictionaries to explore the ‘ordinary meaning’ (see e.g. T 1194/97⁵⁷) taking the different language versions into account. However, the few decisions that cite Article 33 VCLT (e.g. T 557/94 and T 276/97) do not use the specific criteria provided for in that Article. Arguments of ‘special meaning’ in the sense of Article 31(4) are taken up by the EPO boards, but the hurdle to overcome the ‘ordinary meaning’ is high (see e.g. J 16/96,⁵⁸ T 1173/97⁵⁹ and T 1553/13⁶⁰). The EPO boards refer to the ordinary meaning of a provision as the limit of interpretation; according to J 9/07, no interpretation may conflict with the expressed wording of the respective provision.⁶¹ The argument of ‘good faith’ plays an important role when discussed. According to the BoA decision in T 154/04, it forbids any reference to concepts of older law not taken up by the EPC.⁶² Good faith also prevents an ‘overly literal interpretation which is clearly outside what can conceivably be based on the meaning of the provision taken in context’ (see T 557/94⁶³).

In two recent opinions and decisions, G 2/12 and G 1/18, the EBoA rejected the *acte clair* doctrine. In G 1/18, the EBoA stated that even where the ‘wording reveals the provision’s meaning clearly, it must then be examined whether the outcome of this literal interpretation is confirmed by the meaning of the words in their context.’⁶⁴ And in G 2/12 the board states: ‘It could well be that the wording only superficially has a clear meaning.’⁶⁵ The EBoA then discussed systematic, teleological and historical arguments. This discussion adequately describes the practice by EPO board not to stop the interpretation where the wording appears to be clear at a first reading.⁶⁶

⁵⁶ 61 out of 76 entries cite Article 31(1).

⁵⁷ At 3.7.1.

⁵⁸ At 3.3.

⁵⁹ At 10.

⁶⁰ At 8.4.2.

⁶¹ At 8.

⁶² At 12.

⁶³ At 1.3.

⁶⁴ At IV.1.

⁶⁵ At VII.1.

⁶⁶ See also G 1/08, at 4.4: ‘the meaning of a term of a treaty cannot be established in a purely semantic manner but its interpretation must be made in good faith, in accordance with the ordinary meaning to be given to the terms of the treaty in their context.’

2. Context

The EPO EBoA and BoAs regularly refer to the closer context of other EPC provisions when interpreting the EPC and cite Article 31(1) VCLT as the basis.⁶⁷

Less frequently, the boards make use of the other sources of contextual arguments listed in Article 31(2) VCLT. Among the seventy-six entries analysed for this chapter, six decisions cite Article 31(2) VCLT.⁶⁸ The EBoA rightly refers in G 5/83 to the Protocol to Article 69 EPC as an ‘agreement made between all the parties in connection with the conclusion of the treaty’ in the sense of Article 31(2)(a) VCLT.⁶⁹

More questionable is the practice of BoAs to refer to materials from the Diplomatic Conference of 2000 as ‘agreement’ in the sense of Article 31(2)(a) or as an ‘instrument’ in the sense of Article 31(2)(b). In T 318/14, the BoA indeed denies documents from the conference proceedings the status as agreement under Article 31(2)(a) VCLT – but only because they were adopted by a majority vote and not by an unanimous vote.⁷⁰ Even more critically, the BoA in T 2136/15 makes reference under Article 31(2)(b) VCLT to the proposal of the Swiss delegation during the Diplomatic Conference of 2000, since it was accepted by all parties as the wording of the later adopted Article 54(4) EPC.⁷¹ Such an approach blurs the line between agreements or instruments in the sense of Article 31(2) VCLT and preparatory works, which can only be taken into account as supplementary means in the sense of Article 32 VCLT.⁷²

Fifteen EPO decisions make explicit references to ‘subsequent agreement’ and ‘subsequent practice’ under Article 31(3) VCLT.⁷³ Several decisions deal with the Implementing Regulations to the EPC, which were initially adopted by the EPC contracting states but have been subject to regular changes by decisions of the Administrative Council (AC) of the EPO on the basis of Article 33(1)(c) EPC. In G 1/91,⁷⁴ G 2/12⁷⁵ and G 3/19,⁷⁶ the EBoA refers to later adopted Implementing Regulations as ‘subsequent agreement or practice’ in the sense of Article 31(3)(a), (b) VCLT. This is in line with the approach to refer to decisions of plenary organs of international organisation, or to the voting of states within such organs, as

⁶⁷ See *supra* Fn 55.

⁶⁸ Among the six entries, G 1/83, G 5/83 and G 6/83 are identical.

⁶⁹ G 5/83. Today, the Protocol to Article 69 is integrated with the EPC by means of Article 164 (1) EPC.

⁷⁰ Para. 59, but see also the appellant’s arguments at VII., especially the requested referral to the EBoA.

⁷¹ At 1.3.

⁷² See for more detail Dörr & Schmalenbach, Fn 3, 588–90.

⁷³ Among the 15 entries, G 1/83, G 5/83 and G 6/83 are identical.

⁷⁴ At 3.1.

⁷⁵ At VII.4.1.

⁷⁶ At XV.1.

subsequent agreement or practice.⁷⁷ Nonetheless, if an amendment to the Implementing Regulations is based on a decision of the AC, the characterisation as ‘subsequent agreement’ is more obvious than the characterisation as subsequent practice.

In opposition to this approach, the BoA in T 1063/18 takes the view that changes to the Implementing Regulation by the AC cannot be seen as subsequent agreement in the sense of Article 31(3)(a) VCLT, if they represent in substance an amendment to the EPC as interpreted by older case law of the EBoA. Such an amendment to the EPC made by the AC could only be effected on the basis of and in accordance with Articles 33(1)(b) and 35(3) EPC, which permit certain changes to the EPC itself by the AC, within a given strict procedure. Yet, as analysed in more detail below, the EBoA has come to a different result after a referral by the president of EPO in G 3/19, even if not based on the argument of subsequent agreement but rather of dynamic interpretation.⁷⁸

In J 16/96, the BoA refers to a decision taken by the AC as subsequent agreement in the sense of Article 31(3)(a) VCLT for the interpretation of the Implementing Regulations; however, since the Implementing Regulations are not a treaty according to the VCLT, the BoA applies its principles *mutatis mutandis*.⁷⁹

Three BoA decisions discuss whether the TRIPS Agreement or EU instruments shall be considered as subsequent agreement or practice under Article 31(3) VCLT.⁸⁰ In T 1054/96, the BoA considers TRIPS Agreement, the UPOV Convention and the Community Plant Variety Rights Regulation 2100/94 as subsequent practice, but denies any conflict with the EPC provisions at hand. Regarding the proposed Biotechnological Inventions Directive (later adopted as Directive 98/44), the BoA rejects a characterisation as subsequent practice, because not all EPO contracting states are EU member states.⁸¹ In J 10/98, the board denies considering TRIPS as subsequent agreement because not all EPO contracting states are WTO/TRIPS contracting states.⁸² The same argument is made by the BoA in T 377/95 in more general terms.⁸³ The question remains whether the TRIPS Agreement, the UPOV Convention and other international treaties, as well as EU instruments, should be considered ‘relevant rules of international law applicable in the relations between the parties’ in the sense of Article 31(3)(c) VCLT – rather than being

⁷⁷ WTO Appellate Body Final Report, US–Clove Cigarettes, WT/DS406/AB/R, adopted 4 April 2012, paras. 258–268; Dörr & Schmalenbach, Fn 3, 595. More cautious ILC Conclusions, A/RES/73/202, Conclusion 6(2), ILC Commentary, A/73/10, para. 22.

⁷⁸ At XVII–XXVI. See at C.IV.3.

⁷⁹ At 3.

⁸⁰ See also T 1173/97, at 2.2., where it is discussed whether TRIPS should be considered under Article 30 VCLT, which is denied because of the different contracting states of EPC and WTO/TRIPS.

⁸¹ Para. 64–78.

⁸² At 4.2.

⁸³ At 18.

viewed as subsequent agreement or practice ‘in the interpretation’ or ‘in the application’ of the treaty. Apart from that question, the BoAs deserve support regarding the conclusion that Article 31(3)(a),(b) VCLT requires an agreement or practice by all parties of the treaty. Nonetheless, the BoAs could have taken into account the cited instruments as subsequent practice in a broader sense under Article 32 VCLT.⁸⁴

Three cases discuss the possible function of national legislation or practice as subsequent agreement or practice under Article 31(3) VCLT. In T 318/14, the BoA is explicit that ‘of course, the national legislation of the Contracting States could have converged ... and could have replaced the initial intention of the legislator by agreement or practice’.⁸⁵ However, in the concrete case, the BoA denies such a convergence. A similar approach – although more implicit – is applied in G 1/97.⁸⁶ By contrast, in T 377/95 the BoA uses ‘a broad agreement among Member States to the EPC, if not consensus’ to support its line of argument.⁸⁷ References to national legislation and practice as subsequent practice – rather than subsequent agreement – are indeed possible under Article 31(3)(b) VCLT. However, this recourse to national law requires that the practice is based on the application of the EPC, such as in national revocation proceedings based on Article 138 EPC, and not on the application of the autonomous national law as such.⁸⁸

A special methodological problem is raised in T 154/04:⁸⁹ can the preparatory materials from the Diplomatic Conference of 2000 be taken into account as subsequent agreement in the sense of Article 31(3)(a) VCLT for the interpretation of the EPC in its original version of 1973? The case was decided on 15 November 2006, thus before the entering into force of the revised EPC on 13 December 2007. In such a scenario, it is not a question of whether the *travaux préparatoires* for the provision at hand may be relabelled as subsequent agreement or practice, which should be avoided in light of the special requirements of Article 32 VCLT. Rather, the case raises an issue of application when instruments or provisions have not yet entered into force. In the concrete case, the BoA uses the argument from the materials only to confirm an interpretation that it sees as justified on other grounds. Such an approach does not conflict with the more subtle principles of application in time of treaties as established in Article 28 VCLT. However, the picture may change if the revision of the treaty leads to a different result. In such a scenario, it would be

⁸⁴ See ILC Conclusions, A/RES/73/202, Conclusion 4(3).

⁸⁵ Para. 59.

⁸⁶ The EBoA denies any subsequent practice and then discusses national legislation and practice for justification, at 3 b).

⁸⁷ Para. 22–24.

⁸⁸ ILC Conclusions, A/RES/73/202, Conclusion 4(2), ILC Commentary, A/73/10, para. 19.

⁸⁹ At 8.

more difficult to refer to provisions not yet entered into force or to the respective materials.⁹⁰

3. Purpose and Teleological Arguments

The EPO boards make constant use of arguments based on the purpose of EPC provisions. Out of the seventy-six entries analysed for this chapter, twenty-nine decisions refer to ‘purpose’ as a criterion for interpretation,⁹¹ and seven refer at the same time to ‘teleological interpretation’.⁹²

On closer examination, sixteen of these twenty-nine decisions determine the purpose of the provision at hand and not the EPC as a whole, with references to the preparatory works, and they follow a subjective approach. This line of argument is clearly visible in T 377/95, where the BoA explains that an EPC provision should be interpreted ‘in the light of its object and purpose. This corresponds closely to the so-called teleological method, i.e. the one by which the judge tries to adhere as closely as possible to the intentions of the legislator, while reading and understanding the words of the treaty in their normal sense, given the context in which they were written.’⁹³ Such an approach risks mixing up the criteria of ‘purpose’ and ‘preparatory works’. It also poses the risk of an originalist method of interpretation that prevents an adaptation of the law in light of the present-day conditions.⁹⁴

A smaller group of cases tries to overcome that subjective approach. The EBoA in G 2/12, G 2/13 directly refers to a more objective definition of ‘purpose’: ‘Like national and international courts, the Enlarged Board applies the method of teleological interpretation in the construction of legislative provisions in the light of their purpose, values, and the legal, social and economic goals they aim to achieve. In this, the Enlarged Board examines their objective sense and purpose.’⁹⁵ However, in the paragraphs that follow, the EBoA is not able to determine such an objective purpose: ‘Thus, the object and purpose of the exclusion under Article 53(b) EPC is not sufficiently obvious to answer the question whether or not the clause is to be

⁹⁰ Compare the parallel problem in CJEU, 22 November 2005, Case C-144/04 – Mangold, para. 66–76, regarding the application of EU Directives where the period prescribed for the transposition into domestic law has not yet expired. The decision has provoked fierce criticism, see e.g. Editorial Comments: Horizontal Direct Effect, A Law of Diminishing Coherence?, *Common Market Law Review*, 1 (8) (2006) (‘Such inapt citation in a student essay would provoke thick red underlining.’); Thüsing, *Europarechtlicher Gleichbehandlungsgrundsatz als Bindung des Arbeitgebers?*, *Zeitschrift für Wirtschaftsrecht*, 2005, 2149.

⁹¹ These twenty-eight entries only include decisions with substantial arguments based on the purpose of the provision; mere citations of Article 31(1) VCLT were not counted.

⁹² The EPO case law database (www.epo.org/law-practice/case-law-appeals/advanced-search.html) shows thirty-six entries (including double listings) for ‘teleological’ without reference to the Vienna Convention.

⁹³ At 15.

⁹⁴ Such an approach can also be found in G 2/06, at 16–17.

⁹⁵ At VII. 3.

construed in a narrow or broad way.’ What follows is an extensive discussion of subsequent agreement or practice and, even more extensively, a ‘historical interpretation’.

Interestingly, most decisions and opinions which try to explore the objective purpose of a given EPC provision, without giving too much weight to the preparatory works in this regard, discuss questions of procedural law. Examples are T 26/88 (the automatic revocation in case of late payment of fees), T 951/91 (exclusion of facts or evidence not submitted in due time), J 18/04 (concept of time limit) and G 3/08 (admissibility of the EPO president’s referrals to the EBoA). In a few exceptional cases, the boards used the objective purpose to decide on substantive matters of patent law, such as in T 1137/97 and T 935/97 (computer program ‘as such’). Considerations of effectiveness, as often made by international courts – especially with regard to the competences given to international organisations and their organs (‘implied powers’) – are not discussed.

This summary paints an overall picture of a judiciary which is willing to develop its own concept of an objective purpose of the legal order of the EPC only with regard to relatively technical and procedural questions. By contrast, it shies away from such an approach and calls for the legislature if substantial issues of patent law are at stake.⁹⁶

4. Preparatory Materials

Even though Article 32 VCLT stipulates that preparatory works may only be used under certain conditions as supplementary means, the EPO EBoA and BoAs regularly refer to the materials from the Diplomatic Conferences of 1973 and 2000 and to other *travaux préparatoires*. Forty-two of the seventy-six decisions analysed for this chapter cite more or less extensively from those preparatory works.

Few decisions reject a recourse to preparatory works with reference to Article 32 VCLT, such as T 26/88,⁹⁷ J 9/07⁹⁸ and G 3/98.⁹⁹ A number of decisions discuss the requirements of Article 32 VCLT and use the preparatory works either to confirm an interpretation already developed on the basis of the criteria of Article 31(1) VCLT, such as J 9/84,¹⁰⁰ T 1402/13,¹⁰¹ and G 1/15;¹⁰² or to overcome an ‘ambiguous’ interpretation’,

⁹⁶ See e.g. G 2/12, G 2/13, at VIII., 2(6)(c): ‘(c) The Enlarged Board is aware of the various ethical, social and economic aspects in the general debate. ... However, considering such general arguments in the present referrals does not fall under the judicial decision-making powers of the Enlarged Board. It has to be borne in mind that the role of the Enlarged Board of Appeal is to interpret the EPC using generally accepted principles of interpretation of international treaties. It is not mandated to engage in legislative policy.’

⁹⁷ At 3.6.

⁹⁸ At 12–14.

⁹⁹ At XI.

¹⁰⁰ At 3.

¹⁰¹ At 4.5.3–4.5.4.

¹⁰² At 5.2.

such as T 2369/10;¹⁰³ or to avoid an ‘unreasonable’ result, such as J 6/83.¹⁰⁴ Such lines of argument are in compliance with the structure and spirit of Articles 31 and 32 VCLT.

Yet, there are also several examples in the EPO case law where the boards cite preparatory works without any visible analysis of the requirements of Article 32, sometimes even as the primary justification of an interpretation. Examples are T 128/04,¹⁰⁵ G 2/06,¹⁰⁶ T 2459/12¹⁰⁷ and T 773/10.¹⁰⁸ Such an approach has to be criticised, not only because it sets aside the hierarchy of criteria expressed in Articles 31 and 32 VCLT, but also because it must be understood as a further expression of a primarily subjective theory of interpretation.¹⁰⁹

5. Other Criteria of Interpretation

The EBoA and BoAs of the EPO which use references to the VCLT in their decisions typically adhere to the criteria codified therein. However, there are some important deviations from the scheme of Articles 31–33 VCLT.

As early as its first comprehensive explanation of the principles of interpretation of the EPC, in G 5/83, the EBoA explained that in addition to the criteria of the VCLT, the EPO boards should strive for an interpretation which is in line with the national patent systems of the EPC contracting states:

In the interpretation of international treaties which provide the legal basis for the rights and duties of individuals and corporate bodies it is, of course, necessary to pay attention to questions of harmonisation of national and international rules of law. This aspect of interpretation, not dealt with by the provisions of the Vienna Convention, is particularly important where, as is the case with European patent law, provisions of an international treaty have been taken over into national legislation. The establishment of harmonised patent legislation in the Contracting States must necessarily be accompanied by harmonised interpretation. For this reason, it is incumbent upon the European Patent Office, and particularly its Boards of Appeal, to take into consideration the decisions and expressions of opinion of courts and industrial property offices in the Contracting States.¹¹⁰

¹⁰³ At 7.1–7.3.

¹⁰⁴ At 5.

¹⁰⁵ At 9.

¹⁰⁶ At 16–17, where the EBoA cites Articles 31, 32 VCLT to justify its use of the Biotechnological Inventions Directive 98/44 as source for interpretation of Rules 26–29 EPC and then refers directly to the legislative materials of the Directive.

¹⁰⁷ At 3.4.2., 3.6. The BoA explains that the literal interpretation is vague and leaves room for different approaches. Therefore, arguments of purpose of preparatory documents should be taken into account. But in the following, it continues with an extensive reconstruction of the legislative intent without exploring the objective purpose.

¹⁰⁸ At 3.4.1.

¹⁰⁹ This practice can also be observed in the jurisprudence of other international bodies, see Gardiner, Fn 9, 313–15

¹¹⁰ At 6.

The convergence with national patent law of the contracting states, as envisaged by the EBoA, is indeed different from subsequent practice in the sense of Article 31(3)(b) VCLT.¹¹¹ If national courts apply the provisions of the EPC, such as Articles 52–57 and 138 EPC in national revocation proceedings, such a practice should be taken into account on the basis of Article 31(3)(b) VCLT. However, if national legislatures or courts develop their autonomous national patent systems based on the model of EPC provisions, one may wonder whether such practice may still be considered as ‘any subsequent practice in the application of the treaty’ under Article 31(3)(b) VCLT. This may be the case if the national practice is a reaction to the treaty.¹¹² However, there may also be cases not covered by ‘subsequent practice’. For those cases, the broader claim for convergence raised in G 5/83 may play a role.

For a long time, EPO boards have been reluctant to make use of a ‘dynamic interpretation’. Few decisions have discussed the concept explicitly, with exceptions being T 1054/96,¹¹³ G 3/98¹¹⁴ and G 2/12¹¹⁵ – but those three decisions cited ‘dynamic interpretation’ only to demonstrate that in the given case, even a dynamic interpretation would not provide a sound basis to override the other criteria of interpretation. The recently decided case G 3/19 could be a turning point in this regard. The EBoA here used a dynamic interpretation to reverse a decision that was just five years old in the highly controversial area of biotechnological inventions, with reference to a change to Rule 28(2) EPC Implementing Regulations.¹¹⁶ However, one should note that the board did not justify this dynamic interpretation with a reference to the changing social, economic or political circumstances but with a decision taken by the broad majority of the AC of EPO.

Regarding the use of traditional maxims of interpretation, the EPO boards’ approach does not follow a consistent pattern. The maxim *expressio unius est exclusio alterius* is applied at several occasions, such as in G 5/83¹¹⁷ and T 2369/10,¹¹⁸ whereas the principle of narrow interpretation of exclusions – a patent-specific version of the maxim *exceptiones sunt strictissimae interpretationis* – is rejected by the EBoA in its latest decisions on that point, with the argument that such a principle cannot generally ‘be derived from the Vienna Convention’ (see G 1/07¹¹⁹). In G 2/12, the EBoA nevertheless states correctly that ‘a narrow interpretation might well result from applying the general principles of interpretation to a specific

¹¹¹ The EBoA makes a distinction between the two criteria, see at 5 and 6.

¹¹² ILC Conclusions, A/RES/73/202, Conclusion 12(3), ILC Commentary, A/73/10, para. 15.

¹¹³ At 35.

¹¹⁴ At 2.5.

¹¹⁵ At VIII.1.

¹¹⁶ At XVIII–XXVI.

¹¹⁷ At 22 (‘is a rule to be applied with very great caution as it can lead to injustice’).

¹¹⁸ At 7.2.

¹¹⁹ At 3.1. In an earlier case, G1/04, at 6, the EBoA applied the principle, although with the limitation that it would ‘not apply without exceptions’.

provision with regard to specific legal and factual circumstances.¹²⁰ The principle of narrow interpretation of exceptions does indeed not provide a conclusive argument for the interpretation of a given provision; it obscures its own premise that the provision at hand is an exception. However, the fact that a rule of interpretation is not codified in the VCLT does not as such hinder the EPO boards from applying that rule.¹²¹

IV. A Controversial Example: Conflict over ‘Native Traits’ at EPO

1. Background of the Legal, Social and Economic Conflict over ‘Native Traits’

The discussion so far has presented an overview of the criteria of interpretation, mainly codified in Articles 31–33 VCLT, and of their use by EPO boards. In this section, one controversy about the ‘right’ interpretation of the EPC is explored in more detail.¹²² Since the mid-2000s, the EBoA and BoAs have had to deal with a new type of patent claim for innovative plants resulting from classical breeding methods, so-called ‘native traits’. The subject matter of the contested patents are vegetables for human consumption, namely tomatoes, broccoli and pepper. The conflict has repercussions on neighbouring markets, especially food and energy crops and ornamental plants.

‘Native traits’ is a generic term which describes innovative plants resulting from the classical breeding methods of crossing and selecting, refined by genetic analysis of the plants chosen for the breeding (so-called ‘smart breeding’). These plants are of particular interest for the seed industry and the agricultural sector, since genetically modified plants are strictly regulated in the European Union and – even more importantly, are not yet widely accepted by consumers. Seed companies may protect their investments in those innovative plants in the European Union by registration of plant variety rights, based on the Community Plant Variety Rights Regulation 2100/94 or the respective national plant variety legislation. However, such a protection is granted only for specifically defined subject matter, that is, a ‘variety’, and is limited in scope. Therefore, seed companies seek more generous patent protection

¹²⁰ At VIII.2.

¹²¹ Dahm et al. Fn 3, 647–48 with further references. See *supra* at B.V.

¹²² See on the current discussion about the patentability of native traits: Metzger, Patents on Tomatoes and Broccoli: Legal Positivists at Work, *International Review of Intellectual Property and Competition Law*, 47 (2016), 515; Metzger, in Matthews & Zech (eds.), *Research Handbook on Intellectual Property and the Life Sciences* (Edward Elgar Publishing, 2017), 214 et seq.; Kock & Zech, Pflanzenbezogene Erfindungen in der EU – aktueller Stand, *Gewerblicher Rechtsschutz und Urheberrecht* (2017), 1004; Metzger & Bartels, Wirksamkeit und Schutzzumfang von Pflanzenpatenten – Auswirkungen der Regel 28 Abs. 2 EPÜAO, *Zeitschrift für Geistiges Eigentum* (2018), 123–161; Haedicke, in Haedicke & Timmann (eds.) *Handbuch des Patentrechts*, 2nd ed. (C. H. Beck, 2020), § 2, 1–219.

for innovative plants, with broad patent claims covering traits which are useable in several varieties.

Yet, patents on food plants raise sensitive political, economic and legal issues - which can only be addressed here with a broad brush. Non-governmental organisations fear that a further monopolisation of food plants may endanger biodiversity and food production, especially in the Global South. Small and medium-sized enterprises (SMEs) in the breeding industry – at least traditionally – prefer plant variety rights over patents, since the registration is possible without the help of patent attorneys and is therefore cheaper; the global agrochemical industry players prefer patents. Moreover, SMEs are accustomed to using pre-existent plant materials of their competitors as the basis for their own breeding programmes, which is possible without licence fees under plant variety legislation (so-called ‘breeder’s exemption’¹²³) but not under patent law.¹²⁴ The global agrochemical companies prefer their own materials or use wild accessions. The issues behind the controversy over patents on tomatoes, broccoli and pepper are therefore a mere reflection of a deep political and economic conflict between different interest groups and actors engaged in the plant sector.

2. The Controversy over Article 53(b) EPC at a Glance

Among lawyers, the discussion has mainly focussed on the interpretation of Article 53(b) EPC, which excludes ‘plant or animal varieties or essentially biological processes for the production of plants or animals’ from patentability. The two famous cases of ‘Tomatoes/Broccoli I’ and ‘Tomatoes/Broccoli II’ advanced through the stages of proceedings at EPO to the EBoA in 2010 and 2015 respectively. The third case, ‘Pepper’, has more recently been decided.

In ‘Tomatoes/Broccoli I’, G 2/07 and G 1/08, the main issue was whether smart breeding processes, which combine steps of classical crossing and selecting with technical steps of genetic analysis of the plants, are nevertheless excluded from patentability as ‘essentially biological processes’ in the sense of Article 53(b) EPC. The BoA answered the question in the affirmative and closed the door of the patent system for smart breeding process claims, stating:

Such a process does not escape the exclusion of Article 53(b) EPC merely because it contains, as a further step or as part of any of the steps of crossing and selection, a step of a technical nature which serves to enable or assist the performance of

¹²³ Article 15(c), (d) Community Plant Variety Rights Regulation 2100/94.

¹²⁴ Some jurisdictions allow for the breeding of new varieties as such but not for the production and placing on the market of the new varieties, see e.g. Article L. 613-5-3 French Intellectual Property Code; § 11(2a) German Patent Act; Article 9(1)(f) Swiss Patent Act. This model is also followed by Article 27(c) UPC Agreement.

the steps of sexually crossing the whole genomes of plants or of subsequently selecting plants.¹²⁵

In ‘Tomatoes/Broccoli II’, G 2/12 and G 2/13, the main issue was whether plants which are the product of such ‘essentially biological processes’ may be claimed as a product if the claim is not limited to a specific variety but drafted in more generic terms. The EBoA affirmed such an approach and opened the door for such product claims: ‘[t]he fact that the only method available at the filing date for generating the claimed subject-matter is an essentially biological process for the production of plants disclosed in the patent application does not render a claim directed to plants or plant material other than a plant variety unallowable.’¹²⁶

The EBoA decision in ‘Tomatoes/Broccoli II’ has provoked criticism not only by non-government organisations, breeders associations and legal scholars but also by EPC contracting states, which have amended their national patent Acts to avoid such product claims.¹²⁷ In addition, the European Commission published a Notice on certain articles of the Biotechnological Inventions Directive 98/44 in 2016, which explained that the parallel and more detailed provisions of the Directive would have to be interpreted to the contrary, thus excluding product claims of this kind.¹²⁸ In 2017, the AC of the EPO followed and amended Rule 28(2) EPC, which now explicitly states that ‘[u]nder Article 53(b), European patents shall not be granted in respect of plants or animals exclusively obtained by means of an essentially biological process.’¹²⁹

These developments led to a new appeal proceeding before the BoA, namely ‘Pepper’, T 1063/18, concerning pepper plants and fruits obtained by a smart breeding process (i.e. marker-assisted selection). The BoA did not see a justification to deviate from the earlier EBoA interpretation of Article 53(b) EPC given in ‘Tomatoes/Broccoli II’ and also rejected the appellant’s request to refer the case to the EBoA. In reaction, the president of the EPO in 2019 referred the question to the EBoA regarding whether Rule 28(2) EPC is in conformity with Article 53(b) EPC and, as a consequence, whether the EBoA should change its interpretation in light of the developments after its ruling in ‘Tomatoes/Broccoli II’.¹³⁰ With the involvement of the EBoA, the BoA, the AC, the EPO president, the contracting states and the European Commission, the conflict over Article 53(b) EPC has evolved into an

¹²⁵ Order, at 2.

¹²⁶ Order, at 2.

¹²⁷ See, for example, § 2(2) Austrian Patent Act; § 2a (1) No. 1 German Patent Act; Article 52(3)(b) Portuguese Industrial Property Code.

¹²⁸ Commission Notice, C 411/03, 8 November 2016. See also the parallel political statements of the European Parliament, Resolution on patents and plant breeders’ rights, 2015/2081(RSP), 17 December 2015, and of the Council, Council Notice, 5808/17, 3 February 2017.

¹²⁹ Decision of the Administrative Council CAD 6/17 of 29 June 2017 (OJ EPO 2017, A56), entered into force on 1 July 2017.

¹³⁰ Referral of a point of law to the EBoA by the president of the European Patent Office (Article 112(1)(b) EPC), 4 April 2019, OJ EPO 2019, A52.

institutional conflict about the competences of the different actors. The EBoA finally decided the case G 3/19 in May 2020 and reversed in substance the decisions in ‘Tomatoes/Broccoli II’.

3. Function of VCLT Criteria Reflected in the Conflict Over Native Traits

The conflict over native traits is of special interest in the context of this chapter because the EPO boards and the EPO president make extensive use of arguments based on the VCLT. An evaluation of these arguments requires a presentation of the decisions in further detail.

A. G 2/07, G 1/08 ‘TOMATOES/BROCCOLI I’: EMPHASIS ON LEGISLATIVE HISTORY Starting with ‘Tomatoes/Broccoli I’, G 2/07 and G 1/08, the EBoA began its interpretation of Article 53(b) EPC by summarising the older case law of EPO boards, before referring to Rule 26(5) EPC. The latter rule defines ‘essentially biological processes’ in accordance with the definition given in Article 2(2) of the Biotechnological Inventions Directive 98/44 (Directive).¹³¹ Rule 26(5) EPC and Article 2(2) of the Directive, according to the EBoA, have to be interpreted following the principles of Articles 31 and 32 VCLT.¹³² This itself is remarkable, since the EBoA seems to treat a European Directive without further ado – as if it were an international treaty, ignoring that the CJEU considers EU law since the famous decision in *Van Gend & Loos* (1963) as a new legal order of its own nature.¹³³ In what follows, the EBoA mainly refers to the ordinary meaning of the terms ‘crossing’ and ‘selecting’ and refers to the principles of good faith as enshrined in Article 31(1) VCLT.¹³⁴ From there, the board continues to state in a brief paragraph that the Recitals of the Directive would ‘contain nothing on the object and purpose of the definition given’.¹³⁵

After that, without discussing any of the conditions laid down in Article 32 VCLT – although it would have been easy to declare that the wording of Article 2(2) of the Directive is ambiguous or obscure – the EBoA enters into an extensive exploration of the legislative history of the provision of the Directive.¹³⁶ Ultimately, this discussion turns out to be unhelpful: ‘As a result, the legislative history of the Biotech Directive does not assist in determining what the legislator intended to say by the wording which was eventually adopted for Article 2(2) Biotech Directive. On the contrary, it must be concluded that the contradiction between the terms of the

¹³¹ ‘A process for the production of plants or animals is essentially biological if it consists entirely of natural phenomena such as crossing or selection.’

¹³² At 4.3.

¹³³ CJEU, 5 February 1963, Case 26/62, ECLI:EU:C:1963:1 – *Van Gend & Loos*.

¹³⁴ At 4.4.

¹³⁵ At 4.6.

¹³⁶ At 4.7–4.9.

provision cannot be further clarified.’¹³⁷ The board concludes that the ‘term must be interpreted on its own authority. This is for the Enlarged Board to do.’ Should this point not be the starting point of any interpretation based on Articles 31 and 32 VCLT?

The EBoA again enters into the discussion of textual arguments, this time focussing only on the EPC,¹³⁸ then discusses several approaches suggested by older BoA case law and submissions during the procedure based on contextual arguments,¹³⁹ before finally entering in an extensive analysis of the legislative history of Article 53(b) EPC 1973.¹⁴⁰ The reasoning then stops abruptly. The EBoA seems to have learned enough from the obscure legislative history to finally exclude smart breeding processes from being patentable subject matter.

The reader may forgive this detailed reproduction of the EBoA’s line of arguments. But such a complete reproduction seems necessary to understand what is not mentioned by the EBoA, which is the crucial question of whether the European patent system, to fulfil its function, should grant the requested patents or not. Do inventors and companies need exclusivity for smart breeding processes (and the products thereof) to have a sufficient incentive to spend their time and resources in the development of such technologies?¹⁴¹ Or should the European patent system abstain from such patents and preserve the actors’ freedom to operate? This more general object and purpose of the EPC, and more specifically of Article 53(b) EPC, is not mentioned in a single word. Instead, the EBoA uses a subjective approach of interpretation and confines itself to the role of a commentator on legislative documents.

B. G 2/12, G 2/13 ‘TOMATOES/BROCCOLI II’: JUDICIAL SELF-RESTRAINT In ‘Tomatoes/Broccoli II’, G 2/12 and G 2/13, the references to Articles 31 and 32 VCLT are again clearly visible – but again have been the subject of criticism. The EBoA’s outline of the decision is structured along the criteria of interpretation of the VCLT. Following a general explanation of the criteria of Articles 31 and 32 VCLT,¹⁴² the EBoA reiterates that exclusions from patentability in the EPC are not subject to a general principle of narrow interpretation of exceptions; however, the interpretation of the provision at hand with regard to all criteria of interpretation may nevertheless lead to a narrow interpretation.¹⁴³ After that, the EBoA starts its interpretation of the exclusion of ‘essentially biological processes for the production

¹³⁷ At 4.9.

¹³⁸ At 6.1.

¹³⁹ At 6.2–6.4.2.1.

¹⁴⁰ At 6.4.2.2–6.4.2.3.

¹⁴¹ Critical of the consequences of this approach Metzger, Zech & Vollenberg, Written statement in re case no. G 3/19 (amicus curiae brief) of 30 September 2019, at pp. 17–18, available at www.epo.org/law-practice/case-law-appeals/eba/pending/g3-19_de.html.

¹⁴² At VI.1.

¹⁴³ At VI.2.

of plants' in Article 53(b) and the effect of this provision on product claims on plants and plant parts with a 'grammatical interpretation'. In this regard, the EBoA refers to the wording of the provision as the starting point and rejects the approach, to stop the interpretation after an analysis of the allegedly clear wording. However, the board seems not really convinced of the possibility of different grammatical meanings of the provision at issue when it concludes that '[f]or the sake of the argument, more than one meaning could in principle be attributed to the wording.'¹⁴⁴ The following systematic interpretation discusses several arguments from the context of the provision: 'The meaning of the wording in question is to be established in the context of the relevant provision itself. In addition, the provision as such must be interpreted taking into account its position and function within a coherent group of related legal norms.'¹⁴⁵

After an extensive analysis of different systematic arguments with typically logical conclusions, some of which could also be construed as the opposite,¹⁴⁶ the board concludes that 'the systematic interpretation of Article 53(b) EPC does not support giving the process exclusion a broad meaning to the effect that product claims or product-by-process claims are thereby excluded from being patentable.' From here on, the course of the further line of argument is predefined; the board apparently sees the proponents of a broad understanding of the exclusion carrying the burden of argument.

Under the heading of 'teleological interpretation', the EBoA refers to its task of construing 'legislative provisions in the light of their purpose, values, and the legal, social and economic goals they aim to achieve'.¹⁴⁷ But then, as in 'Tomatoes/Broccoli I', G 2/07 and G 1/08, it again quickly concludes that 'the object and purpose of the exclusion under Article 53(b) EPC is not sufficiently obvious'. The board here makes a full stop without considering any possible objective social or economic function of the provision at hand. The following reference to subsequent agreement or practice in the sense of Article 31(3) VCLT¹⁴⁸ rightly considers the Implementing Regulations to the EPC as subsequent agreement. Since Rule 26(1) EPC calls for the use of the provisions of the Biotechnological Inventions Directive 98/44 as means of interpretation of the EPC, the EBoA considers Articles 2(2) and 4 of the Directive in detail before concluding that the Directive 'does not provide a basis for extending the process exclusion under Article 4(1) Biotech Directive and Article 53(b) EPC to products of such processes.'

¹⁴⁴ At VII.1.

¹⁴⁵ At VII.2.

¹⁴⁶ E.g., does the narrow definition of 'plant variety' in Article 53(b) EPC count as an argument for a likewise narrow understanding of 'essentially biological process', as indicated at VII.2.(2)(a)? Would it not also be 'logical' to interpret 'essentially biological process' as an additional safeguard to capture those cases which are not comprised by the narrow definition of 'plant variety'?

¹⁴⁷ At VII.3.

¹⁴⁸ At VII.4.

The board continues with a detailed exploration of the preparatory materials of Article 53(b) EPC.¹⁴⁹ Even though Article 32 VCLT is cited at length, the board does not explain whether it uses the materials for confirming an interpretation already taken (which seems more likely) or whether it considers the provision to be ambiguous or the result to be unreasonable. The outcome of this analysis is that ‘there is no reason in the travaux préparatoires to assume that a product that is characterised by the method of its manufacture but claims protection regardless of that (or any other) method was meant to be excluded.’ Again, the burden of argument lies with the position of a broader interpretation. It seems to be irrelevant for the EBoA whether there is – or is not – a reason in the materials to assume that the exclusion should be construed narrowly.

In the ‘first intermediary conclusions’ that follow,¹⁵⁰ the board summarises its arguments so far and concludes: ‘As is apparent from the above, considering its wording, context, original legislative purpose and legislative history, the process exclusion of Article 53(b) EPC does not extend directly to a product claim . . . other than a plant variety.’

Being aware of the social, economic and political dimensions of the dispute, but emphasising that the EBoA considers only legal questions, the board nevertheless discusses whether there is a need for ‘secondary considerations’. With regard to a possible dynamic interpretation, the EBoA starts its reasoning with a questionable definition: ‘Such a “dynamic interpretation” might come into play where considerations have arisen since the Convention was signed which might give reason to believe that a literal interpretation of the wording of the relevant provision would conflict with the legislator’s aims. It might thus lead to a result which diverges from the wording of the law.’¹⁵¹ This concept raises doubt in two regards. The first question is whether a dynamic interpretation is limited to the function of better achieving the original legislature’s intentions vis-à-vis the present situation. Rather not, if the legislature could not foresee those later developments. Here, the interpreter must either seek to establish the presumed intentions of the legislator with regard to new developments or go along with an objective interpretation approach.¹⁵² Second, does a dynamic interpretation legitimise diverging from the wording of the law? Clearly not. It may justify preferring one possible interpretation, within the limit of the text of the provision, over another possible interpretation, but it does not allow for going beyond the limit of the ordinary meaning of a provision.

Finally, the EBoA considers whether allowing patents on products arising out of essentially biological processes would lead to a ‘legal erosion of the exception to patentability’ – since that could pave the way for a circumvention of the exclusion by

¹⁴⁹ At VII.5.

¹⁵⁰ At VII.6.

¹⁵¹ At VIII.1.

¹⁵² See e.g. Heintschel von Heinegg, Fn 3, 480; Dörr & Schmalenbach, Fn 3, 575. See *supra* at B.V.

‘skilful’ claim drafting. The board then rejects this concern.¹⁵³ The following arguments of fact and law discuss how it could be proven that the product has (or has not) been produced by an essentially biological process and whether the EBoA should take the scope of such patent claims into consideration. The answer, again, is negative: ‘The aspect of the scope of protection conferred by such a claim has no direct impact on the point of law referred.’ This point is understandable, given the institutional setting of Article 64(2) EPC, which confers the scope of protection to the authority of the EPC contracting states. However, can the EBoA design a reasonable patent regime without consideration of the scope of the granted IP rights? As a final argument of the decision, the EBoA emphasises that it

is aware of the various ethical, social and economic aspects in the general debate. . . . However, considering such general arguments in the present referrals does not fall under the judicial decision-making powers of the Enlarged Board. . . . It has to be borne in mind that the role of the Enlarged Board of Appeal is to interpret the EPC using generally accepted principles of interpretation of international treaties. It is not mandated to engage in legislative policy.

One might ask, in turn, whether the highest judiciary of the EPO should not be prepared to engage in judicial policymaking if the legislature cannot react in a timely manner, given the static character of the EPC with its high number of contracting states. The line of argument of the EBoA stops here. Patents on plant products from essentially biological processes were from then on granted by the EPO.

What can the reader learn about the interpretation method of the EBoA from the decisions G 2/12 and G 2/13? The EBoA relies on the criteria enshrined in Articles 31 and 32 VCLT but applies those criteria in a way that is not prescribed or mandatory under the VCLT. The EBoA allocates the burden of argument on one of the possible interpretations, without any justification; it puts much weight on systematic arguments which could also be inverted; it applies a rather subjective approach in putting much emphasis on the preparatory works; it denies a dynamic interpretation which goes beyond the original intentions of the legislature; and, finally, it is not willing to reveal what it considers to be the objective purpose of the provision at hand – and of the EPC at large. Such an approach may be compliant with the criteria enshrined in Articles 31 and 32 VCLT if one adheres to a rather subjective theory of interpretation. But a different, more objective approach would be equally in line with Article 31 and 32 VCLT, if not more so.

C. T 1063/18, G 3/19 ‘PEPPER’: DYNAMIC INTERPRETATION In the ‘Pepper’ case, T 1063/18, the BoA explains that the recently amended Rule 28(2) EPC would be in conflict with Article 53(b) as interpreted in G 2/12, G 2/13. The board considers

¹⁵³ At VIII.2.

whether there were reasons to deviate from the interpretation of Article 53(b) EPC given by decisions G 2/12 and G 2/13 due to the developments following said decisions. Such developments could potentially be taken into account as subsequent agreement, in accordance with Article 31(3)(a) VCLT. However, in what follows, the board rejects this argument with reference to the special competence given to the AC to change the EPC directly under Articles 33(1)(b) and 35(3) EPC: 'If the adoption of Rule 28(2) EPC by the Administrative Council . . . were to be considered a subsequent agreement in the sense of the Vienna Convention and used for the interpretation of Article 53(b) EPC, this would reverse the meaning of Article 53(b) EPC as interpreted by the EBoA.'¹⁵⁴ There would be no room to consider a change to Rule 28(2) EPC, which in substance amounts to a change of the EPC, as subsequent practice.¹⁵⁵ The board further states that '[i]t goes without saying, that the Notice is not such a subsequent agreement either, as the Commission does not represent the Contracting States of the EPC.'¹⁵⁶ Since as a consequence, the board does not see a reason to deviate from the interpretation of the EBoA, it also sees no reason to refer the case again to the EBoA.

With regard to the explicitly mentioned 'interest of plant breeders to freely perform crossing and selection without being hampered by patents' and the 'interest of inventors to benefit from their work and that of society to encourage technical development', the BoA does not see itself in a position to balance the interests involved. It states: 'However, balancing these interests is a matter for the legislative body. Such considerations cannot play a role in the legal assessment of the issues raised in the present case.'¹⁵⁷ This line of reasoning fits perfectly well into the greater picture of a judicial self-restraint at the EPO, which shies away from any independent consideration of the social, economic and political issues raised by the cases at stake.

However, T 1063/18 has not been the final chapter in the 'Pepper' case. The president of the EPO took the initiative and referred the case to the EBoA, now renumbered as G3/19. The president's referral raised a number of complicated questions with regard to its admissibility. For the purpose of this chapter, the substantial questions of interpretation of Article 53(b) EPC are topical. The main arguments of the EPO president were, first, that Article 53(b) should be interpreted in conformity with the Biotechnological Inventions Directive 98/44, which according to the Commission's Notice precludes product claims on plants from essentially biological processes¹⁵⁸; therefore, Rule 28(2) was supposedly not in conflict with Art 53b) (within the meaning of Art. 164(2)); second, a considerable number of developments of subsequent agreement and practice in the sense of

¹⁵⁴ At 32.

¹⁵⁵ At 36.

¹⁵⁶ At 37.

¹⁵⁷ At 41.

¹⁵⁸ At 77–99.

Article 31(3) VCLT, which occurred after the EBoA decisions G 2/12 and G 2/13, would now justify changing the interpretation of Article 53(b) EPC.¹⁵⁹

According to the referral, all thirty-eight EPC contracting states had declared to be in line with the Commission Notice; all twenty-eight EU contracting states (at that time) declared their alignment with the Commission Notice. The ten non-EU EPC States voted in favour of Rule 28(2) EPC. Moreover, the referral provided a list of seven EPC contracting states which have changed their national patent laws to exclude such product claims, with a number of additional reform projects being anticipated.¹⁶⁰

In consideration of these arguments and the several submissions of *amicus curiae* briefs¹⁶¹, the EBoA in its ‘Pepper’ decision G 3/19 of 14 May 2020 finally came to the conclusion that

the exception to patentability of essentially biological processes for the production of plants or animals in Article 53(b) EPC has a negative effect on the allowability of product claims and product-by-process claims directed to plants, plant material or animals, if the claimed product is exclusively obtained by means of an essentially biological process or if the claimed process features define an essentially biological process.

As such, G 3/19 reversed in substance the decision made just five years earlier, namely G 2/12 and G 2/13 in ‘Tomatoes/Broccoli II’. With regard to the grammatical, systematic, historical and teleological interpretations of Article 53(b) EPC, the board confirms its older decisions.¹⁶² As to subsequent agreement or practice – which has been the decisive argument of the EPO president – the board confirms its understanding, already explained in G 2/12, that Rule 26(5) Implementing Regulations could be regarded as subsequent agreement. Therefore, the Biotechnological Inventions Directive 98/44 had to be taken into account as supplementary means of interpretation. But this would not lead to the result that products of essentially biological process were excluded, since the Directive would not ‘directly lead to the conclusion’.¹⁶³ The Commission Notice would have no binding effect on the EPO.¹⁶⁴ This is certainly true; however, it could still be a candidate for subsequent agreement among many contracting states under Article 32 VCLT,¹⁶⁵ since the European Parliament and Council confirmed the Notice in political statements.¹⁶⁶

¹⁵⁹ At 100–112.

¹⁶⁰ At 108.

¹⁶¹ Among those see Metzger, Zech & Vollenberg, Fn 141.

¹⁶² At XIV, XVI, XVII.

¹⁶³ At XV.1.2.

¹⁶⁴ At XV.2.

¹⁶⁵ ILC Conclusions, A/RES/73/202, Conclusion 12(3).

¹⁶⁶ *Supra* Fn. 126.

Moreover, legislative reforms in eleven of the thirty-eight contracting states – which the board rounds down to ‘roughly a quarter’ – did not amount to a subsequent agreement between all the parties of the EPC. This point again neglects that an agreement or practice of many contracting states may be an argument in the framework of Article 32 VCLT. The turning point of the board’s reasoning comes at the very end, under the heading of dynamic interpretation:

As set out above, the Enlarged Board in its current composition endorses both the conclusions and the reasoning of decision G 2/12 (*supra*). However, this is not to say that, with decision G 2/12, the meaning of the exception to patentability under Article 53(b) EPC has been settled once and for all, for it may emerge at a later point that there are aspects or developments which were unknown at the time the decision was issued or irrelevant to the case, or were otherwise not taken into consideration.¹⁶⁷

The board further states that ‘[a] particular interpretation which has been given to a legal provision can never be taken as carved in stone, because the meaning of the provision may change or evolve over time.’¹⁶⁸

The adoption of the new Rule 28(2) EPC Implementing Regulations had to be taken into account. This would not violate the principle of separation of powers: ‘Having regard to the wording of Rule 28(2) EPC and the travaux préparatoires for that Rule, the Enlarged Board accepts that it was the EPC legislator’s intention to establish, by this means, a particular interpretation of Article 53(b) EPC.’¹⁶⁹ Nonetheless, ‘in order to ensure legal certainty and to protect the legitimate interests of patent proprietors and applicants, the Enlarged Board considers it appropriate that the new interpretation of Article 53(b) EPC given in this opinion has no retroactive effect on European patents containing such claims which were granted before 1 July 2017, when Rule 28(2) EPC entered into force.’¹⁷⁰

As a conclusion, one must welcome that the EBoA found a way out of the institutional conflict between the different bodies and institutions at the EPO and at the EU. One may hope that this is now the final word on the patenting of products exclusively obtained by means of an essentially biological process.¹⁷¹ The decision in G 3/19 has been the first under the chairmanship of the new President of the Board of Appeal, Judge Carl Josefsson. It shows the necessary sensitivity regarding the political challenges which EPO is facing – even though it does not

¹⁶⁷ At XVIII.

¹⁶⁸ At XX.

¹⁶⁹ At XXVI.3.

¹⁷⁰ At XXIX.

¹⁷¹ But not the final word on the definition of essentially biological processes, which should be reevaluated, see Metzger, Zech & Vollenberg, Fn 141, 17–18.

explicitly enter into a discussion of the purpose of the rules. The broad reference to dynamic interpretation is certainly the most interesting part of the decision. The coming years will show whether G 3/19 will turn out to be a milestone on the way to a more active judiciary at EPO, or whether the EBoA in ‘Pepper’ merely yielded to the enormous political pressure.

D. CONCLUSIONS

This chapter offers a first systematic analysis of the seventy-six decisions and opinions of the EBoA and BoAs of the EPO that make explicit reference to the VCLT interpretation criteria. It explores whether the EPO boards’ use of those criteria matches with the current teachings of public international law experts on the VCLT. The EPO boards make extensive use of Articles 31–33 VCLT and discuss the different criteria enshrined in the VCLT in detail. This body of case law should be of interest for public international law scholars. At the same time, the patent law community would greatly benefit from the insights of public international law experts if they were to comment directly on the EPO boards’ practice.

The analysis of EPO case law in this chapter has shown that the different EPO boards regularly refer to the ordinary meaning and to contextual arguments when interpreting EPC provisions, including arguments of subsequent agreement and practice in the sense of Article 31(3) VCLT. These arguments are in line with the criteria codified in Article 31 VCLT. By contrast, the EPO boards do not exhaust the potential of a purpose-oriented interpretation. Arguments based on purpose are limited to the purpose of specific provisions and do not discuss the purpose of the EPC as a whole. So far, the EBoA has rejected the idea that it should balance on its own right the social, economic and political interests at stake.

In a fast-changing technical and social environment, the EPO boards must develop their own answers for the present-day challenges of patent law. It is up to them to develop what the objective purpose of the European patent system should be, especially what should and what should not be protected by patents. Instead, the boards give remarkable weight to oftentimes obscure preparatory works, a method one would not expect from a judiciary that justifies its own reasoning on the basis of Articles 31 and 32 VCLT. This subjective method of interpretation is also clearly visible in the current conflict over patents on innovative plants, which is examined as an example in this chapter. Such a judicial self-restraint of the EPO boards, especially of the EBoA as its highest body, appears to be dysfunctional in a system in which the legislature is a static international organisation like the EPO. It is futile to refer controversial topics to the legislature if the legislature cannot act in due course.

In light of the technical advances to be expected in the coming years, it will be highly interesting to further observe how the EPO boards will manage the task described in this chapter – and to what extent they will benefit from insights into public international law. The last case analysed in this chapter, the EBoA decision ‘Pepper’, G 3/19, recalls the importance of a dynamic interpretation of the EPC. It raises the hope that the EPO boards will make use of the full potential of the interpretation criteria developed under the VCLT in the future.

Parallel Trade and Exhaustion of Intellectual Property in WTO Law Revisited

Thomas Cottier

ABSTRACT

Parallel importation and reimportation amount to the most important and unresolved classical problem of intellectual property protection within the multilateral trading system of the World Trade Organization (WTO). The welfare effects of restricting trade due to national or regional exhaustion of intellectual property rights are controversially discussed, and empirical evidence is not conclusive. Facts differ in different sectors of the global economy. The law is unsettled in squaring the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and in particular the General Agreement on Tariffs and Trade (GATT 1994). This chapter explores the relationship between these agreements in international law. It concludes that WTO law undermines the operation of national and regional exhaustion. These two doctrines are overbroad and cannot apply across the board. Other less intrusive trade policy instruments are available to address legitimate concerns raised in the context of parallel importation and reimportation of original products. The multilateral trading system in result is simply and essentially based upon exhaustion while allowing for sectorial control and limitations of parallel trading by other means.

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A. INTRODUCTION

Ubiquity is perhaps the most characteristic feature of intangible intellectual property (IP) rights to exclusive information. These rights to control information are inherent in all products (goods and services) protected by IP, whatever their physical or immaterial form. They follow the fate of the product and create legal uncertainty in downstream operations related to the sale and use of these products.

To what extent should a rightholder define the fate of products on the market? To what extent should the rightholder be able to control secondary markets and the parallel importation of original products on different markets, making good use of

price differentiation? There is no doubt that the rightholder is entitled all along to protect products from piracy and counterfeiting and the use of property without consent, including products produced under compulsory licensing. The need to provide legal security in downstream markets, however, led to the limitation of proprietary rights up to the first sale of the product. Rightholders decide how and when to market a particular product. Once the product is placed on the market, rights to control the marketing of the particular products entailing IP end. This is what we call ‘exhaustion of rights’ (*épuisement, Erschöpfung*).¹ The first sale doctrine, used in the United States, deploys similar effects. An alternative approach was implied licensing, originally used in common law, which addressed legal security by presuming the absence of restrictions imposed on buyers of products protected by IP rights.

Today, the principle of exhaustion of IP rights is universally recognised within the multilateral trading system and is codified in Article 6 of the TRIPS Agreement of the WTO, which entered into force in 1995, but without legally defining the principle.² The precise scope of exhaustion in relation to sale and licensing agreements is a matter of domestic law.³ In digital trade, the contours are blurred. Exhaustion raises new difficult and unresolved issues – which call into question the principle of exhaustion in the first place.⁴

¹ See generally Shuba Ghosh and Irene Calboli, *Exhausting Intellectual Property Rights: A Comparative Law and Policy Analysis* (Cambridge: Cambridge University Press 2018); Irene Calboli and Edward Lee (eds.), *Research Handbook on Intellectual Property and Parallel Imports* (Cheltenham: Edward Elgar 2016); Josef Drexl, EU Competition Law and Parallel Trade in Pharmaceuticals: Lessons to be Learned for WTO/TRIPS? in Jan Rosén (ed.), *Intellectual Property at the Crossroad of Trade* 24 (Cheltenham: Edward Elgar 2012); Guido Westkamp, Emerging Escape Clauses? Online Exhaustion, Consent and European Copyright Law in Rosén, id., 38–66; Christiane Freytag, *Parallelimporte nach EG- und WTO Recht: Patente und Marken versus Handelsfreiheit* (Berlin: Dunker & Humblot 1999); Christopher Stothers, *Parallel Trade in Europe: Intellectual Property, Competition and Regulatory Law* (Oxford: Hart 2007); Santanu Mukherjee, The Doctrine of Exhaustion in Patent Law and International Trade Regulation, PhD University of Bern 2020 (publication forthcoming through Leiden/Boston: Brill 2022); Frederick A. Abbott, Thomas Cottier, and Francis Gurry, *International Intellectual Property in an Integrated World Economy* 99–102, 250–262, 494–516, 711–733 (New York: Wolters Kluwer 4th ed. 2019). The potential implications of various most recently published contributions in Robert D. Anderson, Nuno Pires de Carvalho, and Anthony Taubman (eds.), *Competition Policy and Intellectual Property in Today's Global Economy* (Cambridge: Cambridge University Press 2021) regrettably could not be taken into account in this chapter, which was completed by March 2020.

² Agreement on Trade-Related Aspects of Intellectual Property Rights entered into force on 1 January 1995, as amended on 23 January 2017; www.wto.org/english/docs_e/legal_e/legal_e.htm (accessed 2 March 2020).

³ See, for example, for the USA, Andrew T. Dufresne, The Exhaustion Doctrine Revived? Assessing the Scope and Possible Effects of the Supreme Court's *Quanta* Decision, 24 *Berkeley Technological Law Journal* 11–48 (2009) discussing the relationship of exhaustion and licensing to the sale conditions in US case law; John F. Duffy and Richard Hynes, Statutory Domain and the Commercial Law of Intellectual Property, 102 *Virginia Law Review* 1–77 (2016), discussing the roots and scope of exhaustion in US law.

⁴ Reto M. Hilty, ‘Exhaustion’ in the Digital Age in Calboli and Lee (n 1) 64–82.

What has remained controversial ever since the term was introduced by Joseph Kohler in 1878⁵ is the geographical scope of exhaustion. Does it merely apply to first sales within a particular national jurisdiction? Or do rights exhaust independently of where a product has lawfully been introduced into the market? The dichotomy of national exhaustion and international exhaustion has ever since dominated the discourse and policymaking, with both legislators and more frequently courts of law defining the concept domestically and for different forms of IP protection.

With the advent of the European Economic Community (EEC) and today's European Union, and the combination of national and international exhaustion that emerged with the doctrine of regional exhaustion or community-wide exhaustion, international exhaustion is applied among the Members of the Union, whereas national exhaustion is applied to third states and the rest of the world. The linkage of international trade law and IP was first established by means of applying the disciplines of European competition law, addressing the segregation of markets on the basis of trademark and patent law. The founding and leading case of *Grundig/Consten* in 1966 is a landmark not only for competition law but also in defining the relationship between trade law and IP law.⁶ Subsequent case law placed the issue of exhaustion under the umbrella of free movement of goods.⁷ Exhaustion was subsequently extended to the European Economic Area (EEA), but not to other free trade agreements or economic cooperation agreements concluded by the Union worldwide. The concept, somewhat astonishingly, has not become an essential part of the TRIPS-plus provision in preferential trade agreements in fostering freer trade and abolishing barriers to international trade.⁸

The geographical scope of exhaustion is of critical importance in dealing with parallel imports in international trade. We understand this term to refer to the trade of original products placed on the market by the rightholder in a different national

⁵ Josef Kohler, *Deutsches Patentrecht: systematisch bearbeitet unter vergleichender Berücksichtigung des französischen Patentrechts*, 2 vols., (Mannheim: J. Bensheimer 1878) 100 para 56, based upon implied licensing; Joseph Kohler, *Handbuch des deutschen Patentrechts in Rechtsvergleichender Darstellung* 457 (Mannheim: J. Bensheimer 1890), rejecting the implied licensing doctrine as insufficient to englobe non-contractual relations; see Westkamp (n. 1) 38–39.

⁶ Cases 56 & 58/64 *Établissements Consten S.à.R.L. and Grundig-Verkaufs-GmbH v. Commission of the European Community* (Consten and Grundig) [1966] ECR 299, ECLI:EU:C:1966:41. Subsequent case law confirmed the finding that agreements restricting parallel trade violate Article 81(1) EEC. See generally Valentin Korah, The Interface between Intellectual Property and Antitrust: The European Experience, 69 *Antitrust Law Journal* 801–839 (2002); Beatriz Conde Gallego, Intellectual Property Rights and Competition Policy in Carlos Correa (ed.), *Research Handbook on the Protection of Intellectual Property under WTO Rules*, vol. I 227–265 (Cheltenham: Edward Elgar 2010).

⁷ For a discussion see, e.g. Stothers *supra* (n 1); see also *infra* (n 62).

⁸ Thomas Cottier, Intellectual Property and Mega-Regionals Trade Agreements: Progress and Opportunities Missed in Stephan Griller, Walter Obwexer, and Erich Vranes (eds.), *Mega-Regional Trade Agreements: CETA, TTIP and TiSA* 151–174 (Oxford: Oxford University Press 2017).

jurisdiction and then reimported or exported to third markets in parallel to contractual distribution systems. Such trade is also called ‘grey market’ trade.⁹ The term creates an aura of illegitimacy of such trade, allegedly facilitating counterfeiting and piracy; however, grey market trade clearly needs to be distinguished from illegal activities and the trading of competing generic products.¹⁰

While national and regional exhaustion, on the one hand, allow for parallel trading and arbitrage within a particular nation and union, respectively, and foster competition, they also allow for barring the importation of such products placed on the market abroad or reimported from abroad. Such exhaustion excludes competition from these products and allows full price differentiation and market segmentation. These effects are based on the theory that IP rights only exhaust in relation to particular markets independently. International exhaustion, on the other hand, limits the scope of IP rights wherever geographically an original product was placed on the market with the consent of the rightholder, irrespective of national or regional jurisdiction. In effect, parallel imports, or reimports, cannot be barred by invoking exhausted IP rights. International exhaustion, in effect, fosters free trade and competition and reduces the effectiveness of price differentiation.¹¹

The introduction of national exhaustion and eventually regional exhaustion brought about such effects domestically in the process of nation building and the creation of a single European market. These doctrines, however, fostered the enclosure of national markets in Europe, substantially contributing to what is called ‘Fortress Europe’. One would expect that the multilateral trading system operates on the basis of international exhaustion, fostering free trade and competition in a globalising economy. Upon the adoption of the WTO agreements, efforts were made to strengthen international exhaustion, in particular in trademark law.¹² Reality and the law are far from achieving that, as industries have consistently

⁹ E.g. Peggy E. Chaudry, *Confronting the Gray Market Problem*, 49 *Business Economics* 263–270 (2014).

¹⁰ Note that import restrictions imposed on generic drugs in transit do not pertain to parallel trade but concern the problem of territoriality and extraterritorial reach of patent protection prior to exhaustion; see Abbott, Cottier, and Gurry (n 1) 299–302; Drexler (n 1) 19–23. For a detailed discussion, see Henning Grosse Ruse-Khan, *The Protection of Intellectual Property in International Law* 288–299, 308–313 (Oxford: Oxford University Press 2016). The problem relating to Article V GATT on goods in transit thus is not addressed in this paper.

¹¹ For a comprehensive discussion and argument for international exhaustion, see Sarah R. Wasserman Rajec, *Free Trade in Patented Goods: International Exhaustion for Patents*, 29 *Berkeley Technology Law Journal* 317–376 (2014); Mukherjee (n 1).

¹² See Frederick A. Abbott, *First Report (Final) to the Committee on International Trade Law of the International Law Association on the Subject of Parallel Importation*, 1 *Journal of International Economic Law* 607–636 (1998); see the ensuing declaration of 200, ILA, *Declaration Regarding the Exhaustion of Intellectual Property Rights and Parallel Trade*, adopted by the 69th Conference of the International Law Association, in particular para. 8, which ‘[r]ecommends that WTO Members recognize a doctrine of international exhaustion with respect to trade marked goods,’ ILA, *Report of the Sixty-Ninth Conference*, London, 22–29 July 2000, 19–21 (London: ILA 2000).

lobbied governments and courts of law to foster national exhaustion, in particular in the field of patents, in order to effectively control national distribution systems and benefit from price differentiation, with a view to increasing profits and funding research and development.¹³ As a result, the world faces a panoply of different regimes among countries, frequently even varying among different forms of IP protection.¹⁴

The European Union consistently and comprehensively applies regional exhaustion to all forms of IP rights.¹⁵ Efforts by the Commission to adopt international exhaustion have failed. The US case law has resulted in international exhaustion for copyright and trademarks, and in 2017 it extended the doctrine to patent protection in *Impression Products v. Lexmark International*,¹⁶ while the federal government (United States Trade Representative) continues to push for national patent exhaustion in trade negotiations. Japan has relied upon the doctrine of implied licensing.¹⁷ China's law still seems to be unsettled regarding trademark and copyright exhaustion¹⁸ but is based on international exhaustion in patent law.¹⁹

Few countries adopt international exhaustion across the board but rather differentiate among different forms. For example, upon completion of the Uruguay Round, New Zealand and Australia introduced international exhaustion in copyright and trademarks, albeit in varying modalities.²⁰ Switzerland applies international

¹³ This is most prominent in patents and in pharmaceuticals in particular; see, e.g. Harvey E. Bale, The Conflicts between Parallel Trade and Product Access and Innovation: The Case of Pharmaceuticals, 1 *Journal of International Economic Law* 637–653 (1998); Patricia M. Danzon, The Economics of Parallel Trade, 13 *Pharmacoeconomics* 293–304 (1998); but also extends to copyright, Claude E. Barfield and Mark A. Groombridge, The Economic Case for Copyright Owner Control over Parallel Imports, 1 *Journal of World Intellectual Property* 903–939 (1998).

¹⁴ Ghosh and Calboli (n 1) 56–136.

¹⁵ Thomas Cottier and Matthias Oesch, *International Trade Regulation: Law and Policy in the WTO, the European Union and Switzerland* 945–952 (Cameron May / Staempfli (2005)); for a more recent analysis of the case law, see Samuel Dobrin and Archil Chocia, The Concepts of Trademark Exhaustion and Parallel Imports: A Comparative Analysis between the EU and the USA, 6(2) *Baltic Journal of European Studies* 28–57 (2016).

¹⁶ 137 US S. Ct 1532 (2017) reprinted in Abbott, Cottier, and Gurry (n 1) 253–256; prior rulings in the USA were based upon national exhaustion in patent law, *Fuji Photo Film v. Jazz Photo*, 249 F. Supp. 2d 434 (D.N. J. 2003).

¹⁷ *BBS Kraftfahrzeug Technik AG and BBS Japan Inc. v. Rasimex Japan Inc.* Supreme Court Heisei 7(o) No. 1988 (1 July 1997), Judgment of Supreme Court No. 1198, (15 July 1997) 8–10, reprinted in Abbott, Cottier, and Gurry (n 1) 251–253.

¹⁸ Daniel Chow, Exhaustion of Trademarks and Parallel Imports in China, 51 *Santa Clara Law Review* 1283 (2011). Fabio Ciapello, Parallel Imports: The Battle between the Safe and Cheap Imports, HFG Law and Intellectual Property (2019); www.lexology.com/library/detail.aspx?g=669c10c-863c-447d-a71b-azef2b893521 (accessed 29 February 2020).

¹⁹ Wei Zhuang, Evolution of the Patent System in China in Frederick M. Abbott, Carlos M. Correa, and Peter Drahos (eds.), *Emerging Markets and the World Patent Order* 155 (Cheltenham: Edward Elgar 2013) reprinted in Abbott, Cottier, and Gurry (n 1) at 327, 334.

²⁰ For a comprehensive analysis of divergent approaches and experience of Australia and New Zealand in removing national exhaustion in copyright and trademarks, see Louise Longdin,

exhaustion in trademark and copyright but applies regional exhaustion in patent law, with the exception of national exhaustion of products subject to regulatory approval, especially pharmaceutical and agrochemical products.²¹

These examples show that doctrines of exhaustion are applied in line with economic structures and vested interests. Even developing countries, which are interested in attracting competing products, refrain from using international exhaustion across the board due to fears of undersupply and the growing interest of domestic producers that depend on IP protection. There is hardly a field in IP law which is more defined by market power and political representation of industries and traders than by rational choice in light of weakly organised consumers.

The Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artist Works²² do not address the problem of exhaustion of rights, and efforts to argue in favour of national exhaustion on the basis of territoriality of IP protection are not conclusive one way or the other. Territoriality of rights does not exclude considering facts produced abroad and assessing them legally for the purpose of domestic effect (as we prominently know from competition law). Arguments that the function of patent law and limited duration of rights, unlike trademark law, inherently call for national exhaustion have been refuted in the literature.²³ Articles 4bis(1) and 6(3) Paris Convention use the same concept of independence, and a different interpretation is not justified. Territoriality is limited to defining the existence and the scope of rights and their legal effects in a particular jurisdiction. It inherently includes the possibility of different regulations of exhaustion and thus the role of parallel importation.

With the advent of WTO law in 1995, conventional wisdom suggests that Article 6 of the TRIPS Agreement comprehensively deals with the issue of exhaustion of IP rights, leaving Member States of the WTO ample policy space to adopt suitable variants of the exhaustion doctrine commensurate with their needs, industrial structure and welfare policies, subject to the principles of national treatment and most-favoured nation (MFN) treatment.²⁴

Parallel Importing Post TRIPS: Convergence and Divergence in Australia and New Zealand, 50 *International and Comparative Law Quarterly* 54–89 (2001).

²¹ Cottier and Oesch (n 15) 952–964; IGE/IPI Parallel Imports and Exhaustion, www.ige.ch/en/law-and-policy/national-ip-law/patent-law/parallel-imports-and-exhaustion.html (accessed 29 February 2020).

²² www.wipo.int/treaties/en/ (accessed 2 March 2020).

²³ For a discussion see Freytag (n 1) at 233.

²⁴ Graeme B. Dinwoodie and Rochelle C. Dreyfuss, *A Neofederalist Vision of TRIPS: The Resilience of the International Intellectual Property Regime* 138 (Oxford New York: Oxford University Press 2012). Note that recent major works on parallel importation do not address the impact of GATT 1994 and GATS, or the TBT Agreement of the WTO in specific chapters: Ghosh and Calboli; Calboli and Lee (n 1). The TRIPS Agreement is still considered by the epistemic community of IP scholars rather in isolation; see also Reto M. Hilty, Matthias Lamping, and Josef Drexler (eds.), *TRIPS plus 20: From Trade Rules to Market Principles* (Heidelberg, New York, Dordrecht, London: Springer 2016).

This paper argues that Article 6 TRIPS does not exhaust the issue of exhaustion and that other provisions and agreements within the multilateral trading system need to be taken into account in assessing the problem of parallel trading of products protected by IP rights. We set out with a brief analysis of pertinent TRIPS provisions, including the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works. The main focus is on the impact of GATT 1994 and the General Agreement on Trade in Services (GATS). Finally, we look at preferential trade and cooperation agreements beyond the realm of the European Union.

In doing so, we keep in mind that important sectors are subject to strict governmental regulation, in particular pharmaceutical and chemicals. We also keep in mind that the control of and enforcement related to parallel trade are increasingly difficult in the age of electronic commerce and digital trade,²⁵ while security interests in trade are increasing. The doctrines of national and regional exhaustion imply that parallel importation can be effectively controlled and stopped at borders and within jurisdictions, which is increasingly difficult. Monitoring cross-border flows of goods in retail is thus increasingly difficult, and it is almost impossible for non-physical products and digitally traded services. Preventing and limiting parallel trading by taking recourse to contractual and non-contractual policies of companies to segment markets and to achieve price differentiation become more important.

The field has increasingly shifted to disciplines of competition policy, which still lack global standards and operate under the influence of major jurisdictions, in particular the United States and the European Union. IP protection in turn needs to focus on combating counterfeiting and piracy. However, these are distinct from parallel trade, albeit often termed 'grey' and allegedly difficult to separate.

This paper concludes that WTO law undermines the operation of national and regional exhaustion. These doctrines are overbroad and cannot apply across the board. Other less intrusive trade policy instruments are available to address legitimate concerns raised in the context of parallel importation and reimportation of original products. The multilateral trading system is, in result, simply and essentially based upon exhaustion while allowing for sectorial control and limitations of parallel trading by other means. The WTO law revisited offers a more solid ground than national and regional exhaustion in the age of cyberspace and the digital economy. Whether or not the issue discussed in the paper will eventually be litigated in the WTO is of secondary importance. The analysis of WTO allows for formulating new approaches to an age-old problem in the process of policy formulation and law-making.

The paper thus makes a contribution to the interface and interaction of different international agreements. In doing so, it is hoped that the paper may also contribute to countering the tradition of there being divergent epistemic academic

²⁵ Ghosh and Calboli (n 1) at 163 et passim.

communities in law – IP, commercial law, competition law, and trade and public international law – in discussing exhaustion and parallel trade. The problem requires a holistic approach.

B. THE IMPACT OF WTO LAW

With the advent of the TRIPS Agreement, IP standards were introduced in the multilateral trading system of the WTO. While IP so far had been limited to restricting trade under the exceptions, it now became a constituting pillar of the multilateral trading system.

The TRIPS Agreement substantially enlarged the rules on IP, but did not remove the potential relevance of other agreements within the system – and of public international law in general.²⁶ Intellectual property rights are partly addressed in Article IX and Article XX(d) of GATT, and the TRIPS Agreement did not remove the existence of these provisions.²⁷ There was no intention in the negotiations on IP to reduce existing GATT obligations. The preamble of the TRIPS Agreement explicitly recognises in para. (a) ‘the applicability of the basic principles of GATT 1994’. TRIPS is not part of Annex I, which prevails over GATT. Similarly, new agreements – such as GATS or the Agreement on Technical Barriers to Trade (TBT) and the Agreement on the Application of Sanitary and Phytosanitary Measures – may have a bearing on parallel trade issues.²⁸ They are not consumed by the provisions of the TRIPS Agreement on exhaustion of rights.²⁹

It was argued that the TRIPS Agreement, in particular Article 6 on exhaustion, amounts to *lex specialis* which consumes, and exhausts, so to speak, related provisions of other agreements under the Vienna Convention of the Law of

²⁶ Thomas Cottier, Embedding Intellectual Property in International Law, in P. Roffe and X. Seuba (eds.), *Current Alliances in International Intellectual Property Law-Making*, 15–44 (Geneva: ICTSD/CEIPI 2017).

²⁷ Section IV, on Article IX GATT see Japan – Customs Duties, Taxes and Labelling Practices on Imported Wines and Alcoholic Beverages (10 November 1987) GATT BISD 34/83 (1983).

²⁸ Thomas Cottier and Alexandra Leber, *Parallelimporte und technische Handelshemmnisse im Welthandelsrecht und im bilateralen Verhältnis der Schweiz zur EU: Das Beispiel der Pharmazeutika*, in Astrid Epiney, Andrea Egebunda-Joss, and Markus Wyssling (eds.), *Schweizerisches Jahrbuch für Europarecht / Annuaire Suisse de droit européen 2005/2006*, 327–345 (Zürich/Bern: Schulthess and Staempfli 2006).

²⁹ Thomas Cottier, The Exhaustion of Intellectual Property Rights – A Fresh Look [Editorial], 39 *International Review of Intellectual Property and Competition Law* 755–757 (2008); See also Thomas Cottier, Rachel Liechti, Die internationale Erschöpfung im Patentrecht, in Peter V. Kunz, Dorothea Herren, Thomas Cottier, René Matteotti (eds.), *Wirtschaftsrecht in Theorie und Praxis, Festschrift für Roland von Büren* 325–342 (Basel: Helbling und Lichtenhahn 2009). Chang-Fa Lo, Potential Conflict between TRIPS and GATT concerning Parallel Importation of Drugs and Possible Solution to Prevent Undesirable Market Segmentation, 66 *Food & Drug Law Journal* 73 (2011); Freytag (n 1) 236–251; Abbott (n 12).

Treaties (VCLT).³⁰ The doctrine applies to the treatment of the same subject matter, and the more specific and detailed rules apply.³¹ However, the subject matter of defining IP rights and exhaustion on the one hand, and of parallel importation products placed on markets of different countries on the other, do not share the same object and angle. While the former defines the scope of rights, the latter deals with import or export restrictions. The former is based upon the nationality of the rightholder while the latter conceptually relies upon the geographical origin of goods traded, independently of the nationality of the rightholder. Of course, the two areas are closely interrelated, but conceptually they remain separate.

Issues of parallel trade thus exist legally independent of the doctrine of exhaustion. The problem of banning parallel importation in international economic law is therefore not one of conflicting norms but rather competing norms in different agreements, which need to be reconciled within the overall WTO system to the utmost extent possible.³²

It is well established in WTO law and jurisprudence that several agreements may apply to a particular issue. For example, the assessment of plain packaging of cigarettes entailed the TBT, GATT, and the TRIPS Agreement. The examination of protection of trademarks and geographical indications in the European Union concerned both TRIPS and GATT provisions, in particular Article XX(d). One agreement does not consume the other, and neither occurs earlier or later in time.³³ The principle of *lex posterior* of Article 60 VCLT does not apply among WTO agreements. They all, including the substantive provisions of the Paris and Berne Conventions, entered into force on 1 January 1995 for the purpose of WTO law.

³⁰ Marco Bronckers, *The Exhaustion of Patent Rights under World Trade Organization Law*, 32 *Journal of World Trade* 1 (1998); Sue Frankel, Daniel Gervais, *International Intellectual Property Rules and Parallel Imports*, in Calboli and Lee (n 1) at 91 short of a detailed analysis; Luis Mariano Genovesi, *The TRIPS Agreement and intellectual property rights exhaustion*, in Carlos Correa (ed.), *Research Handbook on the Protection of Intellectual Property under WTO Rules*, vol I 216–225, at 221/222 (Cheltenham: Edward Elgar 2010), arguing that this results from good faith interpretation under Article 31 VCLT and that the application of GATT would render Article 6 obsolete. The argument does not take into account the pertinent case law of panels and the Appellate Body. Drexl (n 1) concludes that that international exhaustion is not suitable for pharmaceuticals, yet without discussing the implications of GATT 1994.

³¹ Henning Grosse Ruse-Khan, *The Protection of Intellectual Property in International Law* 42–44 (Oxford: Oxford University Press 2016). He offers a comprehensive review of the law and literature of norm conflicts in international law, id. 31–68. See also Joost Pauwelyn, *Conflict of Norms in Public International Law* (Cambridge: Cambridge University Press 2003); Graham Cook, *A Digest of WTO Jurisprudence on Public International Concepts and Principles* 61–65 (Cambridge: Cambridge University Press 2015) documenting a narrow understanding of norm conflict in WTO jurisprudence.

³² Matthew Kennedy, *WTO Dispute Settlement and the TRIPS Agreement: Applying Intellectual Property Standards in a Trade Law Framework* 226–238 (Cambridge: Cambridge University Press); Chang-Fa Lo, (n 29).

³³ *Australia – Certain Measures Concerning Trademarks, Geographical Indications and other Plain Packing Requirements Applicable to Tobacco Products and Packaging*, WT/DS435/R, WT/DS441/R, WT/DS458/R, WT/DS467/R (28 June 2018) (under appeal).

Even looking at exhaustion and parallel trade in tandem does not exclude the potential application of WTO agreements beyond TRIPS. A particular regulation or measure may be consistent with one but not another of the agreements. In such cases, if a failure to comply with WTO law is found in one agreement and not the other, Members nevertheless are called upon to remedy domestic law and practices.³⁴ The more stringent rules apply.³⁵

Each of the WTO agreements has its own internal balance, and provisions specifically relating to one agreement – such as Article 6 TRIPS or Article XX GATT and its interpretation – cannot simply be transferred and read into another agreement.³⁶ The provisions of these agreements mutually inform each other in the process of interpretation of particular rules.³⁷ They are context in the meaning of Article 31(3)(c) VCLT and need to be taken into account in construing particular provisions in one of the agreements. Thus, even if the reach of Article 6 is extended beyond the TRIPS Agreement to all WTO law, including GATT and GATS, the carve-out and exemption do not render other pertinent provisions of the multilateral trading system inoperable in assessing restrictions of parallel imports and reimportation. Henning Grosse Ruse-Khan convincingly argues that measures permissible under the TRIPS Agreement do not exclude that they are inconsistent with GATT obligations.³⁸ It will be seen that Article 6 TRIPS allows Members to choose different variants of exhaustion; it does not oblige them to do so, whereas they incur mandatory obligations under GATT.

³⁴ Canada – Certain Measures Concerning Periodicals, WT/DS31/AB/R (30 June 1997); EC – Regime for the Importation, Sale and Distribution of Bananas, WT/DS27/AB/R (9 September 1997) both GATT and GATS applying; see generally Cottier and Oesch (n 15) 90–97.

³⁵ But see Grosse Ruse-Khan (n 30) 317, arguing that compliance with one agreement cannot amount to a breach of another WTO agreement.

³⁶ European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, WT/DS174/R (15 March 2005) para. 7.211 (Article XX GATT has no impact on the interpretation of Article 3.1. TRIPS); China – Measures relating to the Exportation of Rare Earth, Tungsten, and Molybdenum, WT/DS431/AB/R, DS432/AB/R, DS433/AB/R (7 August 2014), para. 5.1–5.73 (Article XX GATT not applicable to Protocol of Accession); European Communities – Measures Prohibiting the Importation and Marketing of Seal Products, WT/DS400/AB/R, WT/DS401/AB/R (22 May 2014) EC para. 5.310–513 (interpretation of Article 2.1. TBT Agreement cannot be readily adopted in the interpretation of Article XX GATT chapeau); see also EC – Measures Affecting Asbestos and Asbestos-Containing Products, WT/DS135/AB/R (12 March 2001) para. 80.

³⁷ While the TBT Agreement does not include a general exception clause, Article XX GATT nevertheless influences by means of preambular language in the TBT Agreement the interpretation of treatment no less favourable in Article 2.1. TBT, allowing one to assess whether treatment less favourable and unequal conditions of competition can be justified by legitimate policy goals and regulatory distinctions; United States – Measures concerning the Importation, Marketing and Sale of Tuna and Tuna Products (Article 21.5 DSU), WT/DS381/AB/RW (20 November 2015) para. 7.30.

³⁸ *Id.* 286 ('adopting measures allowed under TRIPS hence does not guarantee their consistency with GATT'), see also *id.* 308–320.

The integration of IP in the WTO multilateral trading system is not a formality and it does not lack implications for rights and obligations.³⁹ Squaring open trade and exclusive rights may lead to challenges of traditional perceptions and notions, just as it was seen above that the integration of IP in EU law and the single market substantially altered perceptions, in particular in the field of exhaustion.⁴⁰ It therefore is necessary to assess all pertinent provisions transgressing the TRIPS Agreement, to which we turn first.

C. THE TRIPS AGREEMENT

I. Exhaustion (Article 6)

The TRIPS Agreement of the WTO incorporates the substantive provisions of the Paris and Berne Conventions and sets minimal standards for the protection of IP in its different forms. It entails provisions on registration and enforcement of rights which Member States need to respect in domestic civil, administrative, and penal procedures.⁴¹ In respect of exhaustion or rights, standards defined in Article 6 are minimal and essentially reflect an agreement to disagree. Efforts by Switzerland and the United States to anchor mandatory national exhaustion failed to the benefit of policy space of Member States in regulating exhaustion and thus the parallel importation of IP-protected products. Likewise, efforts to adopt international exhaustion by Australia, Brazil, India, and New Zealand equally failed.⁴² Countries thus have remained free to operate exhaustion doctrines as they wish, even among different forms of IP.

Such policy space is secured by a carve-out from WTO dispute settlement. It was agreed that '[f]or the purpose of dispute settlement under this Agreement . . . [n]othing in this Agreement shall be used to address the issue of exhaustion of intellectual property rights'. It is important to note that Article 6 does not grant Members a right under international law to select whatever doctrine of exhaustion they prefer. Nor does it impose adopting a particular variant of exhaustion. The carve-out remains subject to specific obligations within Article 6 and within the TRIPS Agreement and other WTO agreements, to the extent that they affect parallel importation, as discussed below.

³⁹ Cottier (n 26).

⁴⁰ *Supra* (n 6).

⁴¹ Thomas Cottier, The Agreement on Trade-Related Aspects of Intellectual Property Rights, in Patrick F. J. Macrory, Arthur E. Appleton, and Michael G. Plummer (eds.), *The World Trade Organization: Legal, Economic and Political Analysis* Volume I 1041–1120 (New York: Springer 2005).

⁴² See Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* 112 (London: Sweet and Maxwell 2nd ed. 2003); Luis Mariano Genovesi, The TRIPS Agreement and Intellectual Property Rights Exhaustion, in Carlos M. Correa, *Research Handbook on the Protection of Intellectual Property under WTO Rules*, vol. I 216–225 (Cheltenham: Edward Elgar 2010).

The first exception to this carve-out was made within Article 6 for issues relating to Article 3 and 4, that is, national treatment and MFN treatment. Panels and the Appellate Body have jurisdiction to assess claims regarding unequal applications of exhaustion between domestic and foreign rightholders as well as those of different countries. They cannot assess otherwise the lawfulness of exhaustion under the TRIPS Agreement. The recognition of de facto discrimination in WTO law and under the TRIPS Agreement also includes neutral configurations of regulations which, however, in practical effect disadvantage foreign rightholders.⁴³ For example, an exhaustion regime which would allow domestic rightholders to import parallel traded goods without extending the privilege to foreign nationals and foreign-controlled companies is contrary to Article 6. National treatment issues, however, are unlikely to occur. Under national and regional exhaustion, rightholders trading domestically are treated less favourably than those trading with third countries, as domestic trade is subject to exhaustion while foreign trade is privileged, subject to more stringent rights under national or regional exhaustion within the overall framework.

More importantly, differential treatment of rightholders from different countries is inconsistent with Article 6. This raises the question of privileged treatment within a customs union or a free trade agreement commensurate to Article XXIV GATT and Article V GATS. The TRIPS Agreement does not provide for an equivalent of preferential trade exceptions, but defines in [Footnote 1](#) ‘nationals’ to include all natural and juridical persons domiciled within the separate customs territories (customs union) and irrespective of their nationality in the passport. It treats the Union, in other words, as a single entity for the purpose of the agreement. It allows applying international exhaustion among the Members of the union while applying national exhaustion to the rest of the world.

The same is true for the introduction in 2017 of regional exhaustion in the Eurasian Economic Union.⁴⁴ The European Court of Justice in *Silhouette* treated regional exhaustion as a mandatory rule, implying national exhaustion vis-à-vis third countries.⁴⁵ Rightholders within the European Union or the Swiss-Lichtenstein Customs Union⁴⁶ can be privileged in relation to foreign rightholders or companies domiciled abroad. At the same time, the footnote does not extend to free trade agreements, which by definition do not entail a single external tariff and do not

⁴³ European Communities – Protection of Trademarks and Geographical Indications, WT/DS174/R (15 March 2005) para. 7.185–7.204.

⁴⁴ Eurasian Economic Commission (EEC), Intergovernmental Council will permit ‘parallel’ importation for individual types of goods to the EAEU, 26.4. 2017; <http://www.eurasiancommission.org/en/nae/news/Pages/26-04-2017.aspx> (accessed 2 March 2020).

⁴⁵ Case C-355/06 *Silhouette International Schmied GmbH & Co KG v. Hartlauer Handelsgesellschaft*, [1998] ECR I 4799, ECLI:EU:C:1998:374.

⁴⁶ *Traité entre la Suisse et la Principauté de Liechtenstein concernant la réunion de la Principauté de Liechtenstein au territoire douanier suisse*, 29 March 1923 (RS 0.631.112.514); www.admin.ch/opc/fr/classified-compilation/19230011/index.html (accessed 2 March 2020).

qualify as separate customs territory. Early non-application of regional exhaustion to a European Free Trade Association free trade partner in *Polydor* thus is still in line with WTO law.⁴⁷ Privileges among Members, such as extending regional exhaustion to the Protocol 28 of the Agreement on the EEA⁴⁸ or introducing unilaterally regional exhaustion in the case of Switzerland, could therefore be challenged before the WTO.⁴⁹

In *Maglite*, the EEA Court held that the doctrine of regional exhaustion of the EEA does not extend to third country relations but leaves EFTA States free to operate their own doctrines of exhaustion.⁵⁰ Hence, Article 6 TRIPS may partly explain why regional exhaustion has not been included in free trade agreements and modern comprehensive cooperation agreements – such as the Comprehensive Economic and Trade Agreement (CETA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and in preparations for the Transatlantic Trade and Investment Partnership (TIPP) between the European Union and United States.⁵¹ The extension from national exhaustion to regional exhaustion would need to be extended to all rightholders of WTO Members under the MFN clause of Article 4 of the TRIPS Agreement, resulting in international exhaustion.

Finally, the question arises whether the carve-out of Article 6 only applies to international dispute settlement before the WTO or to judicial dispute settlement in general. The provision of Article 6 and the prohibition to address the issue of exhaustion does not extend to domestic courts, the application of the TRIPS Agreement potentially under a doctrine of monism and direct effect, or when taking considerations of exhaustion into account in the process of consistent interpretation of domestic law in line with obligations under international law.⁵² Article 6 is relevant both in recognising the fundamental principle in the first place and in recognising the policy space granted. Importantly, the provision before domestic courts stands on the same footing as other provisions of the WTO, in particular GATT and GATS, which enjoy the same position in domestic law as the TRIPS Agreement. A domestic court thus would need taking into account, on par, all of WTO law.

⁴⁷ Case 270/80 *Polydor Ltd and RSO Records Inc. v. Harlequin Records Shops Ltd and Simons Records Ltd*, [1982] ECR 329, ECLI:EU:C:1982:43.

⁴⁸ OJ L 1, 3.1.1994, pp. 194–196.

⁴⁹ Thomas Cottier, Rachel Liechti, *Ist die einseitige statuierte regionale Erschöpfung im schweizerischen Patentrecht mit dem WTO-Recht vereinbar?* Rechtsgutachten erstattet dem Institut für Geistiges Eigentum Bern (5 October 2007); www.ige.ch/fileadmin/user_upload/andere/Juristische_Infos/d/j10071d.pdf, (accessed 2 March 2020).

⁵⁰ Case E-2/97 *Mag Instruments Inc. v. California Trading Company Norway*, Advisory Opinion (3 December 1997), [1997] EFTA Ct. Rep. p. 127.

⁵¹ *Supra* (n 7).

⁵² See Thomas Cottier, *The Role of Domestic Courts in the Implementation of WTO Law: The Political Economy of Separation of Powers and Checks and Balances in International Trade Regulation*, in Amrita Narlikar, Martin Daunton, and Robert M. Stern (eds.), *The Oxford Handbook on the World Trade Organization* 607–631 (Oxford: Oxford University Press 2012).

II. Trademark Rights Conferred (Article 16)

While Article 6 TRIPS addresses exhaustion, other provisions of the same agreement are otherwise important to the underlying issue of parallel trade and reimportation, bringing about a second exception to the carve-out. In defining the scope of trademark protection, Article 16(1) provides that '[i]n case of the use of identical sign for identical goods or services, a likelihood of confusion shall be presumed'. The provision facilitates combating counterfeiting and places the burden of proof on the defendant to rebut the presumption. In the case of parallel importation of original and identical products that are placed on the market abroad by the same multinational company and its subsidiaries, it can be readily demonstrated that there is no likelihood of confusion – in fact, that there is no confusion at law. As a consequence, trademark protection cannot be invoked, and the importation of such goods cannot be barred even under a doctrine of national or regional exhaustion. The particular configuration of importation of identical products placed on different markets by the same company and its subsidiaries therefore result in effect in applying the doctrine of international exhaustion in trademark law. The effect is in line with the International Law Association (ILA) recommendation to apply international exhaustion in trademark law⁵³ and a widespread practice to this effect in many countries.

The provision, however, also explains why multinational companies, while using the same trademark in different countries, modulate the physical property of products – such as coffee or chocolates – in terms of quality and composition in order to establish a likelihood of confusion, based upon which market segmentation and effective price differentiation can be achieved.⁵⁴ While Article 16 TRIPS introduces international exhaustion for identical products by the back door, so to speak, it is important to note that this merely amounts to a minimal standard which can be overcome by more stringent protection. Thus, the doctrine of regional exhaustion in EU law overrides the effect of Article 16 and allows companies to prevent and bar parallel trading into the European Union even of identical products under trademark law.⁵⁵

Even within the European Union, protection goes further and undermines the regional exhaustion of rights. The Court of Justice ruled that the scope of trademark protection includes the aura of the environment of sales, thus barring the sale of luxury products to discount stores even by third parties.⁵⁶ It is examined below whether regional exhaustion and restrictive use are also consistent with GATT rules.

⁵³ ILA Res. No 2/2000 International Trade Law, London 25–29 July 2000, in particular para. 8. The recommendation was based upon the Report by F. M. Abbott *supra* (n 12).

⁵⁴ See also Section D.II.4.g. in this chapter.

⁵⁵ Freytag (n 1) 222–226.

⁵⁶ Case C-58/08 *Copad SA v. Christian Dior couture SA*, [2009] ECR I 3421, ECLI:EU:C:2009:260.

Yet, to the extent that domestic law does not settle the matter, parallel imports cannot be banned in accordance with Article 16 TRIPS, given the direct effect or consistent interpretation of domestic law.

III. *Patent Rights Conferred (Article 28)*

The minimal scope of patent rights under the TRIPS Agreement explicitly includes the importation of products. It was argued that the right to import inherently amounts to a doctrine of national exhaustion in patent law as minimal standards which cannot be undermined.⁵⁷ That point of view ignores that the right to import is subject to [Footnote 6](#) of the TRIPS Agreement, which refers to the application of Article 6. Thus, the right to import is effective under doctrines of national and regional exhaustion but void whenever a country opts for international exhaustion in patent law.⁵⁸ Therefore, an obligation to national exhaustion cannot be established under the TRIPS Agreement.

IV. *Compulsory Licensing (Articles 31 and 31bis)*

Article 31(f) TRIPS Agreement limits compulsory licensing to predominantly serve the domestic market. The provision does not allow for export licensing, and exports to third countries where the product is protected can be stopped by the rightholder. Legally, such trade is not parallel trade as the product is not original and the rightholder has not consented to the licence and to marketing. Legally, rights are not exhausted. In result, the TRIPS Agreement allows one to fully bar the exportation of such products. An exception to this exists for trade in pandemic drugs. The implementation of the 2001 Doha Declaration on the TRIPS Agreement and Public Health brought about an elaborate and restrictive system of trading under compulsory licensing of pandemic pharmaceuticals, allowing the exportation of medicines under patent protection to developing countries in need.⁵⁹ Article 31bis of the TRIPS Agreement imposes strict conditions prohibiting the re-exportation of such products and thus bans trading of such products, with a view to securing adequate supplies within countries in need and avoiding price undercutting on third markets. The ban on trade is essentially based upon the fact that these transactions are based upon compulsory licensing to which the rightholder has not consented. Rights therefore are not exhausted, and trade restrictions are justified.

⁵⁷ Joseph Straus, Implications of the TRIPS Agreement in the Field of Patent Law, in Karl Friedrich Beier and Gerhard Schrickler (eds.), *From GATT to TRIPs – The Agreement on Trade-Related Aspects of Intellectual Property Rights*, 18 *IIC Studies* 192 (Weinheim: VHC 1996).

⁵⁸ See also Freytag (n 1) 219–221.

⁵⁹ Abbott, Cottier, and Gurry (n 1) 274–287.

V. Control of Anti-competitive Practices (Article 40)

WTO law and the TRIPS Agreement do not yet entail substantive standards on anti-trust and competition law. Article 40 of the TRIPS Agreement, however, carves out domestic law to restrict 'specifying in their legislation licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market'. The TRIPS Agreement and its standards, including Article 6, cannot be invoked to limit the scope of anti-trust rules defined in domestic law. Parallel imports and the exhaustion of IP rights may thus be addressed both in rules relating to voluntary licensing – as well as other conditions unrelated to licensing. The latter include the possibility of regulating parallel traded goods and reimportation, with a view to avoiding market segmentation and price differentiation and resulting, in effect, in the adoption of international exhaustion – which amounts to a third exemption from the carve-out of Article 6 TRIPS. It is recalled that the case law introducing regional exhaustion into EU law based upon the free movement of goods in the 1970s⁶⁰ was substantially founded on competition law. As discussed, *Grundig/Consten* addressed market segmentation based upon domestic trademark law – which, at the time in France, was based on national exhaustion.⁶¹ While regional exhaustion was confirmed in the case law,⁶² qualifications subsequently emerged in the field of pharmaceuticals because strong regulatory government involvement in the sector precluded free trade.⁶³ In *Sot Lelos/GlaxoSmithKline*, the Court held that the refusal to supply wholesalers in order to prevent parallel imports amounts to an abuse of dominant position under Article 82 EC (102 TEFU), unless it can be demonstrated that the volume ordered substantially surpasses the past volumes required to mainly supply

⁶⁰ Case 78/70 *Deutsche Grammophon Gesellschaft mbH v Metro-SB-Großmärkte GmbH & Co KG*. [1971] ECR 487, ECLI:EU:C:1971:59 (copyright); Case 15/74 *Centrapharm BV and Adrian Peijper v. Drug Sterling Inc.*, [1974] ECR 1147, ECLI: EU:C:1974:114 (patents); Case 119/75 *Terrapin (Overseas) Ltd. v. Terranova Industrie CA Kapferer & Co* [1976] ECR1039, ECLI:EU:C:1976:94 (trademarks).

⁶¹ *Supra* (n 6).

⁶² Case 19/77 *Miller International Schallplatten GmbH v. Commission* [1978] ECR131, ECLI:EU:C:1978:19; Joined Cases 32/78, 36/78 to 82/78 *BMW Belgium and Others v. Commission* [1979] ECR 2435, ECLI:EU:C:1979:191.

⁶³ Opinion of Advocate General Jacobs 28 October 2004 (denying direct consumer benefits by pharmaceutical parallel trade due to state intervention) in case C-53/03 *Syfait and Others v. GlaxoSmithCline plc* [2005] ECR I-4609, ECLI:EU:C:2004:673, ECLI, EU:C:2005:333 (jurisdiction of completion authority to seek preliminary ruling denied). See Josef Drexl, Healing with Bananas – How Should Community Competition Law Deal with Restraints on Parallel Trade in Pharmaceuticals? in Josef Drexl, Reto. M Hilty, Laurence Boy, Christine Godt, and Bernard Remiche (eds.), *Technology and Competition – Contributions in Honour of Hanns Ulrich* 291 (Brussels: Larcier 2009); Andreas Heinemann, Intellectual Property Rights and Market Integration, in Steven Anderman and Ariel Ezrachi, *Intellectual Property and Competition Law: New Frontiers* 303–322 (Oxford: Oxford University Press 2011).

domestic markets.⁶⁴ Protection of parallel imports here is partly based upon protecting the single market of the European Union and partly based upon consumer welfare by allowing for lower prices, to the benefit of hospitals and health insurance. Accordingly, restrictions on parallel imports in pharmaceuticals were found justified if research funding suffers and price reductions are not passed on to consumers.

For similar reasons, the courts also endorsed the possibility of dual pricing in licensing agreements and thus restricting parallel trade. In doing so, the Court of First Instance (the General Court) relied on the rather economic approach of the Chicago School by justifying the implied restrictions to competition, whereas the European Court of Justice upheld the protection of competition as an institution and relied upon exceptions of Article 81(3) EC (Article 101(3) TEFU) to this effect.⁶⁵

The problem arose in the first place due to regional exhaustion which no longer allows barring parallel trade within the Union. The quantitative test introduced in the pharmaceutical sector, given strong government intervention and price controls, amounts de facto to a limitation of regional exhaustion. It seeks to prevent parallel trading and does not affect independent parallel trade effectively taking place. Beyond the Union, and in relation to third countries, there is no need for such restrictions due to regional exhaustion and the possibility to bar parallel imports in the first place. But the test adopted to rely upon existing market shares and the possibility to refuse excess supplies, with a view to limiting parallel trade, amounts to trade restrictions – which is of interest also from the point of view of rules on trade in goods, in particular GATT 1994. It may offer a less intrusive measure than banning imports outright under national or regional exhaustion.⁶⁶ We should also note that the arguments made relating to innovation and welfare are independent of the geographical scope of exhaustion. They may also be applied, and even more so, under the doctrine of international exhaustion.

D. THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT 1994)

I. *Quantitative Restrictions and National Treatment (Articles XI and III:4)*

Import restrictions on parallel trade in original products placed on markets abroad amount to quantitative restrictions, which in principle are outlawed by Article XI of the GATT: ‘No prohibitions or restrictions other than duties, taxes and other charges, whether effective through quotas, import or export licences or other

⁶⁴ *Sot. Lélos kai Sia EE and Others v. GlaxoSmithKline AVEE Farmakeftikon Proionton, formerly Glaxowellcome AVEE*, Joint Cases C-468/06 to C-478/06, [2008] ECR I 71 39, ECLI:EU:C:2008:504.

⁶⁵ Joint Cases 501/06, C-513/06, C-515/06 *GlaxoSmithKline Services and Others v. Commission and Others* [2009] ECR I 09291, ECLI:EU:C:2009:610.

⁶⁶ Section D.II.4.f. in this chapter.

measures, shall be instituted or maintained . . .'. Restrictions imposed at the border upon importation by measures enforced by customs authorities fall under this provision. Certain exemptions exist relating to agricultural products in Article XI (2). To the extent that regulations addressing parallel importation operate within Members upon importation, for example injunctions or damages awarded, they fall under the provision of national treatment in Article III(4) of the GATT, including border measures under the Note to Article III.

These rules apply irrespective as to whether goods imported are protected or not by IP rights. Hence, it is not necessary that measures applied to imported and domestic products are fully identical.⁶⁷ Substantive or procedural measures applying partly or exclusively to imported products, but not to domestically traded products, are dealt with as a violation of national treatment if they treat imported products less favourably than domestic like and competing products.⁶⁸ The doctrines of national and regional exhaustion, granting extended rights to rightholders, deploy such effects, whereas they are absent under international exhaustion, which treats imported and domestically traded products alike and does not entertain border measures focusing on the importation of products.

Matthew Kennedy submits a different view. He argues that IP protection (cum national or regional exhaustion) is controlled by Article III(4) GATT alone. Domestic regulation covers all laws, regulations and requirements affecting the internal sale, offering for sale, purchase, transportation and distribution of imported and domestic like products. Domestic IP laws implementing the TRIPS Agreement, including Article 6, correspond to that description, including border enforcement under the Ad Article III Note, which may be taken to exclude the application of Article XI.⁶⁹ Kennedy applies the approach taken by the Panel on Sec 337 Trade Act to parallel importation. Seizure of goods applies to both imported and domestic products as 'consignments imported through unauthorised channels can ultimately be of either origin, as can the products that the right holder authorises for supply of the domestic market', leaving WTO Members to adopt exhaustion rules according to Article 6 TRIPS.⁷⁰

⁶⁷ Note Ad Article III; European Economic Communities – Measures –Affecting Asbestos and Products Containing Asbestos, para. 891–8.92; 894–895, WT/DS/135/R (18 September 2000) (issue not appealed); India – Measures affecting the Automotive Sector para. 7.224, 2.296 WT/DS/R/46R/WT/DS175/R (21 December 2001): 'In support of the conclusion that while Article III:4 and XI:1 deal with "imported products" and "importation" respectively, . . . the Panel wishes to note that it sees merit in the proposition that there may be circumstances in which specific measures may have a range of effects. In appropriate circumstances, they may have an impact both in relation to the conditions of importation of a product and in respect of the competitive conditions of imported products on the internal market within the meaning of Article III:4. This is also in keeping that the same measure may be covered by different provisions of the covered Agreements.' (para. 2.296) (issue not appealed).

⁶⁸ United States – Section 337 of the Tariff Act of 1930, L/6439 (16 January 1989), 36 Suppl. 346.

⁶⁹ Kennedy (n 32), 234–238.

⁷⁰ *Id.* at 236 referring to Bayle (n 13), Abbott (n 12), and Bronckers (n 30).

This approach allows for reconciling GATT and TRIPS rules, thereby avoiding tension and conflict. However, from the trade angle, it does not consider the fact that the seizure of parallel imports at the border, or upon importation, is based upon an extended scope of IP protection (right to import) which does not apply to domestic products, which affects the conditions of competition between foreign and domestic products. Under exhaustion in any of the variants, there is no right to ban the parallel trade of products first sold on the domestic market and traded parallel to authorised channels. Whether or not Article XI GATT applies to such bans and seizures, we therefore find that national and regional exhaustion grants treatment that is less favourable to imported like products and thus is contrary to Article III(4) GATT.

II. *Protection of Intellectual Property Rights (Article XX(d))*

Violations of the prohibition of import restrictions and of national treatment may be justified under the provision of Article XX GATT. Additional exemptions, besides Article XI:2, exist in Article XXI (discussed below) and the Agreement on Safeguards for temporary relief. Import restrictions of products protected by IP rights – such as patent, trademarks, geographical indications, or copyright – may in particular take recourse to Article XX(d) of the General Agreement:

Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures:

...

(d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to customs enforcement, the enforcement of monopolies operated under paragraph 4 of Article II and Article XVII, the protection of patents, trade marks and copyrights, and the prevention of deceptive practices;

It will be argued that the ban on parallel trade under national or regional exhaustion (permitted under Article 6 TRIPS) readily meets the test of Article XX(d) GATT. National and regional exhaustion form part of the domestic rules and regulations to be enforced, and the ban on parallel trade is necessary to implement the rule. The analysis under Article XX(d), however, is more complex and not limited to the rule of national or regional exhaustion, but extends to the objectives and rules of the overall domestic system of IP as informed by international law, in particular the TRIPS Agreement.⁷¹ Article XX(d) entails a complex process of weighing and

⁷¹ See also Kennedy n 32 at 240.

balancing pertinent factors and interests at stake which transgress the specific rule on exhaustion.⁷²

In assessing exceptions invoked under Article XX GATT, jurisprudence of panels and the Appellate Body first examine two requirements of the subparagraphs invoked, namely, scope and necessity or relatedness, and turn to the so-called ‘chapeau’ in the third step.⁷³ We therefore start with the analysis of paragraph (d), which in particular invokes the protection of IP and the prevention of deceptive trade practices. There are essentially two tests to comply with. First, the measures and regulations at hand must serve laws and regulations which are themselves compatible with the General Agreement. Second, the measures taken must be necessary. The Appellate Body set out the requirements in *Thailand – Cigarettes* as follows:

177. A Member will successfully discharge that burden and establish its Article XX (d) defence upon demonstration of three key elements, namely: (i) that the measure at issue secures compliance with ‘laws or regulations’ that are themselves consistent with the GATT 1994; (ii) that the measure at issue is ‘necessary’ to secure such compliance; and (iii) that the measure at issue meets the requirements set out in the chapeau of Article XX. Furthermore, when Article XX(d) is invoked to justify an inconsistency with Article III:4, what must be shown to be ‘necessary’ is the treatment giving rise to the finding of less favourable treatment. Thus, when less favourable treatment is found based on differences in the regulation of imports and of like domestic products, the analysis of an Article XX(d) defence should focus on whether those regulatory differences are ‘necessary’ to secure compliance with ‘laws or regulations’ that are not GATT-inconsistent.⁷⁴

We note that the first requirement entails two components. First, laws and regulations must not be inconsistent with the provisions of GATT 1994. Second, the measure must be designed to secure compliance with such provisions, entailing an assessment of aptitude or capacity and thus the relationship of the two elements. Overall, Article XX(d) uses a three-step test. This essentially reflects an operation of the principle of proportionality, even though the term has not been explicitly used in WTO jurisprudence.⁷⁵

1. Laws and Regulations Not Inconsistent with the Agreement

Until recently, the provision of Article XX(d) was rarely referred to and used, and the requirement to secure compliance with laws and regulations not inconsistent with

⁷² For a detailed discussion see Henning Grosse Ruse-Khan (n 31) 305–319.

⁷³ United States – Import Prohibitions of Certain Shrimp and Shrimp Products, WT/DS58/AB/R (12 October 1998) paras. 115–121.

⁷⁴ Thailand – Customs and Fiscal Measures on Cigarettes from the Philippines WT/DS/371/AB/R (17 June 2011) para. 177.

⁷⁵ See Thomas Cottier, Roberto Echandi, Rachel Liechti-McKee, Tetyana Payosova, and Charlotte Sieber, The Principle of Proportionality in International Law: Foundations and Variations, 18 *Journal of World Investment & Trade* 628–672 (2017).

the GATT Agreement gave rise to confusion. How can this requirement be squared with the fact that the measure itself has been found inconsistent with Articles XI or III:4 of the GATT? In *Thailand – Cigarettes*, the Panel equated the measure found inconsistent under Article III to be relevant here and obviously engaged in erroneous circular reasoning,⁷⁶ while Thailand failed to properly identify the relevant measure to be realised by means of a rule inconsistent with Article III GATT, resulting in the failure of the defence.⁷⁷ In *Columbia – Textiles*, the Panel simply used its analysis under Article XX(a) on public morals and failed to complete the necessity test under Article XX(d). The finding was reversed by the Appellate Body.⁷⁸

The measure imposed and found inconsistent with Article XI or III(4) needs to be distinguished from the laws and regulations which it implements. In the present context, consistency or inconsistency do not relate to the doctrine of national or regional exhaustion, or the ban on parallel importation, but to the laws and regulations which the doctrine of national or regional exhaustion and the ban of parallel imports serve to implement and realise. This point is sometimes misunderstood and also leads to the said circular reasoning in the literature.⁷⁹

The rules at stake pertain to the domestic order. They may form part of international law as applied domestically, but cannot be those of others, for example partners of a free trade agreement.⁸⁰ Rules and regulations relate to conduct of kinds of actors, private or public, and encompass a broad range of measures.⁸¹ The Appellate Body considers the list of areas addressed to be illustrative and thus open-ended.⁸² In the case of IP, these are the rules relating to the scope of protection granted under domestic law to products protected as well as the very purpose of granting exclusive rights in these respective fields. Laws and regulations are not limited to specific functions but encompass the entire field subject to compliance. The Appellate Body held in *India – Certain Measures Relating to Solar Cells and Solar Modules*, referring to *Argentina – Financial Services*:

⁷⁶ *Thailand – Customs and Fiscal Measures on Cigarettes from the Philippines* WT/DS/371/AB/R (17 June 2011) para. 167.

⁷⁷ *Id.* para. 179.

⁷⁸ *Columbia – Measures Relating to the Importation of Textiles, Apparel and Footwear*, WWT/DS461/AB/R (7 June 2016) para. 5.133.

⁷⁹ E.g. *Chang-Fa Lo*, (n 29) at 80, ('[C]oncerning the exception under GATT Article XX:(d), although prohibiting parallel importation is about laws and regulations relating to the protection of patents, literally speaking it might not be easy to argue that such laws and regulations are not inconsistent with the provisions of the GATT 1994. It has already been indicated above that the prohibition of parallel importation is literally inconsistent with the provisions of Article XI.').

⁸⁰ *Mexico – Tax Measures on Soft Drinks and other Beverages*, WT/DS308/AB/R (6 March 2006) para 75, 77.

⁸¹ *India – Certain Measures Relating to Solar Cells and Solar Modules*, WP/DS465/AB/R (16 September 2016) para. 6.6.

⁸² *Id.* para 5.106

5.110 The Appellate Body has stated that a “measure can be said ‘to secure compliance’ with laws or regulations when its design reveals that it secures compliance with *specific rules, obligations, or requirements* under such laws or regulations”. It is important, in this regard, to distinguish between the specific rules, obligations, or requirements with respect to which a measure seeks to secure compliance, on the one hand, and the objectives of the relevant ‘laws or regulations’, which may assist in ‘elucidating the content of specific rules, obligations, or requirements’ of the ‘laws or regulations’, on the other hand. The ‘more precisely’ a respondent is able to identify specific rules, obligations, or requirements contained in the relevant ‘laws or regulations’, the ‘more likely’ it will be able to elucidate how and why the inconsistent measure secures compliance with such ‘laws or regulations’. Thus, in assessing whether an instrument constitutes a ‘law or regulation’ within the meaning of Article XX(d), a panel should also consider the degree of specificity or precision with which the relevant instrument lays down a particular rule of conduct or course of action within the domestic legal system of a Member, as opposed to simply providing a legal basis for action that may be consistent with certain objectives.⁸³

Applied to the field of IP, and to competition in a broader sense, it follows that law and regulations are not limited to specific provisions but envisage compliance with the system of IP as a whole, entailing all its relevant components in the domestic law at hand. It is not a matter of exclusively focusing on the purpose and scope of patents, trademark copyright and other forms in isolation but rather of taking into account the broader purpose of these rights within the overall system of economic law. This includes the goals and principles providing their foundations as well as offering the balance of the interests of the different stakeholders involved – and which the principle of exhaustion is supposed to serve. This is the landscape which also provides the background for assessing the aptitude (or capacity) and necessity of the measure which was found to be inconsistent in the first place with the provisions of the GATT Agreement.

While the matter of object and purpose of IP rights in the context of para (d) has not yet been addressed in WTO jurisprudence, the European Court of Justice in applying similar restrictions under then Article 30 EEC Treaty (now Article 36 TFEU) held, in *Merck/Stephar*, as follows: ‘It must be stated that in accordance with the definition of the specific purpose of the patent, which has been described above, the substance of the a patent right lies essentially in according the inventor an exclusive right of first placing the product on the market’.⁸⁴ The Court thus concluded that the importation of pharmaceuticals first marketed in a country short

⁸³ India – Certain Measures Relating to Solar Cells and Solar Modules, WP/DS465/AB/R (16 September 2016) para. 5.110, 5.111, referring to Argentina – Measures Relating to Trade in Goods and Services, WT/DS453/AB/R (14 April 2016) 6.203, fn 495 to para. 6.203, fn 505 para 6.208 (footnotes omitted).

⁸⁴ Case 187/80 *Merck & Co Inc. v. Stephar BV and Petrus Stephanus Exler*, [1981] ECR 2063 para. 9, ECLI:EU:C:181:180.

of patent protection into a Member granting such protection does not amount to a violation of the patent right. Article 36 TFEU does not entail the requirement of laws and regulations not inconsistent with the agreement. Applying the findings of the court to Article XX(d) GATT, it would read that the measure imposed – namely, banning importation – does not serve the purpose and scope of patent rights as recognised by the agreement.

The question is whether GATT law equally limits the function of patents and other rights to the right to define the first sale. We do not think so. The European Court of Justice ruled prior to the advent of TRIPS Agreement and prior to the harmonisation of patent law in the EU. The very purpose of patent law, and indirectly also of trademark and copyright law, is to reward for investments made and to allow appropriate compensation, which are necessary to incentivise investments in light of market failures otherwise existing in non-rivalrous and non-exclusive information markets. Borrowing from competition law, we also include the function of consumer welfare in this equation, which is inherent to the goals of IP. In assessing the functions of IP, the principles and objectives in Article 7 of the TRIPS Agreement, binding upon Members, must be taken into account as relevant context. That includes the promotion of technological innovation and the transfer and dissemination of technology ‘to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to balance rights and obligations’. In addition, the principles set out allowing Members ‘in formulating or amending their laws (not necessarily limited to IPRs) adopt measures necessary to protect public health and nutrition and to promote the public interest in sectors of vital importance to their socio-economic and technological development’ need to be taken into account. Implicitly, this agenda also relates to human rights and the Sustainable Development Goals (SDGs). These measures also include appropriate disciplines against the abuse of IP rights (Article 8:2 TRIPS). A more complete mission statement would include product differentiation, preventing consumer deception (trademarks) and the promotion of cultural diversity and values (copyright). Finally, it should be added that combating counterfeiting and the use of IP without consent amounts to the major purpose of IP, albeit outside the realm of parallel trade in original goods.

The protection and enforcement of IP in domestic law must serve all these ends, which places IP in the broader framework of international economic law. It is not limited to defining the first sale of a protected product. Nor is it limited to the protection of investment, but serves the purpose of a multitude of goals fostering consumer welfare – which needs to be taken into account in balancing the partly competing interests at hand.

It would seem that these objectives and goals all are in line with the provisions of the GATT Agreement, as it broadly recognises the protection of IP rights in Article XX GATT and in Article IX recognises marks of origin as well as non-trade related concerns. Moreover, the objectives are in line with the TRIPS Agreement, the very

purpose of which is to provide such protection and define the scope of rights in greater detail. Whatever the regulation of parallel trading, it should support the goals and objectives set out above.

Under the rules of Article 31(3)(c) of the Vienna Convention on the Law of Treaties, the provisions of the TRIPS Agreement need to be taken into account in interpreting the notion of ‘not inconsistent with this Agreement’. We therefore conclude that – unlike the limitation on first sale in EU law – the protection of investment and of consumer welfare is not inconsistent with the agreement and restrictions of trade compatible with the first condition under Article XX(d) GATT. We thus turn to the requirement of necessity of such measures.

2. Not Incapable to Secure Compliance with Laws and Regulations

Further specifying the requirements of Article XX(d), the Appellate Body held in *Korea – Various Measures on Beef* that the measure must be one ‘designed’ to secure compliance with the laws and regulations that are not inconsistent with some provisions of GATT 1994:

157 For a measure, otherwise inconsistent with GATT 1994, to be justified provisionally under paragraph (d) of Article XX, two elements must be shown. First, the measure must be one designed to ‘secure compliance’ with laws or regulations that are not themselves inconsistent with some provision of the GATT 1994. Second, the measure must be ‘necessary’ to secure such compliance. A Member who invokes Article XX(d) as a justification has the burden of demonstrating that these two requirements are met.⁸⁵

In *India – Certain Measures Relating to Solar Cells and Solar Modules*, the Appellate Body elaborated on the requirement that the design must be capable of securing compliance with laws and regulations found consistent with GATT:

5.58 As to the first element of the analysis contemplated under Article XX(d), the Appellate Body has stated that the responding party has the burden of demonstrating that: there are ‘laws or regulations’; such ‘laws or regulations’ are ‘not inconsistent with the provisions of the GATT 1994; and the measure sought to be justified is designed ‘to secure compliance’ with such ‘laws or regulations’. An examination of a defence under Article XX(d) thus includes an initial, threshold examination of the relationship between the challenged measure and the ‘laws or regulations’ that are not GATT-inconsistent so as to determine whether the former is designed ‘to secure compliance’ with specific rules, obligations, or requirements under the relevant provisions of such ‘laws or regulations’.⁸⁶

⁸⁵ Korea – Measures affecting Imports of Fresh, Chilled and Frozen Beef, WT/DS161/AB/R, WT/DS169/AB/R (11 December 2000) para. 177.

⁸⁶ India – Certain Measures Relating to Solar Cells and Solar Modules, WP/DS465/AB/R (16 September 2016) para. 5.58.

It is thus a matter of demonstrating a relationship between the measure challenged and the laws and regulations not inconsistent with GATT 1994, and assessing whether the measure is not itself ‘incapable’ to secure compliance with such laws and regulations – before necessity can be assessed. Capability and necessity thus amount to two elements otherwise assigned to the principle of proportionality in international and domestic law, but not deployed in WTO law.

The doctrine of exhaustion of IP rights clearly serves the purpose of defining the scope of rights and bringing about legal security in commerce related to products protected by IP. The issue before us is whether the same holds true for its geographical variants of national and regional exhaustion (both found to contravene Articles XI or III GATT), which enlarge the scope of rights compared to the domestic realm. Rightholders enjoy enlarged powers to control markets. The ban on parallel imports thus affects the balance of rights and obligations within the system of IP protection and its different forms to which laws and regulations in the present context relate. It was seen that all its objectives need to be taken into account and cannot be limited to the protection of investment and innovation. The dissemination of technology and consumer interests equally need to be considered.

Clearly, the right to ban parallel imports on the basis of national and regional exhaustion is capable of strengthening the position of rightholders – which explains the strong support for the right among industry. It is a different question whether banning parallel imports is equally capable of serving other goals and objectives of IP protection and of maintaining an overall balance between rightholders and users within the system. Resulting market segmentation and price differentiation may weaken the dissemination of products and of technology and potentially hamper consumer interests. At the same time, they may benefit consumer and public interests through fostering research capacities and output. The answers depend upon empirical studies on parallel importation.

It is interesting to observe the resemblance between the analysis here and the one undertaken under competition law to assess the limitations to sell or of a dual pricing system, both limiting parallel trade by selling restrictions.⁸⁷ All pertinent interests need to be considered in the examination and equation, and much will depend upon the finding regarding whether national or international exhaustion are equally beneficial for consumers and the public at large. It is at this stage that the economic analysis of parallel importation needs to be considered. Empirical studies have been scarce, and the field remains a somewhat grey area. The theoretical literature, led by Keith Maskus and Mathias Ganslandt, shows a complex configuration which strongly depends on the particularities of a sector and regulatory environment, including trade and transportation costs, and which does not lend itself to conclusions one way or another as to whether the prohibition of parallel

⁸⁷ Section C.V. and D.II.4.f. in this chapter.

trade is capable of producing welfare effects.⁸⁸ Parallel trade often takes place on the wholesale level, allowing for differentiated pricing in retail.

Much also depends on the findings regarding whether parallel trade produces these effects for consumers and the public at large and whether gains are passed on to society, for example in public health and insurance, or instead are substantially pocketed by parallel traders who free-ride and undermine the research capacities of rightholders. A ban might not be suitable to produce such effects in the context of regional integration. In the context of the European Union, national exhaustion of rights was – and will be – found unable to secure the goals of market integration and the creation of corresponding welfare effects, despite resisting industry interests. Empirical studies in pharmaceutical trade have confirmed this finding.⁸⁹

A ban may be suitable among jurisdictions of great divergence and difference in economic and social development. In 1999, the National Economic Research Associates report on trademark exhaustion concluded that the introduction of international exhaustion in the European Union would have vastly divergent effects on different sectors.⁹⁰ The point is that the test of capacity and aptitude of a ban on parallel importation needs to be assessed on a case-by-case basis. The findings imply

⁸⁸ For a survey published in 2016 see Keith E. Maskus Economic perspectives on exhaustion and parallel imports, in Calboli and Lee (n 1) 106–124; Mathias Ganslandt and Keith E. Maskus, Intellectual Property Rights, Parallel Imports and Strategic Behavior, Research Institute of Industrial Economics, IFN Working paper No 704 (2007); Keith Maskus, Parallel Imports, 23 *The World Economy: Global Trade Policy* 1269–1284 (2000); Keith E. Maskus and Chen Yongmin, Parallel Imports in a Model of Vertical Distribution: Theory, Evidence and Policy, 7 *Pacific Economic Review* 319–334 (2002); Keith E. Maskus and Chen Yongmin, Vertical Price Controls and Parallel Imports: Theory and Evidence, 12 *Review of International Economics* 551–570 (2004); Kamal Saggi, Market Power in the Global Economy: The Exhaustion of Intellectual Property, 123(567) *The Economic Journal* 131–161 (2013), particularly focusing on interests to trade with developing countries and the impact of national and international exhaustion on export incentives of firms.

⁸⁹ ‘The most frustrating feature of parallel imports for researchers is that data about them are extremely scarce and hard to locate’, Maskus in Calboli and Lee (n 1) at 109; see for empirical data Matthias Ganslandt and Keith E. Maskus, *Parallel Imports of Pharmaceutical Products in the European Union*, World Bank, Policy Research Paper 2630 (Washington: The World Bank 2001), finding that prices of drugs subject to competition from parallel imports increased less than those of other drugs between 1995 and 1998, examining the impact of moving to regional exhaustion by Sweden upon joining the EEA. Roughly three-quarters of the effect is attributed to parallel imports and one-quarter to prices lowered by manufacturing firms. Tomaso Duso, Annike Herr, and Moritz Suppliet, *The Welfare Impact of Parallel Imports of Parallel Imports: A Structural Approach Applied to the German Market for Oral-Anti-diabetics*, Düsseldorf Institute for Competition Economics, Discussion Paper No 137 (Düsseldorf: Düsseldorf University Press 2014) found that parallel imports of oral anti-diabetic drugs at the time reduced the price of patented drugs by 11 per cent and did not have a significant effect on generic drugs. Parallel imports reduced the profits of original German producers by 37 per cent per year, but only a third of it is appropriated by the importers.

⁹⁰ ‘Our analysis shows that the consequences of change are complex, and may vary considerably both between sectors, and between products within a sector. In our analysis, we have attempted to identify those factors that are likely to be important for different sectors’, National Economic Research Associates (NERA) and SJ Berwin & Co, *The Economic Consequences of the*

that both national and regional exhaustion are conceptually overbroad as they also entail configuration where they are not capable of enforcing the laws and regulations of the domestic IP system.

For cases where the capacity of restrictions on parallel trading to secure compliance with the overall IP system, its rights, objectives, and principles is affirmed, we turn to the third test of necessity.

3. Necessary to Secure Compliance with Laws and Regulations

Necessity in terms of Article XX(d) GATT amounts to a demonstration that the measure is (i) indispensable to achieve the goals of said laws and regulations and (ii) that no reasonably available less intrusive alternative exists. In WTO case law, the burden of proof to show that the measure is not necessary lies with the claimant, challenging the ban on parallel trade and thus of national or regional exhaustion.

Necessity in the case law entails a process of balancing different interests and of assessing whether the measure is well calibrated to the cause and purpose. Interests of rightholders need to be balanced with public interests in securing adequate supplies at reasonable costs and in fostering competitive relations. For example, in pharmaceuticals, the interests of rightholders to recuperate investment and to fund research and innovation, shared with the health system and consumers, need to be balanced against the financial constraints of the health system and the interest of consumers and hospitals to foster competition and to have access to less expensive medication – which supports parallel traded original and generic products.

The Appellate Body held in *Korea – Various Measures on Beef* that balancing and weighing of these factors results in a determination of whether or not the measure is indispensable. The spectrum ranges from necessity in terms of indispensability to the quality of making a contribution to secure compliance with laws and regulations, taking into account the importance of public interests at stake.⁹¹

164 In sum, determination of whether a measure, which is not ‘indispensable’, may nevertheless be ‘necessary’ within the contemplation of Article XX(d), involves in every case a process of weighing and balancing a series of factors which prominently include the contribution made by the compliance measure to the enforcement of the law or regulation at issue, the importance of the common interests or values protected by that law or regulation, and the accompanying impact of the law or regulation on imports or exports.⁹²

Choice of a Regime of Exhaustion in the Area of Trademarks: Final Report for DG XV of the European Commission, 8 February 1999, at 109.

⁹¹ *Korea – Measures affecting Imports of Fresh, Chilled and Frozen Beef*, WT/DS161/AB/R, WT/DS169/AB/R (11 December 2000) para. 161–162.

⁹² *Id.* para. 164.

In *Argentina – Financial Services*, the Appellate Body recalled that in balancing these factors, the trade restrictiveness of the measure and the importance of laws and regulations to be enforced need to be considered. The analysis cannot be limited to an assessment of whether or not the measure involves some restrictions on trade.⁹³

As a practical matter, is it up to the defendant to convincingly demonstrate that national or regional exhaustion is indispensable to – or at least contributes to – a secure return on investment as well as consumer welfare and other non-trade concerns mentioned above. Such demonstration can be readily provided in combating counterfeited and pirated products, as rights are not exhausted in the first place. Similarly, necessity can be demonstrated in the case of importation of products made under compulsory licensing for which IP does not allow for exportation, with the exception of pandemic drugs. Necessity is more difficult to demonstrate in the case of banning the import of original products.

Article 6 TRIPS is relevant in the context and needs to be considered in assessing necessity under Article 31(3)(c) of the Vienna Convention on the Law of Treaties. It has to be taken into account because it could inform the application and interpretation of Article XX(d) and the necessity test. WTO Members using national or regional exhaustion will argue that the ban on parallel imports is indispensable to enforce IP rights as defined in domestic law, which entails market segmentation and price differentiation. It will also be argued that GATT and TRIPS do not exclude the national and regional exhaustion of IP rights and that Article 6 TRIPS explicitly allows for these as a matter of policy space. But Article 6 TRIPS does not prejudice the answer. Neither is there a right and a requirement for Members to use these doctrines under international law, nor a prohibition to use them. As stated at the outset, Article 6 TRIPS does not consume the application of other WTO agreements, and exhaustion remains subject to the disciplines of other WTO agreements to the extent that they address parallel importation. In result, Article 6 does not dispense from demonstrating under Article XX(d) GATT that a ban on parallel importation is indispensable to secure the enforcement of IP protection.

The fundamental question therefore is whether any import restrictions are indispensable to protect the purpose of IP in terms of investment protection, advancing innovation, consumer welfare and the general interests of the public at large. If the restrictions are limited to protecting the right of first sale, as held in *Merck/Stephar* above,⁹⁴ it is evident from that logic that no restrictions are justified, resulting in the doctrine of international exhaustion. However, we look only at the right to first sale but also the system as a whole regarding the laws and regulations relating to IP. Hence, maximising rents by means of market segmentation, serving the dual goals of

⁹³ *Argentina – Measures Relating to Trade in Goods and Services* WT/DS453/AR (14 April 2016) para. 6.234.

⁹⁴ *Supra* (n 84).

recuperating investment and making profit (with a view to fund research and further product development), must be balanced with public interests in terms of price competition, adequate supplies and access – all with a view to fostering consumer welfare.

Banning parallel trade amounts to the most restrictive trade measure available in terms of quantitative restrictions on importation. At the same time, it is unclear to what extent the measure, if enforced, contributes to welfare. Even in cases where the banning of imports shows such effects, it is doubtful that they outweigh the gains to the overall system of IP protection, innovation and the welfare of an economy. In addition, it should be noted that enforcement fully depends upon the initiative of the rightholder and is not enforced by government *per se*. This is yet another indication that the public interest at stake is of much lower weight than the trade restrictiveness of banning parallel importation in the first place.

Balancing these interests may result in different outcomes, depending on the industry and product involved. Again, recourse to economic analysis is required. The matter varies from case to case. Particular configurations may exist in the fields of pharmaceuticals and chemical products that are subject to regulatory approval and price controls, which need to be taken into the equation. There may be configurations where restrictions of parallel trade may be justified under the necessity test, making at least a contribution to the enforcement of laws and regulations. A ban on parallel trade found to be capable of securing compliance with IP protection is likely to pass the first test of necessity, as it makes at least a contribution to this effect, even though it is not indispensable to produce the welfare effects sought by laws and regulations. At the same time, the balancing test again shows and confirms that outright prohibitions of parallel imports under national or regional exhaustion, as applied to third countries, are overbroad as a matter of principle. They inherently include configurations where this requirement of necessity is not met. They *per se* do not stand the test of necessity under Article XX(d) in the abstract.

The second test of assessing whether reasonably less intrusive alternatives are available is more important in the present context. It is understood that – in line with the principle of proportionality – alternative measures inherently are deemed less intrusive than the measure challenged. The test faces the difficulty that the claimant needs to show what is good for another jurisdiction, while the government of the latter insists that the measure is necessary and respects the principle of proportionality – that is, no less intrusive instrument can effectively achieve the goals of law or regulation. We also note that in the field of environmental protection, a different and less stringent standard of relating to the environmental law and regulations applies under Article XX(g) GATT, which does not apply in the present context. For example, in *EC – Trademarks and Geographical Indications*, the Panel found that the possibility of reporting or inspection offers a reasonable and less intrusive alternative to the requirement of mandatory foreign government participation in

the protection of geographical indications (GIs). It is up to the claimant to demonstrate that a less intrusive alternative is reasonably available. It is important to note that the burden of proof to maintain the measure being imposed and challenged lies with the defendant.⁹⁵

In the present context, it is a matter of assessing whether a ban on parallel importation that is found to be capable and which makes at least a contribution to enforcing laws and regulations relating to the overall IP system is necessary, in the sense that less intrusive alternatives to achieve such implementation of objectives, principles and rights of IP are not reasonably available. We recall that the ban on parallel importation amounts to quantitative import restrictions or a violation of national treatment and is thus in conflict with the fundamental principles of WTO law. We also recall the finding that a ban on parallel importation strongly depends upon the particular configuration and the context and that a general rule of national or regional exhaustion is overbroad.

The question is whether alternative measures need to be located within the regulatory world of IP itself, or whether governments, instead of authorising outright market segmentation, can and should refer to other public policy tools. In addition, the question arises to what extent answers can be found within the realm of private conduct, subject to disciplines of competition law and policy. We note that parallel trade is a problem mainly in areas subject to strong governmental intervention and regulation, in particular in the field of pharmaceuticals. These products are not solely subject to IP protection but rather a host of regulation, ranging from funding basic research and training to regulatory approval and price controls as well as competition law. It does not amount to a major shift to address ad hoc the problems of parallel importation by other and newer means, short of imposing a general ban on the basis of national exhaustion. The same applies for customs union operating regional exhaustion, in particular the European Union.

4. Less Intrusive Policy Options and Instruments

It is submitted that a number of less intrusive measures are possibly available for addressing legitimate concerns. These tools may be employed in different sectors, essentially replacing a general ban on parallel importation. Without going through a GATT analysis, Frederick Abbott suggests a similar approach in addressing the complexities of the pharmaceutical market by trade policy and trade regulations tools.⁹⁶ Some are governmental, falling under the ambit of WTO law (a–c). Others pertain to contractual relations and the realm of competition law, which is not

⁹⁵ European Communities – Protection of Trademarks and Geographical Indicators WT/DS174/R (15 March 2005) para. 7.459.

⁹⁶ Frederik A. Abbott, *Parallel trade in pharmaceuticals: trade therapy for market distortions*, in Calboli and Lee (n 1) 145–165.

addressed in WTO law but is admissible under Article 40 TRIPS (d–f). While the first group entails governmental administration, the latter remains in the hands of operators and thus does not fundamentally alter allocation of powers in managing imports and exports.

Finally, in examining alternatives to national and regional exhaustion, today's realities of international online sales need to be taken into account. The aptitude and capability of banning parallel importation with a view to segmenting the markets, in the age of international online trading, is seriously questioned. The doctrine depends upon private action and does not involve public enforcement at the border or inside the country, except by courts of law and custom authorities acting upon private action. The original market of products is increasingly difficult to trace, and customs authorities are unable to stop consignments other than through random checking. Traditional tools, such as preliminary injunctions of courts, fail to work in online business. Alternative measures therefore may not only be less intrusive but also more suitable and capable than an outright ban on parallel trading.

A. IMPORT AND EXPORT TARIFFS Members of the WTO are entitled to apply import and export tariffs to protect domestic production or needs, within the limits of bound tariffs in their respective schedules of commitment.⁹⁷ Members of the WTO can possibly reduce the problems caused by varying purchasing powers of different countries, which leads to price differentiation, by imposing applied tariffs on parallel imported products – with a view to protect domestic production and in particular research activities. The option of increasing trade costs has not been actively studied and used to this effect, as the reduction and elimination of product tariffs has been a major goal of multilateral trade negotiations and free trade agreements. Tariffs, of course, induce higher consumption prices and in effect burden domestic consumers. Tariffs therefore cannot be used in isolation, but may complement other measures, with a view to achieving an overall balance of interests by protecting the prices ranges of domestic research industries and eliminating undercutting imports by parallel traded products. At any rate, tariffs are less intrusive than the effects of national or regional exhaustion amounting to outright import restrictions. Countries facing the problem of shortage of supplies due to parallel exportation and sales of stock at higher pricing abroad may resort to export duties on such products. These measures are less intrusive alternatives compared with quantitative restrictions under the necessity test of Article XX(d) GATT. The options are not available within customs unions and free trade agreements under Article XXIV GATT, which bans the imposition of new tariffs and requires existing ones to be gradually dismantled.

⁹⁷ Thomas Cottier and Matthias Oesch, (n 15), 595–607.

B. LABELLING Parallel traded products are genuine and of equal quality. They are subject to the same technical standards and regulations under the TBT Agreement.⁹⁸ They are essentially the same, and consumers are not deceived. Producers may be required to label products by indicating market destinations and product characteristics in order to inform consumers and traders alike. The practice is well known in the distribution books under copyright protection, justifying different price levels. Labelling has been recognised under the TBT Agreement as a main alternative to quantitative restrictions and a viable alternative under the necessity test.⁹⁹ It entails both voluntary standards and mandatory regulation. In the end, consumers should decide what they buy, independently of the geographical origin of the product.

The law on labelling is essentially controlled by the TBT Agreement, and particular labels may be challenged under these provisions. Labelling of products traded in the original form may require informing consumers about the original destination for sale and consumption – and thus that the product is a parallel import (destined for sale and consumption in country X). The policy is of increasing importance in light of the online sales of products. Consumers ordering via the Internet should know about the origin and the markets of destination of products, in part to be sure that these products comply with the laws and regulations in force in the country of consumption. Labelling of regulated products often requires the repackaging of products for the purpose of parallel trade.

Pharmaceuticals are required to provide information in the language or languages of the country of importation, which may be different from the exporting country. Such requirements increase the costs and prices and may reduce the incentives to parallel trade in the first place. Particular provisions exist in the WTO for pharmaceutical products imported under Article 31bis of the TRIPS Agreement, restricting the re-exportation of products.

C. IMPORT AUTHORISATION AND LICENSING Governments may require import authorisation of products, in particular for pharmaceuticals, in relation to regulatory approval and marketing.¹⁰⁰ Article XIII provides the foundations for import licensing of products subject to quantitative restrictions or tariff quotas. The tool allows for calibrating applied tariffs and linking them to quantitative restrictions. This approach is clearly less intrusive than a flat ban on imports. Such prohibitions,

⁹⁸ See generally Thomas Cottier, Technology and the Law of International Trade Regulation, in R. Brownsword et al. (eds.) *The Oxford Handbook of Law, Regulation and Technology* 1017–1051 (Oxford: Oxford University Press 2017).

⁹⁹ E.g. United States – Certain Country of Origin Labelling (Cool) Requirements, WT/DS384/AB/R, WT/DS386/AB/R (29 June 2012); Australia – Certain Measures concerning Trademarks, Geographical Indications and other Plain Packaging Requirements applicable to Tobacco Products and Packaging, WT/DS345/R, WT/DS441/R, WT/DS458/R, WT/DS467/R (28 June 2018).

¹⁰⁰ For the example of Switzerland see Cottier and Leber, *supra* (n 28).

considering MFN, are deemed lawful only to the extent that the restrictions are not selective but apply to all Members alike.

In allocating quotas, GATT law requires taking into account existing and prospective patterns and volumes of trade. The Agreement on Import Licensing Procedures sets out a number of provisions to ensure fair and equitable procedures both for automatic and non-automatic licensing by government authorities.¹⁰¹ Importantly, the system is not limited to ‘first come, first served’ and existing patterns but also needs – in Article 5(j) – to be open for newcomers. While these rules mainly relate to the importation of agricultural products, it is conceivable to selectively apply them to sensitive parallel traded products with a view to managing overall supplies and striking a balance between domestic and imported products.

D. PRICE CONTROLS Members of the WTO are free to operate price controls over regulated products, in particular pharmaceutical and chemicals, applying to both domestic and imported products.¹⁰² Neither GATT nor TRIPS address the issue. Excessive controls, which erode returns on investment, may undermine the protection of patents as well as trademark law, in particular in the case of generics, and give rise to non-violation complaints under Article XXIII(1)(b) GATT. Such complaints, however, have been suspended for the TRIPS Agreement under an extended moratorium.¹⁰³ Moreover, price controls have been in place for pharmaceuticals in most countries and fail the basic test for non-violation complaint, which protects legitimate expectations and requires a measure to be unexpected.¹⁰⁴ Moreover, even if non-violation were to be found, measures need not be withdrawn.¹⁰⁵ Governments thus are able to address the problem of price undercutting and excessive pricing by setting price ranges for products, whether domestically sold or imported, and whether patented or under trademark protection (generics).

E. IMPLIED LICENSING Implied licensing has been a traditional tool in common law for addressing parallel trade prior to the advent of national and regional exhaustion. Implied licensing presumes that the rightholder does not object to importation or reimportation, unless explicitly stated otherwise. It only applies to contractual

¹⁰¹ See www.wto.org/english/docs_e/legal_e/legal_e.htm (accessed 2 March 2020)

¹⁰² Governments use such controls mainly in pharmaceutical markets, see OECD, *Pharmaceutical Pricing Policies in a Global Market* 97–115 (Paris 2008), read.oecd-ilibrary.org/social-issues-migration-health/pharmaceutical-pricing-policies-in-a-global-market_9789264044159-en#page1 (accessed 2 March 2020).

¹⁰³ WTO, ‘Non-violation’ complaints (Article 64.2), www.wto.org/english/tratop_e/trips_e/nonviolation_e.htm (accessed 2 March 2020).

¹⁰⁴ Thomas Cottier and Krista Nadakuwaren Schefer, Non-Violation Complaints in WTO/GATT Dispute Settlement: Past, Present and Future, in Ernst-Ulrich Petersmann (ed.), *International Trade Law and the GATT/WTO Dispute Settlement System*, 145–183 (The Hague: Kluwer 1997).

¹⁰⁵ Article 26 (1)(b) DSU.

relations; furthermore, it is less intrusive than the doctrines of national or regional exhaustion but more restrictive than international exhaustion. It allows companies to discipline wholesale and retail within the international distribution system, subjecting contractual violations to sale restrictions and damages, subject to disciplines of competition law and policy. Licensing thus may deploy a deterrent impact on parallel trade without banning it. The shortcoming of implied licensing is that it is limited to contractual relationship. It does not extend to parallel traders outside the system of distribution, to whom no contractual relation exists, and for which rightholders need to be able to rely upon their IP rights. While licensing may thus be a relatively unintrusive option for parallel trade within contractual relations, it does not offer an alternative to addressing outside and independent traders – which led to the doctrine of exhaustion as applied within a country.¹⁰⁶

F. RESTRICTIONS OF SUPPLY Companies seeking to limit parallel trade may reduce the supplies to destinations which may use those supplies to parallel export into other jurisdictions. Developing countries, fearing such effects in the pharmaceutical sector, partly refrained from adopting international exhaustion in patent and trademark law, as long as they do not yet dispose of effective disciplines in competition law or price controls. Restrictions of supply to wholesalers are not addressed by WTO law unless governments are directly or indirectly involved. These restrictions are subject to competition law and potentially amount to an abuse of a dominant position and the prohibition of cartels. Such measures are compatible with Article 40 TRIPS Agreement and may justify exceptions under Article XX(d) GATT and Article XIV GATS.

The case law of the European Court of Justice discussed calibrated restrictions of supplies in the wholesale supplies of pharmaceuticals, limiting in effect parallel trading in terms of government regulation, innovation and consumer welfare. It was seen that these factors may justify restrictions on a case-by-case basis, under Article 101(3) and Article 102 TEFU or by recourse to general regulation (block exemptions and guidelines).¹⁰⁷ Competition law and policy thus offers the potential for less intrusive and tailor-made answers to address the needs of specific sectors, compared with the doctrine of national and regional exhaustion. Problems relating to restrictions of digital trade, in particular the refusal to sell to foreign online customers or geo-blocking, may best be addressed with disciplines of competition law and policy.

The option presupposes that a Member State of the WTO disposes of a workable system of competition law. Much progress has been made in recent years with the support of the International Competition Network.¹⁰⁸ Common disciplines were

¹⁰⁶ Section A

¹⁰⁷ *Supra* (n 62).

¹⁰⁸ International Competition Network, www.internationalcompetitionnetwork.org/ (accessed 2 March 2020).

developed within comprehensive trade and cooperation agreements, in particular CETA between the European Union and Canada. However, the linkages discussed also support the case to bring back negotiations on minimal standards on competition law into the WTO and to explore and define the relationship between this body of rules and trade regulation.¹⁰⁹

G. PRODUCT DIFFERENTIATION Finally, producers may revert to product differentiation mainly in the field of trademark-protected goods. By alternating the physical properties of a product, the presumption of consumer deception using the same trademarks for the same products allows for banning the sale of such products marketed abroad upon importation due to trademark protection under Article 16 TRIPS Agreement.¹¹⁰ Such restrictions are not based upon national or regional exhaustion, but equally apply under the doctrine of international exhaustion due to the protection of consumers from deception. These restrictions, together with licensing and contractual relations, allow companies to partially segment markets and employ product differentiation in terms of physical qualities, restricting parallel trade if they wish to do so.

5. Chapeau of Article XX GATT

The chapeau of Article XX applies once the necessity test under Article XX(d) has been complied with (i.e. a ban on parallel trade is found justified). To the extent that such a ban is based upon the doctrine of national or regional exhaustion, the chapeau essentially addresses whether this amounts to an abuse of rights in a particular configuration at hand.¹¹¹ Outright prohibitions of parallel trade as applied *ergo omnes* should not pose a problem; complex regulations may treat different countries differently beyond the realm of Article XXIV GATT. Less likely, they will amount to a disguised restriction of trade, to the extent that the regulation is transparent and without a hidden agenda. It will be objected that a GATT approach lacks legal security and predictability, because it follows a case-by-case approach. In

¹⁰⁹ Robert D. Anderson, William E. Kovacic, Anna Caroline Müller, and Nadezhda Sporysheva, Competition Policy, Trade and the Global Economy: Existing WTO Elements, Commitments in Regional Trade Agreements, Current Challenges and Issues for Reflection, WTO Staff Working Paper ERSO-2018-12, 31 October 2018, pp. 57/58; https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3321116 (accessed 1 March 2020); Thomas Cottier, Competition and Investment: the Case for 21st Century WTO Law, in Katia Fach, Anastasios Gourgourinis, and Catherine Titi (eds.), *International Investment Law and Competition Law, Special Issue, European Yearbook of International Economic Law* 261 (Cham: Springer 2021); on previous work see WTO, Interaction between Trade and Competition Policy, www.wto.org/english/tratop_e/comp_e/comp_e.htm (accessed 1 March 2020).

¹¹⁰ See Section C.II. in this chapter

¹¹¹ United States – Standard for Reformulated and Conventional Gasoline (WT/DS2/AB/R (19 April 1996)); United States – Import Prohibition of Certain Shrimp and Shrimp Products, WT/DS58/AB/R (12 October 1998); Cottier and Oesch (n 15), 451–462.

reality, however, it is a matter of assessing the problem in a number of controversial sectors, in particular pharmaceuticals and chemicals and other goods subject to regulatory approval. The jury is still out, and it is here that national and regional exhaustion is defended most ardently.

In many areas of patent law and other forms of IP, the test is likely to confirm that less intrusive measures than national or regional exhaustion offer well calibrated solutions. The continued application of national and regional exhaustion thus essentially amounts to an exception which may or may not be justified in complex regulatory areas under the necessity test. The GATT rules substantially undermine the operation of national and regional exhaustion in international law, and we concur with the view that overall, a general ban on parallel imports does not meet the necessity test.¹¹² Predictability can be readily achieved by adopting, on the basis of GATT rules, a doctrine of international exhaustion subject to specifically defined exceptions and recourse to different policy tools in addressing specific problems in specific sectors.

III. National Security Exceptions (Article XXI)

National security was not at the forefront of trade rules until recently. The evolution of the digital and cyber economy mean that the role of big data and artificial intelligence is increasingly interlinked with security interests. Governments are entitled to adopt measures for their essential security interest in case of a national emergency. The Panel in *Russia – Traffic in Transit* held that the notion is justiciable and the provisions do not offer a general carve-out.¹¹³ Not any interest can be deemed to be essential and is subject to invocation in good faith.¹¹⁴ In the first case ever assessed, the Panel recognised situations of armed conflict, latent armed conflict, heightened tensions of crisis or of general instability, which entitle governments to invoke national security.¹¹⁵

It is difficult to anticipate how this situation translates into IP and parallel trade of hardware falling under GATT rules. Potentially, the importation of goods can be blocked under embargo and economic sanctions, irrespective of IP, which inherently includes parallel importation. Importation may be also blocked in the context of cyber-technology due to the risk of manipulation of products sold and marketed abroad for security reasons. The potential of abusing national security for political and protectionist reasons is increasing. National security and trade are increasingly

¹¹² The analysis confirms the view expressed prior to the adoption of the TRIPS Agreement, see Abdulqawi A Yusuf and Andrés Moncayo von Hase, Intellectual Property Protection and International Law – Exhaustion of Rights Revisited, 16 *World Competition* 116, 129 (1992); Frederick A. Abbott (n 12); Genovesi (n 30) at 221, but subject to prevailing Article 6.

¹¹³ *Russia – Measures Concerning Traffic in Transit*, WT/DS512/R (5 April 2019) para. 7.102–7.103.

¹¹⁴ *Id.* 7.132.

¹¹⁵ *Id.* 7.76–7.77.

overlapping, with the latter dominated by the former in the age of cyber-warfare and the digital economy. It will be a matter of developing more precise rules in the field. Importantly, however, the provision operates independently of the geographical scope of exhaustion. It also applies to international exhaustion and offers a safeguard of last resort.

E. THE GENERAL AGREEMENT ON TRADE IN SERVICES

The GATS seeks liberalisation of services in four modes of cross-border trade: to consumers, for consumption abroad, for investment abroad through commercial presence and for investment abroad through the presence of natural persons. While MFN applies across the board, national treatment is limited to particular concessions granted in schedules of Members, often subject to further qualifications.¹¹⁶ The relationship of GATS and schedules to IP has not been well explored. The same holds true for distribution services under Article III GATT. These issues may be relevant mainly in the field of copyright protection, which covers a number of important cultural and digital services.

The European Court of Justice held in *Coditel II* that cultural services and the right to control a performance is not subject to exhaustion.¹¹⁷ The redistribution of bought electronic books made available to an electronic library for redistribution was held by the Court in *Tom Kabinet* to amount to a communication to the public by the library and thus not subject to exhaustion.¹¹⁸ Exhaustion – let alone its geographical variants of national, regional and international exhaustion – increasingly seem outdated in services.¹¹⁹ The problem of legal security in downstream markets thus needs to be addressed by prohibitions or licensing, which in turn are subject to disciplines and competition or anti-trust law safeguarded by Article 41 and the principles of non-discrimination, both MFN and national treatment under Articles 3 and 4 TRIPS Agreement.

Products resulting from services, however, are not necessarily excluded from exhaustion.¹²⁰ The European Court of Justice held in *Usedsoft* that the right of distribution of a copy of a computer program is exhausted if licensed with a right to use the copy for an unlimited period.¹²¹ Problems relating to parallel trade thus cannot be excluded for resulting products in downstream markets. Such problems

¹¹⁶ For a detailed analysis see Nicolas F. Diebold, *Non-Discrimination in International Trade in Services: 'Likeness' in WTO/GATS* (Cambridge: Cambridge University Press 2010).

¹¹⁷ Case 262/81 *Coditel v. Cine Vog Films* [1982] ECR 3381, ECLI:EU:C:1982:334.

¹¹⁸ Case C-263/18 *Nederlands Uitgeversverbond et al. v. Tom Kabinet Internet BV et al.*, [Judgement of 19 December 2019], ECLI:EU:C:2019:1111.

¹¹⁹ Cf. Reto M. Hilty, 'Exhaustion' in the digital age, in Calboli and Lee (n 1) 64–82.

¹²⁰ Westerkamp (n 1) pp. 49–50.

¹²¹ Case C-128/11 *UsedSoft GmbH v. Oracle International Corp.*, Judgment of 3 July 2012, ECLI:EU:C:2012: 407.

are not yet well known, partly because most countries apply international exhaustion in the field of copyright.

Regional exhaustion, however, in the European Union may lead to comparable problems encountered under GATT rules. The ban on parallel importation of a product protected under copyright, trademark or patent law may undermine the value of commitments made in the schedules of concessions. Operators of Members may be entitled to cross-border trade and establishment but may be barred from importing products put on the market under a licence or acquired as a third party in another Member. For example, a company offering music streaming in the United States may be barred from offering licensed works in the European Union due to regional exhaustion of copyright, fostering market segmentation and eliminating competition despite the right to cross-border trade in the field of related cultural services. Access to websites may be blocked, or certain jurisdictions excluded from online sales of services. Or, assuming that big data is proprietary information and protected by copyright, the flows and use of such data licensed to a subsidiary in a different jurisdiction could be barred from being used under regional exhaustion within the European Union. Proprietary information stored by a company in a cloud in a particular jurisdiction and licensed for use could thus be stopped and banned from being used in the European Union by a third party without the consent of the rightholder. This may force rightholders to store proprietary information within the European Union in order to secure access and use. The impact of IP protection on managing and harnessing big data remains to be explored.¹²²

In the end, all of this could conflict with MFN obligations under Article II GATS and in sectors that are subject to schedules with national treatment obligations of Article XVII and Article VI. The latter provides that in scheduled sectors, 'each Member shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner'.

Under GATS, restrictions of national treatment and non-discriminatory market access may be justified under Article XIV GATS, which is modelled after Article XX GATT discussed above. Panels and the Appellate Body recognised the parallel structure and methodology with Article XX(d) GATT.¹²³ Interestingly, the provision does not entail an explicit reference to IP rights but is limited, in the present context, to measures necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this agreement, including those relating to (i) the prevention of deceptive and fraudulent practices. Panels and the Appellate Body recognised that the list is non-exhaustive.¹²⁴ Laws and regulations relating to IP

¹²² Cf. World Bank, *Harnessing the Power of Big Data for Trade and Competitiveness Policy* (Washington DC 2017) does not address intellectual property issues.

¹²³ United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services, WT/DS285/AB/R (20 April 2005) para. 6.537; Argentina – Measures Relating to Trade in Goods and Services WT/DS453/AB/R (14 April 2016) para. 6205–6.200.

¹²⁴ *Id.*

protection therefore are subject to the same analysis made under Article XX(d) GATT, including the necessity test discussed above.¹²⁵

Again, it would seem questionable that national exhaustion or regional exhaustion of IP rights, to the extent that exhaustion applies in the first place – such as in software – could be justified across the board as a matter of principle, which amounts to overbroad prescriptions, while restrictions may be justified on a case-by-case basis. Finally, it is important to note that national security exceptions under Article XIVbis may play an increasing role in areas related to the digital economy, and trade restrictions on IP-related products may be justified in defence of essential national security interests. For example, import restrictions on copyright-protected online software and updates of programs may be justified in these terms, even though a country operates international exhaustion in copyright law covering big data and digital trade. Overall, as under GATT, national and regional exhaustion is overbroad and may conflict with provisions of the GATS Agreement. On the other hand, the latter being stricter in scheduled sectors, undermines the operation of national and regional exhaustion and calls for tailor-made restrictions under Article XIVbis or the invocation of essential national security interests.

An entirely different issue here is the enforcement of such disciplines in the digital economy. It remains an open question as to how restrictions of electronic commerce induced by national or regional exhaustion can be effectively enforced.

F. PREFERENTIAL TRADE AGREEMENTS

Finally, we turn to the impact of Article XXIV GATT and Article V GATS allowing for the formation of the preferential trade agreements (PTAs). Such agreements privilege some states or separate customs territories and thus deviate from the MFN principle. Under the TRIPS Agreement [Footnote 1](#), as discussed earlier, such privileges are limited to customs unions and separate customs territories, but do not extend to free trade agreements and agreements on comprehensive economic cooperation where Members keep their own external economic regime.¹²⁶ Under GATT, privileges relating to parallel trade can be extended, and limited, to customs unions as well as to free trade areas. Under GATS, they can be extended to all Members of an economic integration agreement, essentially eliminating all discrimination of service providers.

Both Article XXIV(5)(a) and (b) GATT and Article V(4) GATS provide that regulations within the PTA must not (on the whole, in customs unions) be more restrictive towards the rest of the world. To the extent that a country allows for parallel trade and international exhaustion prior to joining a customs union or a PTA, a return to limitations of parallel trade and regional exhaustion is inconsistent

¹²⁵ See [Section D.II.](#) in this chapter.

¹²⁶ See [Section C.I.](#) in this chapter.

with these provisions. The *Silhouette* ruling of the European Court of Justice, mandatorily imposing regional exhaustion to Austria and leaving international exhaustion behind, was inconsistent with this requirement.¹²⁷ Article XIV and Article V GATS thus further undermine the doctrine of mandatory regional exhaustion applied across the board by the European Union and EEA, unless the latter keeps international exhaustion in relation to third countries in accordance with the *Maglite* ruling.¹²⁸

The discrepancy between GATT, GATS and TRIPS may explain why the doctrine of regional exhaustion, developed in the EEC, has not been extended to free trade agreements, with the exception of the EEA Agreement – which includes the EU Member States of Norway and Iceland. One would expect that regional integration amounts to a mainstay of modern economic trade agreements. In fact, the agreements remain silent or, in the case of the United States, positively prescribe national exhaustion of patents¹²⁹ or leave the issue entirely to the parties, such as in the 2020 United States–Mexico–Canada Trade Agreement (USMCA).¹³⁰

Importantly, the privileges accorded under regional trade and integration agreements can only stand to the extent that national or regional exhaustion can be justified under Article XX GATT. Where it is found that the necessity test is not met in the first place, the operation of national or regional exhaustion is undermined and preferential rules cannot be justified under Article XXIV either. The configuration again, as a result, steers towards the adoption of international exhaustion as a general rule, while leaving national and regional exhaustion to more specific sectorial exceptions.

G. CONCLUSIONS

Both GATT and GATS undermine the operation of national and regional exhaustion in Article 6 TRIPS by means of rules applicable to the restrictions of parallel trading. These agreements do not regulate parallel trade amounting to international exhaustion but rather result in treating national and regional exhaustion as subject to

¹²⁷ *Supra* (n 45).

¹²⁸ *Supra* (n 50).

¹²⁹ For example, the United States – Morocco Free Trade Agreement, Chapter 15 Article 9(4) ('Each Party shall provide that the exclusive right of the patent owner to prevent importation of a patented product, or a product that results from patented process, without the consent of the patent owner shall not be limited by the sale or distribution of that product outside its territory.') footnote providing for exceptions under licensing agreements omitted. ustr.gov/sites/default/files/uploads/agreements/fta/morocco/asset_upload_file797_3849.pdf (accessed 3 March 2020).

¹³⁰ Article 20.11 of the Agreement between the United States of America, the United Mexican States and Canada 7/1/20 completely leaves exhaustion to the Parties: 'Nothing in this Agreement prevents a Party from determining whether or under what conditions exhaustions of intellectual property rights applies under its legal system'; ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text%20%20Intellectual%20Property%20Rights.pdf (accessed 9 June 2021).

the disciplines of Article XI, III and XX GATT – in particular the necessity test, and thus also result in the need to calibrate rules on parallel trade in line with the principle of proportionality. The impact of GATS on parallel trade is much less explored and remains unclear. It may be largely non-existent, to the extent that copyright is operated under international exhaustion or rights to not exhaust in the first place in the digital age. It may, however, cause problems under regional and national exhaustion. Rights to provide services under the four modes of the agreement and in schedules may tend to undermine national exhaustion, to the extent that the latter impedes these market access rights by limiting cross-border trade in services protected by IP rights.

A comprehensive analysis of WTO rules shows that the issue of exhaustion is not limited to Article 6 TRIPS Agreement. Article 16 TRIPS shows that even provisions within that agreement have a bearing on parallel trade. While states formally remain free to define the geographical scope of exhaustion as they wish and prefer, the application of the GATT Agreement – and potentially also the GATS Agreement – undermines the operation of national and regional exhaustion. As a practical result, the multilateral trading system undermines the operation of national and regional exhaustion and implies that these doctrines are used as exceptions where less intrusive regulations are not workable.

In particular, the necessity test of Article XX(d) GATT and of Article XIV GATS, applying the principle of proportionality, does not allow for uniform answers. Based on the economic analysis of welfare effects, the answers will vary from sector to sector, from right to right and even within one field. Assessments may also differ in light of the industry and regulations at hand. It needs to be examined to what extent one of the tools listed, or additional ones, may satisfy the regulatory purpose of IP protection at hand. It is possible that national or regional exhaustion will stand the test, if workable and less intrusive alternatives fail. It however no longer stands as a general proposition across the board.

A close analysis of WTO law, in particular GATT 1994, reveals that the doctrines of national and regional exhaustion are constitutionally overbroad.¹³¹ They privilege rightholders in external relations on all accounts, and they go beyond the scope of rights in domestic commerce without assessing the welfare effects. Exhaustion is binary, either national or international in a particular case, and *tertium non datur*, granting additional rights in one case but not the other. Such rigidity is hardly able to cope with the complex economic configurations in different sectors identified by

¹³¹ The legal term ‘overbreadth’ originates in US constitutional law, relating to the first amendment of free speech. A law is void on its face if it ‘does not aim specifically at evils within the allowable area of [government] control but . . . sweeps within its ambit other activities that . . . constitute an exercise’ of protected expressive or associated rights, *Thornhill v. Alabama*, 310 US 88, 97 (1940); see Laurence L. Tribe, *American Constitutional Law* 710–718 (New York: The Foundation Press 1978) for further references. The doctrine is related to the principle of proportionality, as applied to legislation.

economists. A more nuanced approach is required in international economic law. An assessment under Articles XX GATT calls for a sectorial cost–benefit analysis, which may or may not justify the ban of parallel importation. The point is that under the text of necessity and proportionality, neither the test of capacity nor of indispensability can be met across the board, and in many configurations the concerns can be addressed by recourse to more specific trade instruments – entailing tariffs, labelling, import licences, price controls, restrictions of supply and product differentiation. These options often are not only less intrusive but also more capable to address modern regulatory challenges in parallel trade in the age of digital trade and climate change.

Today, tensions mainly arise in patent law. While there is a general trend in trademark and copyright to apply international exhaustion, the area of patent law – and in particular the pharmaceutical and chemical sector – remains conceptually controversial. The problem exists across the board for all forms of protection with the doctrine of regional exhaustion in the European Union. It is in patent and EU law that a more in-depth assessment and work on alternate and less intrusive regulations of parallel trade are warranted, which may eventually lead to the revision of Article 6 of the TRIPS Agreement. The adoption of international exhaustion in patent law by the US Supreme Court and by China pave the way to revisit national and regional exhaustion doctrines in domestic law and international agreements, taking into account WTO rules beyond the TRIPS Agreement. Technological developments will support this evolution. It would seem that the doctrine of national and regional exhaustion is increasingly ineffective in the age of digital economy and transboundary sales. Traditional tools of implementation in private law and border enforcement need to be redesigned for the digital age. Finally, the need for enhanced transfer of technology in renewable energy and sustainable agriculture, to address climate change mitigation and adaption, calls for rethinking the doctrine of national and regional exhaustion.¹³² It is imperative to encourage dissemination of clean technology as a matter of common concern of humankind.¹³³

We recall that Josef Kohler introduced the doctrine and notion of exhaustion in the process of nation building, without distinguishing between national and international exhaustion.¹³⁴ The doctrine was not meant to segregate markets beyond

¹³² Cf. Keith E. Maskus and Ruth L. Okedji, *Intellectual Property Rights and International Technology Transfer to Address Climate change: Risk, Opportunities and Policy Option*, ICTSD Issue Paper no 23 (Geneva 2010); Agnieszka A. Machinika, *TRIPS and Climate Change in the International Economic Order*, in Hanns Ullrich, Reto M Hilty, Matthias Lamping, and Josef Drexel (eds.), *TRIPS plus 20: From Trade Rules to Market Principles* 415–443 (Heidelberg, New York, Dordrecht, London: Springer 2016) – but neither source addressing parallel importation for renewable technology dissemination.

¹³³ Thomas Cottier, (ed.), *The Prospects of Common Concern in International Law* (Cambridge: Cambridge University Press 2021).

¹³⁴ *Supra* (n 5).

national borders, implying international exhaustion. Geography no longer should matter in exhaustion. It is time to go back to the roots of the doctrine and to address regulatory challenges by appropriate means and 'clinical surgery'. We should simply talk about the exhaustion of rights in international economic law and leave fine-tuning of cross-border parallel trading to international trade regulations in different sectors of the economy.

PART III

The Scope and Mechanisms of International Intellectual
Property Treaties

Universalism in International Copyright Law as Seen through the Lens of Marrakesh

Graeme B. Dinwoodie

ABSTRACT

The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled mandates exceptions in national copyright laws to ensure access to special-format copies of books for people who are blind and visually impaired; it also establishes mechanisms to facilitate cross-border access to those formats. The treaty was heralded by a wide range of commentators as a step in a new direction in international copyright law. This chapter assesses the treaty's significance through the lens of a consideration that has long been part of international copyright debates, namely, the push for a universal copyright law. I explore the ways in which the Marrakesh Treaty might alter our understanding of the notion (and mechanisms) of universalism in international copyright law. The chapter considers the universalist aspiration in the development of international copyright law and examines the range of mechanisms through which universalism might now be being pursued. Furthermore, I explain the conceptual features of Marrakesh that might signal a change in the international copyright landscape, because this treaty was a milestone in international copyright law. However, its importance might lie in several aspects that are not commonly discussed.

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A. INTRODUCTION

The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled (hereinafter “Marrakesh Treaty”) was adopted in 2013 and came into effect in 2016.¹ It has already been ratified by more than a hundred countries.² It mandates exceptions in national copyright laws to ensure access to special-format copies of books, including audio books and digital files, for people who are blind and visually impaired, and it establishes mechanisms to facilitate cross-border access to those formats.³ The treaty had an important effect even in countries that already had exceptions for the blind on the statute book. For example, the United States legislation had – for twenty years – contained limitations and exceptions that allowed certain authorized entities to provide published works in accessible formats (e.g., Braille, audio, and large print) to those who have print disabilities. However, in 2018, Congress revised that provision and inserted a new section (Section 121A) allowing authorized entities (typically non-profits operating to assist visually impaired people) to both export and import works in accessible formats between the United States and other countries that have signed the Marrakesh Treaty.⁴

¹ See Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, June 27, 2013, 52 I.L.M. 1312 (2013).

² See https://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=843/. There are presently seventy-nine contracting parties, but this number includes the European Union (with – sadly – now its mere twenty-seven members).

³ See generally LAURENCE R. HELFER, ET AL., *THE WORLD BLIND UNION GUIDE TO THE MARRAKESH TREATY: FACILITATING ACCESS TO BOOKS FOR PRINT-DISABLED INDIVIDUALS* (Oxford University Press 2017).

⁴ See also Directive 2017/1564/EU of the European Parliament and of the Council of 13 September 2017 on Certain Permitted Uses of Certain Works and Other Subject Matter

The Marrakesh Treaty was heralded by a wide range of commentators as a step in a new direction in international copyright law. Justin Hughes, who headed the US delegation to the diplomatic conference at which the treaty was adopted, described it as a “new, quite extraordinary, multilateral” instrument.⁵ Marketa Trimble, who has written about various complexities within the treaty, noted that “the Marrakesh Treaty is a different species of international IP treaty.”⁶ Mihály Ficsor reported its frequent description as “exceptional, unique and even historical.”⁷ And numerous other participants and commentators have described the conclusion of the treaty as “the Marrakesh Miracle.”⁸

This chapter assesses the Marrakesh Treaty’s significance through the lens of a consideration that has been an implicit – and sometimes explicit – part of international copyright debates since before the adoption of the Berne Convention in 1886, namely, the push for a universal copyright law. I explore whether and in what ways the Marrakesh Treaty might alter our understanding of the notion (and mechanisms) of universalism in international copyright law. To facilitate that assessment, Part B of the chapter considers the universalist aspiration in the development of international copyright law. Part C sets out the range of mechanisms by which universalism might now be being pursued in copyright law. And Part D explains the conceptual features of the Marrakesh Treaty, touching on the universalism debate that might cause it to signal a change in the international copyright landscape. The treaty was a milestone in international copyright law, as many scholars have argued. But its importance might lie in several aspects that are not often highlighted.

B. UNIVERSALISM IN INTERNATIONAL COPYRIGHT LAW

In his groundbreaking study of the first hundred years of the Berne Convention, Sam Ricketson suggested that the structure and content of the Berne Convention in 1886, and the evolution of Berne ever since, have been shaped by a battle between

Protected by Copyright and Related Rights for the Benefit of Persons Who Are Blind, Visually Impaired or Otherwise Print-Disabled and Amending Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, OJ L 242/6 (September 20, 2017).

⁵ See Justin Hughes, *The Marrakesh Treaty for the Blind – and the Future of Global Copyright*, The Media Institute (August 5, 2013), at <https://www.mediainstitute.org/2013/08/05/the-marrakesh-treaty-for-the-blind-and-the-future-of-global-copyright/>.

⁶ See Marketa Trimble, *The Marrakesh Puzzle*, 45 IIC 768 (2014).

⁷ See Mihály J. Ficsor, *Commentary to the Marrakesh Treaty on Accessible Format Copies for the Visually Impaired*, 1 (copy on file with author).

⁸ See, e.g., Catherine Saez, *Miracle in Marrakesh: “Historic” Treaty for Visually Impaired Agreed*, Intellectual Property Watch (June 26, 2013), at <https://www.ip-watch.org/2013/06/26/miracle-in-marrakesh-historic-treaty-for-visually-impaired-agreed/>; Vera Franz, *The Miracle in Marrakesh: Copyright Reform to End the “Book Famine”*, at <https://www.opensocietyfoundations.org/voices/miracle-marrakesh-copyright-reform-end-book-famine> (June 28, 2013).

what he called the “universalists” and the “pragmatists.”⁹ At the time of the inter-governmental meeting in 1883 to form the Berne Union, attempts were made – particularly by the German delegation – to institute an internationally uniform copyright code that would apply in each member state.¹⁰ The argument was that these universal norms would guarantee uniformity and predictability, which would result in the improved international circulation of works of authorship.¹¹

This “universalist” vision, as Ricketson termed it, did not prevail in 1886. Instead, those adhering to what he called the “pragmatist” vision carried the day, with the adoption of a system grounded on the twin pillars of national treatment and low-level substantive minima. That is, signatory states undertook to provide authors from, or works first published in, other signatory states with protection as generous as that afforded to domestic authors and works. And they agreed that their national laws would adhere to a cluster of minimum substantive standards. For example, the Convention listed the types of works that a signatory state must protect. Signatory states could offer greater protection to authors but were obliged only to satisfy the minimum levels.¹²

Under this approach, the creation of a work results in a bundle of independent copyrights in all copyright-respecting nations.¹³ The principle of territoriality that this approach endorses has a solid conceptual foundation.¹⁴ As a matter of instrumental analysis, the optimal balance between incentive and access that determines the content of copyright law will necessarily vary between states of different

⁹ See SAM RICKETSON, *THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886–1986*, 15–19 (1987); see also SAM RICKETSON & JANE C. GINSBURG, *INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND*, § 2.24 at 62 (Oxford University Press 2nd ed 2005).

¹⁰ See Jane C. Ginsburg, *International Copyright: From a “Bundle” of National Copyright Laws to a Supranational Code?*, 47 *J. COPR. SOC’Y* 265, 289 (2000).

¹¹ In one sense, the late nineteenth century might have seemed a propitious time for the development of universal substantive norms because copyright was less developed in many nations, and thus fewer countries had entrenched positions that might thwart compromise. By the same token, the notion of guaranteeing individual rights in domestic contexts through overriding international norms only really took root with the Universal Declaration of Human Rights over a half-century later.

¹² See Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, 1161 U.N.T.S. 3 [hereinafter Berne Convention 5(1) (“Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union . . . , the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.”)].

¹³ See Berne Convention, art. 5(2) (“the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed”); *id.* (enjoyment and exercise of rights under the Convention “shall be independent of the existence of protection in the country of origin of the work”).

¹⁴ See Graeme B. Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 *WM. & MARY LAW REV.* 711 (2009). Certain features of the Berne system, such as the conditionality of protection on certain “connecting factors” and the exclusion of works of domestic origin, fit less well with non-instrumental theories of copyright.

economic, social and cultural contexts. And insofar as copyright law shapes the cultural landscape of a particular territory, sovereign states have the right to determine how that landscape should look. But this approach raises the prospect of variation in protection from one country to another.¹⁵

The battle between the universalists and the pragmatists has been a feature of the development of the Berne Convention ever since, just as much as the contest between adherents of the notion of *droit d'auteur* and advocates of a more utilitarian system of copyright.¹⁶ The universalists succeeded in tweaking this model throughout the twentieth century, serially revising upwards of the minimum standards, although the pragmatists pressed to maintain as much room within the system as possible to accommodate a diverse range of participating sovereign states.

But in some sense, the pragmatists were in fact universalists. Or, at least, to state it less dramatically, the so-called pragmatists pursued a vision based upon a slightly different sense of universalism. They argued that the less demanding and less prescriptive the obligations, the more countries were likely to become members of the Union and to enforce basic notions of copyright. The group of copyright-respecting nations, in which authors' rights were protected, would thus become enlarged, and core copyright protection would be made more universal.¹⁷ That is to say, the vision of "universalism" driving the pragmatists was focused not so much on

¹⁵ See Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 *U. PA. L. REV.* 471 (2000).

¹⁶ See Gillian Davies, *The Convergence of Copyright and Authors' Rights – Reality or Chimera?*, 26 *INT'L REV. INDUS. PROP. & COPYRIGHT L.* 964, 965 (1995) (noting that the Berne Convention had "provided a bridge" between the systems of copyright found in common law countries and the *droit d'auteur* systems of civil law countries). The *droit d'auteur* system is largely premised upon notions of natural rights and the inherent right of an author to the fruits of her intellectual and creative endeavors. The common law system is more instrumentalist in orientation, conferring protection to incentivize creativity and the production of a wide variety of works, to the betterment of society. See U.S. Const. art. I, § 8, cl. 8 (authorizing Congress to "promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings"). France and the United States are often cited as paradigmatic examples of the two models, although the origins of protection in each of those countries contain traces of both philosophies. See Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, in *OF AUTHORS AND ORIGINS: ESSAYS ON COPYRIGHT LAW*, 131 (Sherman & Strowel eds., 1994) (suggesting greater congruity between early U.S. and French literary property regimes than is conventionally understood).

¹⁷ Nor did a focus on the geographic scope of the multilateral system preclude an international convergence of national norms through other processes, such as the articulation of model laws, see *World Intell. Prop. Org., Tunis Model Law on Copyright*, or through softer mechanisms of harmonization, see Graeme B. Dinwoodie, *Some Remarks on the Limits of Harmonization*, 5 *J. MARSHALL REV. INTELL. PROP. L.* 596, 599–604 (2006), such as private ordering by influential actors in the information ecosystem. See Graeme B. Dinwoodie, *Private Ordering and the Creation of International Copyright Norms: The Role of Public Structuring*, 160 *J. INSTIT. & THEOR. ECON.* 161 (2004). These processes have been notable in the internet era. See Justin Hughes, *The Internet and the Persistence of Law*, 44 *BOSTON COLLEGE L. REV.* 359 (2003). It is often the post-treaty implementation that determines the extent of substantive convergence.

the *uniformity* of the *content* of copyright law but on the *geographic scope* of the international system. And the fact that Berne now has 178 contracting parties surely suggests there is some basis to that strategy.¹⁸

Jane Ginsburg, reflecting on Ricketson's account, appeared partially to agree with this recharacterization when she differentiated between "true universality" and the "minimal universality" that the pragmatists sought.¹⁹ But there is the sense from reading Ginsburg's account that the adoption of a more pragmatic approach is seen as an unfortunate but inevitable concession to reality.²⁰ Likewise, Silke von Lewinski in her text on international copyright law talks of the "idealistic" but "hardly practical" philosophy of universalism.²¹ Universal standards is a goal that is tempered by political reality.

In fact, a different vision of "universality" – which stresses the global reach of the basic system over the uniformity of content – might be both more idealistic and more practical. Whether this is true will depend on the "ideal" that we have in mind in constructing the international system. This is a function as much of our relative normative commitments to difference and uniformity as it is to a particular vision of the form of copyright protection. Moreover, the balance may change over time and by context. The assessment of the question of practicality, in contrast, depends on what one thinks are the best institutional and political arrangements by which to achieve the ideal – which might also be informed by our experience in pursuing convergent norms over the last century, as well as a prediction of possible new arrangements in the future. That is to say, my (arguably too semantic) assessment of Ricketson's labels and von Lewinski's description is premised upon a more multi-dimensional understanding of universalism, and arguably on a different sense of the normative force that universalism might possess in international copyright law.

Consideration of the extent to which we should move from the national to the universal has been an ongoing assessment for international copyright policymakers and thinkers at different staging posts on the road from Berne to Marrakesh.²² To

But the language of the treaty (including its precision and capacity for clear application in monist countries) can influence the degree of commonality that is achieved.

¹⁸ Whether this approach to drawing countries into a copyright system and ensuring protection for authors abroad is the same approach that might be desirable in a different era and social climate is, of course, a separate question. For example, the number of autonomous foreign jurisdictions about which the original signatory states might have been concerned (given colonial extensions and the non-involvement of many nations in international trade) is surely different than the number now on the minds of copyright-intensive countries. In the contemporary climate, the focus on the geographic scope of the system may assume greater significance.

¹⁹ See Ginsburg, *supra* note 10, at 268 n 9.

²⁰ See *id.*

²¹ See SILKE VON LEWINSKI, *INTERNATIONAL COPYRIGHT LAW AND POLICY*, 4:31 at 79 (Oxford University Press, 2008).

²² This focus is arguably more reflected in successive conference debates and ALAI proceedings than in published scholarship. A review of the literature suggests it is mostly implicit.

give one notable and important scholarly assessment, in 1999, Jane Ginsburg asked at the ALAI Congress whether and to what extent we now had a supranational copyright law that had displaced national laws.²³ She started her talk by commenting that when invited to address the congress on the role of national copyright in an era of international copyright norms – which was one of the themes of the 1999 Congress – she inferred a question mark at the end of what appeared to be a declaratory statement. Ginsburg noted that her inference might be surprising, because it was a core tenet of international copyright law that we have a system of “interlocking *national* copyrights, woven together by the principle of national treatment.”²⁴ Yet, after an insightful tour of both TRIPS and the WIPO Copyright Treaty, as well as developments in the European Union, she concluded that “[i]nternational copyright’ can no longer accurately be described as a ‘bundle’ consisting of many separate sticks, each representing a distinct national law, tied together by a thin ribbon of Berne Convention supranational norms. Today’s international copyright more closely resembles a giant squid, whose many national law tentacles emanate from but depend on a large common body of international norms.”²⁵

The dynamics that Professor Ginsburg detected two decades ago have only intensified. International norms continue to grow, although not with the same pace or through the same type of broad public international instruments – TRIPS and the WIPO Copyright Treaty – that characterized the five years preceding the 1999 ALAI Congress.²⁶ And we continue on the long and perhaps never-ending march toward the universality seen as too idealistic in 1886. But perhaps a different flavor of universalism is now being offered.

C. MECHANISMS OF UNIVERSALISM

In the concluding Part D of this chapter, I consider whether and in what ways the Marrakesh Treaty speaks to the question of universalism. But that inquiry raises some preliminary questions about what we mean by that term. Thus, in this part of the Chapter, I discuss the different mechanisms by which universalism occurs in international copyright law.

As mentioned above, the foundational choice that confronted negotiating countries in 1886 is often presented as a choice between a pluralist territorial model and a more comprehensive universal copyright law that establishes uniform standards to

²³ See Ginsburg, *supra* note 10.

²⁴ See Ginsburg, *supra* note 10 at 266.

²⁵ See Ginsburg, *supra* note 10 at 289.

²⁶ See Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization [hereinafter WTO Agreement], Annex 1C, LEGAL INSTRUMENTS –RESULTS OF THE URUGUAY ROUND, vol. 31, 33 I.L.M. 1197 (1994) [hereinafter TRIPS or the TRIPS Agreement]; World Intellectual Property Organization Copyright Treaty, Dec. 20, 1996, art. 11, 36 I.L.M. 65, 71 [hereinafter WIPO Copyright Treaty or WCT].

be applied in all adherent countries. We have tended to label the latter approach as “universalist,” but its distinguishing feature, which sets it apart from the model ultimately adopted, was its desire for substantive uniformity.²⁷

A pragmatist’s vision might have been equally universal, but their focus was on the scope of the system. Their universalist philosophy prioritized that there be an international copyright *system* that was as broad as possible rather than that there be an international copyright *law*. And this preference might be grounded as much in a concern for appropriately tailored copyright law as resignation to the second-best reality of international relations. Focusing on extending the geographic reach of the system and allowing for variation among countries might be both a differently idealistic and a more practical course of action.

But disagreement about the concept of “universal copyright law” might be even more complicated. That is to say, universalism can be gauged – and pursued – in a number of intersecting ways, in addition to uniformity of content or geographic reach of the system. For example, in terms of universality of scope, we might wish to consider not only the geographic reach of norms but the scope of application more broadly speaking.

The Berne system was designed to apply to the treatment of foreign works in international settings. Under Article 5(3) of the Berne Convention, “protection in the country of origin is governed by domestic law.”²⁸ The rights guaranteed by the Convention only apply “in respect of works for which [authors] are protected under this Convention, in countries of the Union *other than the country of origin*.”²⁹ If one accepts the notion of universality that drives much thinking about human rights, that might be an inadequate implementation of universal aspirations. Although it is a contested understanding, the universality of human rights is such that those principles should apply in *internal* settings and modulate the normal sovereignty of states in domestic matters. And Article 27(2) of the Universal Declaration of Human Rights (1948) provides that “everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.”³⁰

²⁷ Given the significant role of courts in interpreting open-ended concepts in copyright law, fully advancing the quest for uniformity would have required attention to institutional design, including the roles of national courts in ensuring uniformity absent a central supervising court. This is a feature that needs attention even in intellectual property systems that are created to enforce unitary rights that transcend territory. Compare Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union Trade Mark, OJ L 154 (June 16, 2017) 1, art. 123(1) (requiring member states of the European Union to designate national courts to sit as “EU Trademark courts,” which have exclusive jurisdiction over most matters surrounding the enforcement of the unitary EU Trade Mark) with Agreement on a Unified Patent Court, OJ C 175 (June 20, 2013), 1–40.

²⁸ See Berne Convention, art. 5(3).

²⁹ See Berne Convention, art. 5(1) (emphasis supplied).

³⁰ See Universal Declaration of Human Rights, G.A. Res. 217A, U.N. GAOR, 3d Sess., 1st plen. mtg., U.N. Doc A/810 (December 12, 1948). Similar language appears in art. 15 of the

Universality might alternatively be pursued in respect of particular issues central to the international flow of copyrighted works. The territorial model results not only in variable laws but also potentially inconsistent allocation of rights.³¹ The international copyright system devotes less time to this territorially induced dilemma than international trademark or patent law. This is because the prohibition on formalities now found in Article 5(2) of the Berne Convention effectuates an immediate vesting of rights internationally, in a far more comprehensive fashion than the Paris Convention does for industrial property. However, the Berne Convention provides little guidance as to the identity of an author under public international law.³² Thus, national laws have substantial latitude as to the ways in which they approach the question of authorship. Thus, as to initial authorship, US law reflects its predominantly instrumentalist orientation by recognizing employers as authors of works prepared by employees within the scope of their employment,³³ whereas French law links ownership to the personality of the individual author by treating the employee as the author in the same circumstance.³⁴ Many countries that treat the individual employee as the author also include presumed transfers of rights in their law, although this is not the same as an allocation of authorship.³⁵

On this issue of initial ownership, universality (of a slightly different flavor) would be enhanced by ensuring a single global author or owner of a copyright work.³⁶ This could be achieved by a *lex originis* rule as the choice-of-law rule for initial

International Covenant on Economic, Social and Cultural Rights (ICESCR). See International Covenant on Economic, Social, and Cultural Rights arts. 15(1)(b), (c), December 16, 1966, 993 U.N.T.S. 3, 5 (recognizing the right “to benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author”).

³¹ See Paris Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305, arts. 4 (priority rights), *6quinquies* (*telle quelle* principle).

³² See Berne Convention, art. 1 (providing that “the countries to which this Convention applies constitute a Union for the protection of the rights of authors in their literary and artistic works” – but not defining “author”).

³³ See 17 U.S.C. § 201(b) (providing that the employer or commissioning party is the author of a work made for hire); 17 U.S.C. § 101 (defining “work made for hire” as a work prepared by an employee within the scope of his employment or certain categories of specially commissioned works where the parties agree in writing that the work is made for hire); see also Copyright, Designs and Patents Act, 1988, c. 48, § 11(2) (Eng.) (granting employers rights in works prepared by an employee within the scope of the employee’s employment).

³⁴ See Law No. 92-597 of July 1, 1992 on the Intellectual Property Code, art. L-113 (as amended) (Fr.) (providing for copyright ownership by employers only with respect to software).

³⁵ See Case C-277/10, *Martin Luksan v. Petrus van der Let*, EU:C:2012:65 at [67] & [87] (CJEU 2012); *Ennio Morricone Music Inc. v. Bixio Music Grp. Ltd.*, 936 F.3d 69 (2d Cir. 2019).

³⁶ Cf. Carlos Manuel Vázquez, *Choice of Law as Extraterritoriality*, in *RESOLVING CONFLICTS ON THE LAW: ESSAYS IN HONOUR OF LEA BRILMAYER*, 42–77 (Chiara Giorgetti & Natalie Klein eds., Brill Nijhoff 2019); Graeme B. Dinwoodie, *Extraterritoriality of Intellectual Property Laws: An American View*, in *INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW* (Leible and Ohly eds., Mohr 2009).

authorship.³⁷ And it might be a nudge toward universalism in a more effective way than a single rule on ownership in an international treaty. Of course, one might have a genuine debate about whether diverse labor structures around the world should make us hesitate before instantiating a *lex originis* rule to initial authorship, but that point could perhaps be handled by a more flexible policy-based approach to choice of law, with a default of *lex originis*.

Indeed, as this example shows, any mechanism that elevates a single applicable rule to any issue of copyright law will operate to advance the cause of universalism. Indeed, the Montevideo Convention, which endorsed a country-of-origin rule over the territorial *lex protectionis* found in the Berne Convention system,³⁸ has been described by Silke von Lewinski as grounded in “universality” – I assume for that very reason.³⁹

Other instruments that achieve the same effect through an effective country-of-origin rule include the EU Cable and Satellite Directive, which designates the copyright law of the country of the uplink as applicable law in the event of a dispute.⁴⁰ Designating a single right owner from whom a user has to acquire rights in order to operate globally would advance universality.⁴¹ Of course, the harmonized substantive rules in the European Union make possible what might be impossible globally. Without harmonization of substantive law, the designation of the place of uplink to govern globally might invite the prospect of copyright havens. But rules can be constructed to prevent the development of safe havens if this approach were extended internationally, as was proposed by Jane Ginsburg in her 2000 WIPO

³⁷ US law may approximate a *lex originis* system, albeit through the device of modern policy-based determination of the law of the place with the most significant relationship to the parties and the transaction. See *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998).

³⁸ See Montevideo Copyright Convention on Literary and Artistic Property (1889), art. 2 (“Authors of a literary or artistic work and their successors shall enjoy in the Signatory States the rights granted to such authors by the laws of the State in which first publication or production of the work took place”).

³⁹ See VON LEWINSKI, *supra* note 21, at 4.30. The original Berne Convention did adopt this feature in part (though significant part) by providing that “the enjoyment of these rights shall be subject to the accomplishment of the conditions and formalities prescribed by law in the country of origin of the work, and must not exceed in the other countries the term of protection granted in the said country of origin.” See Berne Convention (1886 text), art. 2.

⁴⁰ See Council Directive 93/83/EEC of 27 September 1993 on the Coordination of Certain Rules Concerning Copyright and Rights Related to Copyright Applicable to Satellite Broadcasting and Cable Retransmission, OJ L 248/15, art. 1(2)(b) (defining the act of communication to the public). Previously, the majority approach throughout Europe was to find that an unauthorized communication to the public occurred at the many places of receipt of the signal. See, e.g., *Re Cross-Border Copyright in Television Works* [1992] E.C.C. 456, 468–69 (1991) (Aus.) (finding unauthorized communication occurred in all countries of reception).

⁴¹ Of course, free alienability, divisibility of rights, and nationally defined rights (some of which also contribute positively to international exploitation of rights) all prevent initial identification of authorship from ensuring a common universal owner.

paper, in which she suggested a cascade rule for online choice of law that was also accompanied by a backstop minimum of international copyright law.⁴²

Universality might be enhanced by ensuring that a global dispute about the use or exploitation of a copyright reaches a single resolution facilitating global distribution. Even substantially uniform laws can be interpreted quite differently by national courts, and the open-ended nature of many copyright principles elevates the role of the courts in law formation. A single global court applying uniform norms is an unrealistic (and perhaps undesirable) pipe-dream.⁴³ But procedural mechanisms that allow disputes that cross borders to be resolved in a single national forum, perhaps with appropriate recognition of national variation at the edges, might result in greater universality – without formal uniformity of norms.⁴⁴

Yet, international policymakers have been reluctant to create what might be called “public private international copyright law,”⁴⁵ that is, instruments dictating or confining the choices that countries can make as to their rules on jurisdiction, choice of law, and recognition of judgments in copyright cases.⁴⁶ In 1991, the Hague Conference on Private International Law, at the request of the United States, embarked on a quest to negotiate a jurisdiction and judgments convention of general applicability in civil and commercial matters.⁴⁷ Those efforts floundered

⁴² See Jane C. Ginsburg, *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted through Digital Networks* (2000 Update), WIPO/PIL/01/2 (December 18, 2000), at https://www.wipo.int/edocs/mdocs/mdocs/en/wipo_pil_01/wipo_pil_01_2.pdf.

⁴³ The creation of dispute settlement panels of the World Trade Organization does not alter this assessment for a number of reasons.

⁴⁴ Even more ambitiously, national courts could shape substantive global norms in truly international disputes. See Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469 (2000). A single substantive law applicable to a global dispute might also be achieved by classic localization that adopts a choice of law rule for infringement other than *lex loci protectionis*. Both of the leading soft law initiatives on transborder IP litigation contemplated such a possibility in a narrow range of cases involving “ubiquitous” infringement. See AMERICAN LAW INSTITUTE, INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGMENTS IN TRANSNATIONAL DISPUTES, § 321(1) (ALI Principles 2008); CONFLICT OF LAWS IN INTELLECTUAL PROPERTY: THE CLIP PRINCIPLES AND COMMENTARY, EUROPEAN MAX-PLANCK-GROUP ON CONFLICT OF LAWS IN INTELLECTUAL PROPERTY (CLIP), art. 3:603 (Oxford University Press 2013). All of these proposals that would apply a single norm recognised appropriate carve-outs for jurisdictions where divergent laws of facts pertained.

⁴⁵ Cf. Stephen B. Burbank, *Jurisdictional Equilibration, The Proposed Hague Convention and Progress in National Law*, 49 AM. J. COMP. L. 203, 204 (2001).

⁴⁶ There are important “soft law” instruments (one emanating from the United States and one from Europe). See ALI PRINCIPLES, *supra* note 44; CLIP PRINCIPLES, *supra* note 44. See also International Law Association Committee on Intellectual Property and Private International Law, *Kyoto Guidelines on Intellectual Property and Private International Law* (adopted December 13, 2020), reprinted in 12 JIPITEC (2021).

⁴⁷ See Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters (adopted October 30, 1999), at <http://www.hcch.net/e/conventions/draft36e.html>; Hague Conference on Private International Law, Summary of the Outcome

in 2000–2001, in large part because of disagreement over how to handle intellectual property cases, forcing the conference to scale back its efforts and concentrate on a 2005 convention that validated exclusive choice-of-court clauses in business-to-business (B2B) contracts.⁴⁸ Intellectual property (including copyright) is excluded from the scope of the later Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters.⁴⁹

Other mechanisms can also contribute. Universality might be enhanced by knowing that nationally acquired rights can travel with a user abroad, extending the model of the EU Portability Regulation. That regulation enables consumers to access their portable online content services when they travel elsewhere in the European Union in the same way they access them at home.⁵⁰ Indeed, the European Union offers a number of exemplars in this space. For example, the EU Orphan Works Directive permits certain organizations to reproduce and make available copies of so-called “orphan works,” that is, works in relation to which all or some of the right holders cannot be identified or located despite a “diligent search” having been carried out.⁵¹ Although the diligent search condition is typically satisfied by being performed in the “Member State of first publication,”⁵² if a work is regarded as orphan in one member state, then that status should be recognized in other member states.⁵³

of Discussions in Commission II of the First Part of the Diplomatic Conference, June 6–20, 2001, reprinted in 77 *CHI.-KENT L. REV.* 1015 (2002).

⁴⁸ See Hague Convention on Exclusive Choice of Court Clauses, June 30, 2005, 64 *I.L.M.* 1294 (validating and requiring enforcement of exclusive choice-of-court clauses in business-to-business contracts, in essence extending the model of the New York Convention on Recognition of Arbitral Awards to the court system); see also *id.*, art. 2(2) (excluding most intellectual property matters *other* than copyright from the scope of the Convention).

⁴⁹ See Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (concluded July 2, 2019), art. 2(1)(m), at <https://www.hcch.net/en/instruments/conventions/full-text/?cid=137>.

⁵⁰ See Regulation (EU) 2017/1128 of the European Parliament and of the Council of 14 June 2017 On Cross-Border Portability of Online Content Services in The Internal Market, OJ L 168/1 (June 30, 2017).

⁵¹ See Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works, OJ L 299/5 (October 27, 2012).

⁵² See *id.*, art. 3(3). In the absence of publication, the search shall be conducted in the place where first broadcast, except in the case of cinematographic or audiovisual works the producer of which has his headquarters or habitual residence in a Member State, in which case the diligent search shall be carried out in the Member State of his headquarters or habitual residence. See *id.* If there is evidence to suggest that relevant information on rightholders is to be found in other countries, sources of information available in those other countries shall also be consulted. See *id.*, art. 3(4)

⁵³ See *id.*, art. 4 (“A work or phonogram which is considered an orphan work according to Article 2 in a Member State shall be considered an orphan work in all Member States. That work or phonogram may be used and accessed in accordance with this Directive in all Member States”). The United Kingdom has enacted a separate scheme (in addition to the EU system, which also covers the United Kingdom), but that scheme only authorizes conduct within the

Likewise, the recent Digital Single Market Directive mandates extended collective licensing⁵⁴ to allow cultural heritage institutions to copy and provide access to out-of-commerce works (i.e., works not available to the public through customary channels of commerce, after a reasonable effort has been made to determine this) that are permanently in the collection of the institution. But the directive also requires that such licenses granted must allow the use of out-of-commerce works or other subject matter by cultural heritage institutions in other member states.⁵⁵

Stated more generally, these mechanisms from Europe show that if conduct in one country that is recognized as meeting a defined standard of legality were to be recognized elsewhere, under a system of mutual recognition, that would be a move toward greater universality. To some extent, this dynamic might underlie a strong doctrine of exhaustion. Even in countries adhering to a principle of international exhaustion, ordinarily a copy of a work lawfully made in one country *by virtue of an exception or limitation* in that source country cannot automatically be lawfully imported into another country. A copy made by virtue of a national exception is not placed on the market “with the consent of the copyright owner,” even if this stance interferes with the free movement of goods. This would appear to be clear in the European Union, notwithstanding a system of regional exhaustion.⁵⁶

The language of the first sale provision is more ambiguous in the United States. Section 109(a) makes the exhaustion turn on the copy in question being “lawfully made.”⁵⁷ Although the US Supreme Court has endorsed the concept of international exhaustion,⁵⁸ the goods in the case embracing that principle were lawfully put on the market because the copyright owner had itself consented to the foreign sale. It is not settled whether goods lawfully placed on a foreign market because of an

United Kingdom. See generally Eleonora Rosati, *The Orphan Works Provisions of the ERR Act: Are They Compatible with UK and EU Laws?*, 35 EUR. INTEL. PROP. R. 724 (2013).

⁵⁴ Extended collective licensing describes licensing agreements that are deemed by law to apply to all rights holders in a class, whether they are members of the collecting society or not.

⁵⁵ See Directive on Copyright in the Digital Single Market, art. 9(1) (“Member States shall ensure that licences granted in accordance with Article 8 may allow the use of out-of-commerce works or other subject matter by cultural heritage institutions in any Member State”).

⁵⁶ See LIONEL BENTLY ET AL., *INTELLECTUAL PROPERTY LAW*, 15 (Oxford University Press 2018) (suggesting that “where intellectual property rights subsist in country A, but are subject to a compulsory licence (that is, any person may exploit the intellectual property right on payment of a fee), the rights are not exhausted when goods are manufactured under such a licence. Here, the intellectual property right owner will be able to use national laws to prevent imports into country B”).

⁵⁷ See 17 U.S.C. § 109(a) (“Notwithstanding the [exclusive right of the copyright owner to distribute copies of her work to the public], the owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord”).

⁵⁸ See *Kirtsaeng v. John Wiley & Sons, Inc.*, 568 U.S. 519 (2013) (sale of copies of textbooks in Thailand with the consent of the copyright owner exhausted the U.S. distribution rights of the copyright owner and thus those copies could be imported into the United States).

exception in that country should be regarded as “lawfully made,” and litigants have recently sought (unsuccessfully) to bring the issue before the US Supreme Court.⁵⁹ It might be a radical attenuation of prevailing understandings of territoriality if the US courts found that the law of the place of foreign manufacture applied, as this would effectively extend the exceptions of other countries into the United States.⁶⁰ However, this is another example of the mechanism being deployed in Europe: if conduct in one country recognized as meeting a defined standard of legality were to be recognized elsewhere, that would be a move toward greater universality.

Finally, universality might also be enhanced by ensuring that an actor can operate online, and thus improve global exchange, by complying with a single set of regulations. Or universality might even be enhanced by recognizing increasing interdependence and exploiting cross-border capacity to enable the fruits of creativity induced by the copyright system to be distributed globally. I come back to these two options below in Part D of this chapter. But importantly, this discussion shows that furthering universality does not always involve the articulation of a defined international norm of public international law in the way that the universalists of 1883 thought to be the case.

D. MARRAKESH AS INFLECTION POINT ... (BUT ON UNIVERSALITY)?

For present purposes, it is sufficient to focus on the three main provisions of the Marrakesh Treaty without going into greater detail. Article 4(1) provides as follows: “Contracting Parties shall provide in their national copyright laws for a limitation or exception to the right of reproduction, the right of distribution, and the right of making available to the public . . . to facilitate the availability of works in accessible format copies for beneficiary persons [meaning mostly persons who are blind or have visual impairment].” The exception can be confined to works that are not available

⁵⁹ See *Geophysical Service, Inc. v. TGS-NOPEC Geophysical Co.* 850 F.3d 785 (5th Cir. 2017) (remanding to district court to “decide whose law governs the determination whether the copies imported by TGS were lawfully made under § 109”), *later proceeding*, *Geophysical Serv., Inc. v. TGS-NOPEC Geophysical Co.*, 2019 Copr. L. Dec. 31, 519 (5th Cir. 2019), cert. denied, 140 S.Ct. 2802 (2020) (declining to answer whether “copies made as a result of foreign government compulsion ‘lawfully made under this title’ within the meaning of 17 U.S.C. § 109”).

⁶⁰ A middle ground might be achieved through case-sensitive application of conflicts principles, including the extent of connection with a foreign law and compliance of the foreign country with international standards. Cf. DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS*, 2.99 at 222 (4th ed 2012) (“The question which goods are ‘legitimate’ is not answered in TRIPS. Some believe that only goods made with the consent of the right holder may be subject to parallel importation. Others would include also goods made under a compulsory license”). Insofar as this is treated as a matter of exhaustion rather than the creation of new exceptions, it would arguably be immune from challenge as non-compliant with the three-step test. Cf. TRIPS Agreement, art. 6(1) (“For the purposes of dispute settlement under this Agreement, subject to the provisions of Articles 3 and 4 *nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.*”) (emphasis supplied).

commercially in accessible format on reasonable terms, and exercise of the exception can be made subject to remuneration.

Article 4(2) offers an exemplary means of providing such an exemption, most notably including the involvement of “authorized entities,” who are non-profit organizations established to provide assistance to persons who are blind or have visual impairment and who will assist in making and distributing the copies of works in accessible formats. But contracting parties can formulate an exception in their own terms to comply with their Article 4(1) obligation, as long as⁶¹ it complies with the three-step test from Berne and TRIPS (and the WIPO Copyright Treaty).⁶²

Articles 5–6 of the Marrakesh Treaty facilitate the cross-border exchange of accessible-format copies. Article 5 requires that contracting parties allow an accessible-format copy made under a limitation or exception or pursuant to operation of law to be exported by an authorized entity “to a beneficiary person or an authorized entity in another Contracting Party.” Again, the treaty provides an exemplar of how a contracting party might comply with this obligation, but leaves it to contracting parties to implement the obligation in other ways too. Article 6 complements Article 5 by providing that, to the extent that the national law of a contracting party would permit the making of an accessible-format copy of a work, that law shall also permit the import of such copies by a beneficiary person or authorized entity.

Why has all of the above been said to be significant, and how real are those claims? And do any of the claims bear on the question of universality?

I. *Exceptions and Users’ Rights*

The Marrakesh Treaty has been described as “the world’s only IP treaty dedicated to harmonizing exceptions and limitations.”⁶³ Such a development might be seen as the international manifestation of the users’ rights rhetoric that has been a prominent part of the domestic landscape over the last two decades. Certainly, this is the first multilateral copyright treaty focused *exclusively* on exceptions and limitations to (apart from augmentation of) authors’ rights.

Of course, the significance of this point can be overstated. Many copyright treaties have contained provisions regarding exceptions and limitations. To be sure, most of these earlier provisions simply *permit* exceptions and limitations, which is

⁶¹ See *id.*, art 11. Art. 4(1)(b) of the treaty also authorizes (but does not require) other exceptions. But if Member States adopt the form of exceptions suggested by art. 4(2) of the treaty, they will presumptively be compliant with the three-step test. See HELFER ET AL., *supra* note 3 at 44.

⁶² Under the three-step test, WTO Member States “shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.” TRIPS, art. 13; see also Berne Convention, art. 9(2).

⁶³ See Hughes, *supra* note 5.

conventionally thought to be a relatively soft tool of universal harmonization.⁶⁴ For example, Article 10bis of the Berne Convention explicitly allows exceptions for the use of works for reporting of current economic, political, or religious events, provided the source is clearly indicated.⁶⁵ And the most transcendental provision on exceptions in earlier treaties – the three-step test – has served primarily to constrain exceptions and limitations, and thus (consistent with the objectives of Berne) to protect authors' rights against substantial erosion.⁶⁶ On its face, the Marrakesh Treaty requires any of the exceptions adopted under Articles 4–6 to comply with the three-step test, which is consistent with the dictates of this prior international copyright law. Therefore, the claim needs some refinement.

II. *Mandatory Exceptions*

The Marrakesh Treaty not only addresses or permits exceptions; it *mandates* them. Optional exceptions and limitations were less effective in achieving universality because some countries did not act on their authority to create exceptions, and

⁶⁴ As a device of harmonisation, optional provisions have received a mixed reception by commentators, who have questioned their value in harmonising exceptions and limitations in copyright law. See P. Bernt Hugenholtz, *Why the Copyright Directive Is Unimportant, and Possibly Invalid*, 22 EUR. INTEL. PROP. REV. 499 (2000); Lucie Guibault, *Why Cherry-Picking Never Leads to Harmonisation: The Case of the Limitations on Copyright under Directive 2001/29/EC*, 1 (2010) JIPITEC 55. The experience within the European Union suggests that the inclusion of optional defenses in the Information Society Directive caused a greater convergence than perhaps some anticipated. But absent the institutional infrastructure of an engaged international court, it is hard to anticipate replication working. Indeed, it is hard to imagine agreement on an exhaustive list of optional defenses in the first place; the exceptions in national EU copyright laws might reflect distinctive cultural policies, but the law and culture of those twenty-seven countries remain more homogenous than is true at the international level.

⁶⁵ See Berne Convention, art. 10bis(1) (“It shall be a matter for legislation in the countries of the Union to permit the reproduction by the press, the broadcasting or the communication to the public by wire, of articles published in newspapers or periodicals on current economic, political or religious topics, and of broadcast works of the same character, in cases in which the reproduction, broadcasting or such communication thereof is not expressly reserved. . . .”); see also *id.*, art. 10bis(2) (“It shall also be a matter for legislation in the countries of the Union to determine the conditions under which, for the purpose of reporting current events by means of photography, cinematography, broadcasting or communication to the public by wire, literary or artistic works seen or heard in the course of the event may, to the extent justified by the informatory purpose, be reproduced and made available to the public.”). Likewise, art. 10(2) permits “the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice.” See Berne Convention, art. 10(2). Art. 10(3) imposes the condition that “mention shall be made of the source, and of the name of the author if it appears thereon.”

⁶⁶ See TRIPS, art. 13 (“Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder”); see also Berne Convention, art. 9(2).

even when they did so, there was little uniformity of approach. Mandatory exceptions ameliorate the first part of that problem by requiring contracting parties to enact exceptions.⁶⁷

But again, this feature is not entirely new. The Berne Convention, according to almost all commentators, contains mandatory exceptions – such as Article 10(1), which requires that “[i]t shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.”⁶⁸ And both TRIPS and the WIPO Copyright Treaty⁶⁹ have been read by courts to mandate non-protection for ideas or facts, which can be understood as subject matter exclusions or an exception.⁷⁰ The Comprehensive Economic and Trade Agreement (the CETA) concluded between the European Union and Canada contains mandatory exceptions or immunities.⁷¹ And, at the regional level, we find mandatory exceptions in the recent EU Digital Single Market Directive,⁷² adding to the couple we already found in the Information Society Directive and the Software Directive.⁷³

⁶⁷ See generally P. Bernt Hugenholtz & Ruth L. Okediji, *Conceiving an International Instrument on Limitations and Exceptions to Copyright* (2008), available at www.ivir.nl/publicaties/hughenholtz/finalreport2008.pdf.

⁶⁸ See Berne Convention, art. 10(1).

⁶⁹ World Intellectual Property Organization Copyright Treaty, Dec. 20, 1996, art. 11, 36 I.L.M. 65, 71 [hereinafter WIPO Copyright Treaty or WCT].

⁷⁰ See TRIPS Agreement, art. 9(2) (“copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such”); WIPO Copyright Treaty, art. 2 (same); *SAS Institute Inc v. World Programming Ltd* [2010] EWHC 1829 (Ch) at [199]–[205] (Arnold J).

⁷¹ See Comprehensive Economic and Trade Agreement between Canada of the One Part, and the European Union and Its Member States, of the Other Part, Can.–E.U., Oct. 30, 2016 [hereinafter CETA], OJ L 11 (January 14, 2017) 23, art. 20.11 (obligation to create certain safe harbors for intermediaries); see also art. 17.11(29) of Australia–United States Free Trade Agreement; art. 18.10(30) of the KORUS Trade Agreement.

⁷² See Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on Copyright and Related Rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ (L 130) 92 (May 17, 2019), arts. 3–6 (mandating exceptions for text and data mining, cross-border teaching activities, and preservation of works by cultural heritage institutions). With the exceptions of some of the text and data mining exceptions in art. 4, these exceptions cannot be overridden by contract. See *id.*, art. 7(1); see generally João Pedro Quintais, *The New Copyright in the Digital Single Market Directive: A Critical Look*, 42 EUR. INTELL. PROP. REV. 28 (2021).

⁷³ See, e.g., Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the Legal Protection of Computer Programs (codified version), OJ L 11/16, art. 6 (creating a decompilation exception); Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, OJ L 167/10, art. 5(1) (requiring exceptions from scope of copyright for certain temporary acts of reproduction with no independent economic significance).

However, mandatory exceptions, at least at the international level, might not always fulfill their universalizing objective. As Tanya Aplin and Lionel Bently recount in their analysis of the mandatory exception in Article 10(1) of Berne, a provision that they contend should have required “global mandatory fair use” has resulted instead in what they call “dysfunctional pluralism.”⁷⁴ Current judicial understandings of Article 10(1) may be unlikely to sustain the strong form of Aplin and Bently’s argument.⁷⁵ But, whether one accepts the details of how Aplin and Bently read Article 10(1), there is certainly no universal understanding of what the article means or how it is applied – which we might, in theory, have expected to be the benefits of mandatory exceptions.

The Marrakesh Treaty *may* obviate some of these problems by including relatively detailed exemplars of how to implement Article 4 and Article 5. If experience of implementation of EU directives is anything to go by, the availability of turnkey provisions will be an attraction to legislators.⁷⁶ Not all countries possess the domestic legislative capacity to transpose general international principles into workable domestic mechanisms. The turnkey provisions might encourage such countries to make those provisions self-executing, or to copy them verbatim. It might have been better in encouraging such adoptions had the treaty drafters felt able to declare that the exemplars passed the three-step test and thus operated as what Larry Helfer, Molly Land, Ruth Okediji, and Jerry Reichman have termed a “safe harbor,”⁷⁷ or (although complicated in terms of inter-treaty relations and arguably Articles 19–20⁷⁸

⁷⁴ See Lionel A. F. Bently & Tanya Aplin, *Whatever Became of Global Mandatory Fair Use? A Case Study in Dysfunctional Pluralism*, in *IS INTELLECTUAL PROPERTY PLURALISM FUNCTIONAL?* (S. Frankel ed., Edward Elgar, 2019); Tanya Aplin & Lionel A. F. Bently, *Displacing the Dominance of the Three-Step Test: The Role of Global, Mandatory Fair Use*, in *COMPARATIVE ASPECTS OF LIMITATIONS AND EXCEPTIONS IN COPYRIGHT LAW* (S. Balganes, N. Wee Loon & H. Sun eds., Cambridge University Press 2019) (mandatory quotation right in art. 10(1) of the Berne Convention requires WTO member states to validate a sizeable range of fair uses); see generally TANYA APLIN AND LIONEL BENTLY, *GLOBAL MANDATORY FAIR USE: THE NATURE AND SCOPE OF THE RIGHT TO QUOTE COPYRIGHT WORKS* (Cambridge University Press 2020).

⁷⁵ See Case C-476/17, *Pelham GmbH v. Ralf Hütter*, EU:C:2019:624 (CJEU Grand Chamber 2019).

⁷⁶ The EU experience would also suggest the importance of a central court to ensure consistency of interpretation. But, subject to that caveat, countries frequently copy the text of each other’s laws, causing convergence on the surface, and perhaps on an ongoing basis if national courts are open to expansive use of comparative method. See Justin Hughes, *The Charming Betsy Canon, American Legal Doctrine, and the Global Rule of Law*, 53 *VANDERBILT J. OF TRANS. LAW* 1147 (2020).

⁷⁷ See HELFER ET AL., *supra* note 3 at 44.

⁷⁸ Art. 19 reflects the fact that generally the Berne Convention is a minimum standards agreement. See Berne Convention, art. 19 (“The provisions of this Convention shall not preclude the making of a claim to the benefit of any greater protection which may be granted by legislation in a country of the Union”). Art. 20 contemplates “special agreements” building upon the Berne Convention. See Berne Convention, art. 20 (“The Governments of the countries of the Union reserve the right to enter into special agreements among themselves, in so far as such

of the Berne Convention) to provide that the three-step test was inapplicable to these exceptions.⁷⁹ But given the approach of WTO panels to the harmonious interpretation of copyright instruments,⁸⁰ it is highly unlikely that a country enacting the exemplar will be successfully challenged under TRIPS.⁸¹

Of course, national courts may well yet interpret their common provision in disparate ways, interfering with the aspirations of the parties. And the treaty itself recognizes that different countries might adopt different conditions on commercial availability and remuneration.⁸² Finally, the treaty leaves hanging a number of important choice-of-law questions that could affect the cross-border availability of works.⁸³

All that speaks to, however, is the looser institutional structure of international law; no level of mandatory exception or even WTO enforcement can absolutely achieve universality. Indeed, the “autonomous reading” that the Court of Justice of the European Union has given to supposedly optional exceptions in Article 5 of the Information Society Directive may ensure a more uniform, and perhaps under one metric, more universal position than would the adoption of mandatory provisions

agreements grant to authors more extensive rights than those granted by the Convention, or contain other provisions not contrary to this Convention”).

⁷⁹ See ALAI, Report of the ALAI Ad Hoc Committee on the Proposals to Introduce Mandatory Exceptions for the Visually Impaired 1 (February 27, 2010), at <http://www.alai.org/en/assets/files/resolutions/report-mandatory-exceptions.pdf> (“If proposed exceptions are incompatible with the framework for exceptions and limitations set out at Berne art. 9(2), TRIPS art. 13, and WCT art. 10, then Berne art. 20 . . . would prohibit member States from enacting an international agreement mandating those exceptions. . . . At the same time, it seems that to make exceptions – that otherwise would be in accordance with the copyright treaties, and in particular with the ‘three-step test’ – mandatory in a treaty would be in conflict with Berne Art. 19 . . . which provides that the provisions of the Convention ‘shall not preclude the making of a claim to the benefit of any greater protection which may be granted by legislation in a country of the Union.’”).

⁸⁰ See United States – Section 110(5) of the US Copyright Act: Report of the Panel, WT/DS160/R (June 15, 2000), at 6.66.

⁸¹ See Annette Kur, *From Minimum Standards to Maximum Rules*, in *TRIPS PLUS 20 – FROM TRADE RULES TO MARKET PRINCIPLES*, 133, 149 (Hanns Ullrich et al. eds., Springer 2016) (“Neutral as it is in legal effect, this regulatory detail [i.e., the lack of express reference to the three-step test in art. 4(2), as it is in art. 4(3)] seems to signal that TRIPS compliance is basically taken for granted, so that contracting parties espousing the model set out in Article 4(2) can feel safe about their international obligations”). Cf. Martin Senftleben, *A Copyright Limitations Treaty Based on the Marrakesh Model: Nightmare or Dream Come True?*, in *THE CAMBRIDGE HANDBOOK OF COPYRIGHT LIMITATIONS AND EXCEPTIONS*, 74, 79 (S. Balganes, N. Wee Loon & H. Sun eds., Cambridge University Press 2021) (expressing concern about subjecting the turnkey provisions to the three-step test because this would preclude both certainty and flexibility).

⁸² See Marrakesh Treaty, art. 4(4).

⁸³ For example, it is likely that the question of which law determines whether an accessible format copy was “made under a limitation or exception or pursuant to operation of law” under art. 5(1) refers to the country where the copy was made and from which it will be exported. But the treaty is far from clear. See Trimble, *supra* note 6 at 786–89 (canvassing options).

drafted for more heterogenous international application, but lacking direct enforcement power.⁸⁴

III. Human Rights

A third way in which the Marrakesh Treaty is said to be unique is its endorsement of (universal) human rights, the right to read and the rights of the disabled.⁸⁵ Again, this point is overstated, even without referencing Article 27(2) of the Universal Declaration of Human Rights, which guarantees that “everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.”⁸⁶ Clearly, the right to read was part of any number of debates in Berne Conferences surrounding exceptions for developing countries, most notably in the Berne Appendix.⁸⁷ And the 1996 WIPO Copyright Treaty recognized “the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Convention.”⁸⁸

Perhaps the Marrakesh Treaty is the first copyright treaty expressly to reference in its preamble a particular human rights instrument conferring rights on a group other than authors, namely, the UN Convention on the Rights of Persons with Disabilities.⁸⁹ More important than these textual niceties, however, the core human rights dimension might speak to the universality of the underlying norms.⁹⁰ As noted

⁸⁴ See ELEONORA ROSATI, *COPYRIGHT AND THE COURT OF JUSTICE OF THE EUROPEAN UNION*, 42–43 (Oxford University Press 2019) (tracing the history of this approach and listing the multiple occasions on which the Court has deployed it to develop a European concept that has an “independent and uniform interpretation throughout the European Union”); see, e.g., Case C-201/13, *Deckmyn v. Vandersteen*, EU:C:2014:2132 (CJEU 2014) (parody as autonomous concept in defining the meaning of defense to copyright infringement even though that was a defense that was optional for Member States to provide).

⁸⁵ See Ruth L. Okediji, *Does Intellectual Property Need Human Rights?*, 51 N.Y.U. J. INT’L L. & POL. 1, 45–46 (2018); Margot E. Kaminski & Shlomit Yanisky-Ravid, *The Marrakesh Treaty for Visually Impaired Persons: Why a Treaty Was Preferable to Soft Law*, 75 U. PITT. L. REV. 255, 286 (2014).

⁸⁶ See Universal Declaration of Human Rights, art. 27.

⁸⁷ The Appendix to the Paris Act of 1971, drawing upon a Protocol agreed in Stockholm four years earlier, allows developing countries to limit reproduction and translation rights in terms that might otherwise not be permitted by the Berne Convention. See 2 RICKETSON AND GINSBURG, *supra* note 9, §§ 14.69–14.106, at 925–960. This is heavily driven by educational and development goals. See *id.*, at § 14.106, at 958.

⁸⁸ See WIPO Copyright Treaty, preamble.

⁸⁹ See Convention on the Rights of Persons with Disabilities, Dec. 13, 2006, 2515 U.N.T.S. 3.

⁹⁰ Cf. Jonathan Griffiths, *Universalism, Pluralism, or Isolationism? The Relationship Between Authors’ Rights and Creators’ Human Rights*, in *PLURALISM AND UNIVERSALISM IN INTERNATIONAL COPYRIGHT LAW* (Tatiana Eleni Synodinou ed., Kluwer 2019) (“If authors’ rights, as established in international copyright law, were indeed human rights, claims to the universalism of copyright norms would be significantly reinforced”).

above, the universality of human rights is understood to mean that they should apply even in *internal* settings.

IV. *Scope of Application: Domestic Copyright Law*

This last point connects well with another new feature of the Marrakesh Treaty that sets the treaty apart from existing international copyright law. The obligation of Article 5(1) of the Berne Convention applied only to “in respect of works for which [authors] are protected under this Convention, in countries of the Union other than the country of origin.”⁹¹ As Article 5(3) of the Berne Convention lays out even more explicitly, “protection in the country of origin is governed by domestic law.” Thus, member states are not required to grant treaty rights to domestic works; Berne only applies when there is a difference between the country for which the protection is sought and the country of origin. For example, under Section 411 of its Copyright Act, the United States imposes on US works the formality of registration prior to an action for infringement, which Article 5(2) of the Convention bars being required of foreign works.⁹²

This feature of the Berne system derogated from its universality, measured in scope of application. But it was an understandable feature given the roots of the Berne system in the desire to ensure that foreign works were granted protection. And as a practical matter, notwithstanding the US rule in Section 411 noted above, national political realities meant that most protections required by treaty to be conferred on foreign works would be extended to local works.

This political tempering of theoretical legislative latitude works well for the rights of authors. It might work less well for exceptions. Thus, the French Supreme Court has held that Berne-derived rights to make a brief quotation was not applicable to an alleged infringement in France of a painting of French origin, where an auctioneer had reproduced a painting in its auction catalog.⁹³ Thus, under the Berne model, contracting parties could deny the application of a mandatory exception to French works, while being required to allow such exceptions to be exercised as regards foreign works. The political realities do not work the same way here. This would rarely be a problem when the international copyright instruments were largely concerned with the rights of authors. But as the debate shifts to encompass

⁹¹ See Berne Convention, art. 5(1).

⁹² See 17 U.S.C. § 411.

⁹³ See Court of cassation, decision of February 10, 1992, n 95-19030, noted in JANE C. GINSBURG & EDOUARD TREPPOZ, *INTERNATIONAL COPYRIGHT LAW: U.S. AND E.U. PERSPECTIVES*, 185 (Edward Elgar Publishing 2015); see also Jane C. Ginsburg, *Floors and Ceilings in International Copyright Treaties*, in *INTELLECTUAL PROPERTY BEYOND BORDERS* (Henning Grosse Ruse-Khan & Axel Metzger eds., Cambridge University Press 2022).

mandatory exceptions – which might be called the rights of users – this issue requires the treaties to have a broader and more universal scope of application.⁹⁴

Article 4(1) of the Marrakesh Treaty requires that “Contracting Parties shall provide *in their national copyright laws*.” Sam Ricketson reads this as applying to domestic and foreign works and has asked whether this “Marrakesh deviation” will become the model in other areas where international agreements on exceptions are being considered, such as libraries and educational institutions.⁹⁵ Although there is no clear indication in the records of the conference that this language reflected an awareness of this dynamic, the desire for universality does indeed support this approach being replicated. The political winds that prevent this derogation from the scope of the Berne system being serious might blow differently with exceptions.⁹⁶

Indeed, more broadly, this development might make us begin to question more broadly the concept of “country of origin” in the Berne system. Article 5(4) provides a very complex definition of “country of origin.”⁹⁷ That concept has been severely tested by online publication,⁹⁸ which may – if read wrongly (as it may well have been by some national courts) – unintentionally evict works from the protection of Berne.⁹⁹

⁹⁴ There are broader systemic issues here. Rochelle Dreyfuss and I noted that as the system reorients to balance the rights of owners and users, structural protections such as national treatment should extend from authors to users. See GRAEME B. DINWOODIE AND ROCHELLE C. DREYFUSS, *A NEOFEDERALIST VISION OF TRIPS: THE RESILIENCE OF THE INTERNATIONAL INTELLECTUAL PROPERTY REGIME*, 158–170 (Oxford University Press 2012).

⁹⁵ See Sam Ricketson, *The International Framework for the Protection of Authors: Bendable Boundaries and Immovable Obstacles*, 41 COLUM. J.L. & ARTS 341, 348 (2018); cf. Reto M. Hilty et al., *International Instrument on Permitted Uses in Copyright Law*, 52 IIC 62 (2021) (seeking to make congruent with existing treaties and not addressing this point).

⁹⁶ The problem created by the application of the substantive provisions only to foreign works may arise not only with mandatory exceptions but also with mandatory exclusion of subject matter. See 1 RICKETSON & GINSBURG, *supra* note 9, § 6.98 at 319 (noting that the “Conventional exclusions from coverage may constitute supranational *maxima* of protection: member states may not extend protection to foreign Berne works or provide rights that fall into these limited categories, even though local works may enjoy those benefits”); *id.*, §§ 6.110–111 at 330–332.

⁹⁷ See Berne Convention, art. 5(4).

⁹⁸ Compare *Kernal Records Oy v. Mosley*, 794 F. Supp. 2d 1355, 1362 (S.D. Fla. 2011), *aff'd on other grounds sub nom.* *Kernel Records Oy v. Mosley*, 694 F.3d 1294 (11th Cir. 2012) with *Moberg v. 33T LLC*, 666 F. Supp. 2d 415, 422–23 (D. Del. 2009) (“To hold otherwise would require an artist to survey all the copyright laws throughout the world, determine what requirements exist as preconditions to suits in those countries should one of its citizens infringe on the artist’s rights, and comply with those formalities, all prior to posting any copyrighted image on the Internet. The Berne Convention was formed, in part, to prevent exactly this result”); see also Library of Congress, Copyright Office, *Online Publication: Notice of Inquiry*, Fed. Reg., Vol. 84, No. 233, Wednesday, Dec. 4, 2019 at 66328, 66330 (discussing online publication and recognizing that “access to court may depend on whether a work is considered a United States work or a foreign work, and publication is a key concept in making that determination.”)

⁹⁹ See generally Thomas Cotter, *Toward a Functional Definition of Publication in Copyright Law*, 92 MINN. L. REV. 1724, 1749–1740 (2008) (“Perhaps the country of origin concept needs to be rethought in the digital age”); Jane C. Ginsburg, *Berne without Borders: Geographic Indiscretion and Digital Communications*, INTEL. PROP. Q. 111 (2002); International Literary

V. Cross-border Exchange

Even with international mandatory exceptions, which require that national laws permit particular uses, the principle of territoriality can interfere with the effectiveness of those exceptions in ensuring the universal application of the norm. Capacity to take advantage of those exceptions may vary widely from one country to another, limiting the overall distribution of socially valuable works (and in the case of Marrakesh, of accessible-format copies of works).

The Marrakesh Treaty (mirroring to some extent, if only implicitly, the treatment of patent compulsory licenses and access to medicines under the Doha Declaration and Article 31bis of TRIPS)¹⁰⁰ requires member states to allow for the cross-border exchange of special-format copies of books, including audio books and digital files, and other print material between those countries that are parties to the treaty (and who comply with the standard three-step test for exceptions in international copyright law).¹⁰¹ This should reduce the high costs of converting books into accessible-format copies by eliminating the duplication of efforts and allow many copies to be made in one country and supplied to beneficiary persons in several countries. The scheme set up by Articles 5–6 may encourage countries to take particular positions on the exhaustion question (despite the Marrakesh text bracketing the exhaustion question).¹⁰²

Rochelle Dreyfuss and I have previously suggested that an international IP acquis should include principles that reflect the increased interdependence of nation-states.¹⁰³ On the one hand, this requires greater attention to enforcement for authors. But it also suggests exploiting the potential for pooling of resources and thus for securing the social gains for which the copyright system exists. This is a mechanism by which to make more real both the universal aspiration of the “right to read” and the universal remit of the mandatory exception in the Marrakesh Treaty.

and Artistic Association, Determination of Country of Origin When A Work is First Publicly Disclosed Over the Internet at 5 (adopted January 14, 2012), at <http://www.alai.org/assets/files/resolutions/country-of-origin.pdf> (concluding that “a work disseminated only in dematerialized digital format is never published”).

¹⁰⁰ See TRIPS Agreement, art. 31bis.

¹⁰¹ This is achieved in two provisions. Art. 5 requires that Contracting Parties allow an accessible format copy made under an exception to be exported by an authorized entity to a beneficiary person or an authorized entity in another Contracting Party. And art. 6 complements art. 5 by providing that, to the extent that the national law of a Contracting Party would permit the making of an accessible format copy of a work, it shall also permit import of such copies by a beneficiary person or authorized entity.

¹⁰² See Marrakesh Treaty, art. 5(5) (“Nothing in this Treaty shall be used to address the issue of exhaustion of rights”); see also Trimble, *supra* note 6 at 790 (“While the Treaty abstains from addressing copyright exhaustion in any manner, it does not prohibit countries from using the exhaustion principle to implement the Treaty”); *id.*, at 791 (“The exhaustion principle could assist countries with a partial implementation of the Treaty’s cross-border exchange system”). Marketa Trimble notes that “a limited international exhaustion rule would result in the mutual recognition of countries’ exceptions and limitations under the Treaty.” See *id.*, at 792.

¹⁰³ See DINWOODIE AND DREYFUSS, *supra* note 94.

As noted above, in the regional context, the European Union has recently adopted a number of cross-border mechanisms that allow determinations or rights in one country to have effect in another.¹⁰⁴ This approach is likely less controversial in the more limited European context, where much of substantive copyright law has been harmonized. Even within the European Union, those mechanisms make important contributions to expanding the geographic area in which works might with certainty be exploited, because even with common legal rules, the facts and circumstances on which those rules operate may vary from country to country. Likewise, rights granted under common substantive rules might have been allocated to different grantees or granted under different conditions among different countries.

But the background commonality on substantive norms is likely to make the erasure of formal territoriality less troubling to states now required to treat a particular exploitation on their territory as lawful, without regard to domestic facts that would ordinarily inform that assessment. The realignment of outcome that is effected is likely to be minor (both because of the commonality of legal rules, but also because the more homogenous social and economic conditions make it more likely that the factual context would – if separately assessed – be similar). This seems a small price to pay for the reciprocal gains that are likely to come from these “mutual recognition” systems, especially when they contribute positively to the wider exploitation of the work, consistent with the objectives of international copyright law.

The implementation of a similar system at the global level is more radical because the global context removes the factual and legal commonality that is present within the European Union. But the Marrakesh mechanisms suggest variables that will inform the extent to which global replication is likely to ruffle feathers and the devices that might be the basis for rendering any such system more acceptable. Making the exceptions mandatory was important, as was the focus of the treaty on a topic on which there was broad agreement; most countries favored this type of exception. But so too was the provision of turnkey exemplars that is likely to effect soft harmonization as the treaty is implemented. Likewise, provisions in the treaty delineating the ways in which countries might vary their implementation (such as imposing a “commercial unavailability” condition) will, in practice, serve to cabin the extent to which the latitude to tailor implementation allows for deviation from a single norm.¹⁰⁵ Indeed, while the focus on the three-step test might have been problematic in some respects, it is the type of provision that helps to ensure that the

¹⁰⁴ See *supra* text accompanying notes 50–55.

¹⁰⁵ The extent of the variation will also be affected by unresolved choice-of-law issues. It is not clear from the text of the Marrakesh Treaty whether the copy must be one that could be made in the country of manufacture as well as import, but that would seem to be a plausible reading of the provision. Cf. Trimble, *supra* note 6 at 786 (canvassing options and noting that “applying the destination country’s law to assess the lawfulness of copies’ provenance prior to their importation might be a legitimate approach, given that the Treaty does not mandate any choice-of-law rules”).

cross-border mechanism cannot be exploited by a rogue country. Only certain countries can be admitted to the system of mutual recognition. Finally, the involvement of intermediaries whose affinities and sources of expertise often reach across borders is also likely to exert soft harmonizing influence. All this should help to make this mechanism seem less disruptive to actors who are accustomed to operating a national model.

E. CONCLUSION

Universalism has been a goal of the international copyright system from the outset. But once the concept is understood as something more than uniformity of content, it becomes apparent that all the participants in the development of the system over the last century can be understood as universalists. Less semantically, it also calls our attention to an expanded range of mechanisms that can fulfill that aspiration. In a number of features, the Marrakesh Treaty reflects that expanded, multi-dimensional view of universalism, and as such is a significant milestone (and a potential lodestar) in the further development of international copyright law.

Measuring the Scope of Obligations under International Treaties

*(To What Extent) Are IP Conventions Binding on Paris
or TRIPS-Plus Legislation?*

Annette Kur

ABSTRACT

States must respect the obligations set forth in international conventions whenever legislative measures fall within the ambit of the relevant instruments. It follows that no such duty exists where legislation is not covered by international norms. The question thus arises how to draw the line between those scenarios. Furthermore, it can be asked whether the borderline is a hard and fast one, or whether it is pervious to a residue of basic obligations persisting beyond strictly defined limits. For intellectual property rights, the issue is of relevance in two situations: first, if rights adjacent to intellectual property rights are conceptualised as rights sui generis; and second, if legislation falling within the ambit of international conventions goes beyond the minimum standards prescribed therein. This paper investigates whether and to what extent Paris and TRIPS-Plus legislation, in the form of sui generis rights and over-obligatory standards, actually enjoy dispense from otherwise mandatory commitments.

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Parts of this text go back to the SPC Study (see [note 1](#)) and an unpublished article written in cooperation with Roberto Romandini. The relevant parts are flagged in the footnotes. Roberto Romandini must be credited for the information provided in those sections. Mistakes and errors are entirely mine.

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A. INTRODUCTION

The issue addressed in this chapter first emerged in the framework of the SPC Study that was conducted and coordinated by Roberto Romandini at the Max Planck Institute for Innovation and Competition in Munich (MPI).¹ 'SPC' stands for Supplementary Protection Certificate, a legal title in the European Union (EU) by which exclusive rights for the marketing of pharmaceuticals or agrochemical products are granted, for a limited period, after the lapse of patents pertaining to the underlying invention.² Among other issues,³ the study concerned the legal option of introducing a so-called manufacturing waiver, that is, the possibility to produce

¹ Study on the legal aspects of supplementary protection certificates in the EU (SPC Study), available at <https://ec.europa.eu/docsroom/documents/29524/attachments/1/translations/en/renditions/native>. Roberto Romandini is the principal author of the study; my contributions were limited to chapters dealing with international law and general issues of EU law.

² The Acts currently in force are Regulation (EC) No 469/2009 of the European Parliament and of the Council of 6 May 2009 Concerning the Supplementary Protection Certificate for Medicinal Products, as amended (see note 4) and Regulation (EC) No 1610/96 of the European Parliament and of the Council of 23 July 1996 Concerning the Creation of a Supplementary Protection Certificate for Plant Protection Products, OJ L 198, 8.8.1996, pp. 30–35.

³ The SPC Study covers a wide range of issues, from an analysis of the constitutive elements of the right and the evaluation of relevant CJEU jurisprudence to empirical studies and issues *de lege lata*, such as creating a unitary SPC title and introducing new limitations.

medical products for export or stockpiling while they were still protected by an SPC.⁴ In that framework, it had to be assessed *inter alia* whether such a rule complies with international law, in particular TRIPS.

Concerning stockpiling, a negative answer had been given to that question by a WTO Panel;⁵ however, the underlying dispute had been about patents alone. So, what about SPCs? Does the answer have to be the same? Or are they, by contrast, not even among those industrial or intellectual property (IP) rights that fall within the ambits of the Paris Convention (PC)⁶ and TRIPS?⁷ Would that mean that such rights are beyond any – even the most basic – obligation under the two treaty systems, such as granting national treatment? On the other hand, if it is assumed that SPCs are IP rights covered by the Paris Convention and TRIPS, does that automatically mean that all obligations under those agreements apply to the full extent? In other words, what exactly are the legal consequences of the fact that SPCs are TRIPS-Plus elements which do not form part of the mandatory minimum standard established under international IP conventions?

Having come so far in our deliberations, we realised that while SPCs present a complex and timely scenario for a case study on the implications of TRIPS-Plus legislation in the light of international law, that scenario is certainly not the only one. For instance, what about other *sui generis* rights, such as the right of database makers and press publishers?⁸ What about (potential) national legislation which makes registration an obligatory prerequisite for asserting copyright protection beyond fifty years after the death of the author, or for claiming unitary copyright on a regional (EU) level – in addition to national law?⁹ What about extending patent protection to diagnostic and/or therapeutic methods while denying access to civil remedies for infringement?¹⁰ Does the right to reproduce design-protected parts

⁴ The proposal made in the SPC Study to introduce such limitations has been implemented in the meantime, see Regulation (EU) No 2019/933 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EC) No 469/2009 Concerning the Supplementary Protection Certificate for Medicinal Products [2019] OJ L 153/1.

⁵ WTO DS 144, Canada – Patent Protection for Pharmaceutical Products, report adopted on 7 April 2000.

⁶ Paris Convention on the Protection of Industrial Property of 20 March 1883, as last revised in Stockholm on 14 July 1967.

⁷ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco, on 15 April 1994.

⁸ The inspiration for including the press publishers' right (together with that of database makers) and attributing more attention to the issue than what was done in the SPC Study results from Jane Ginsburg's contribution at the first workshop conducted in the framework of the project in Berlin, June 2019.

⁹ The concept is ventilated *inter alia* by OLIVER FISCHER, *PERSPEKTIVEN FÜR EIN EUROPÄISCHES URHEBERRECHT*, Baden-Baden, Nomos (2014) with regard to a unitary EU copyright code. For copyright formalities in general see STEF VAN GOMPEL, *FORMALITIES IN COPYRIGHT LAW*, Wolters Kluwer (2011).

¹⁰ See Section C.I.

of complex products for repair purposes have to meet the criteria of the three-step test in Art. 26(2) TRIPS, even though Art. 25 does not make the design protection of parts mandatory?¹¹

Those issues, specific and diverse as they may appear, concern the same theoretical theme, namely, whether and to what extent international conventions produce legal effects beyond their core scope.¹² The situations giving rise to such questions can be roughly distinguished as follows. First, the issue may arise with regard to subject matter which is closely similar, yet not identical, to that covered by international IP conventions. Second, the problem may show up when national IP laws grant more generous protection than what is mandatory, but on the other hand impose certain qualifications that are generally objectionable under the relevant conventions.

The paper considers some of the issues identified above, being conscious that only a fragmentary and tentative approach can be offered here. The presentation proceeds as follows. First, the question is posed as to how and why subjective entitlements are qualified as industrial or IP rights, and what consequences ensue when they fail that mark (section B). As examples, I consider SPCs on the one hand (subsection I) and the rights of database makers and press publishers on the other (subsection II). Second, I address the impact of mandatory requirements of international law on regulations of national (or regional) IP law falling within the ambit of international conventions but granting more generous protection than the bare minimum (section C). More specifically, this section includes a discussion of whether and to what extent TRIPS-Plus legislation enjoys leeway under the principle that the broader option – not to protect at all – includes the narrower one, that is, granting more limited rights than what is otherwise mandatory under TRIPS ('the greater includes the lesser'). The chapter ends with a brief summary and conclusions (section D).

B. QUALIFICATION OF SUBJECT MATTER AS INTELLECTUAL PROPERTY RIGHTS

I. *Supplementary Protection Certificates*

Supplementary protection certificates¹³ were created as a *sui generis* right on the basis of EU regulations enacted in 1992 (for medicinal products)¹⁴ and 1996 (for

¹¹ See Section C.I.

¹² The issue is, to some extent, related to non-violation complaints, which for the time being are mooted for IP disputes.

¹³ Section B.I. of this chapter draws on a manuscript authored jointly by Roberto Romandini and Annette Kur.

¹⁴ First enacted as Council Regulation (EEC) No 1768/92 of 18 June 1992 Concerning the Creation of a Supplementary Protection Certificate for Medicinal Products [1992] OJ L 182/1.

agrochemical products) respectively. The legislative aim was to make sure that holders of patents pertaining to medical or agrochemical substances or procedures were able to make up for the time lost by the need to obtain market authorisation for products covered by the patent. The legislation was set off by similar schemes previously enacted in the USA¹⁵ and in Japan.¹⁶ In those countries, however, legislation took the form of an extension, or restoration, of the patent term with regard to the products concerned. The right granted was thus integrated into national patent legislation instead of constituting a *sui generis* right. In the EU, that route was barred at the relevant time, as the European Patent Convention (EPC)¹⁷ in its original version restricted the option of patent prolongation to certain emergency situations (Art. 63 EPC 1973). By establishing a *sui generis* system, the EU legislature tried to escape the necessity to initiate and promote a revision of the EPC,¹⁸ which – it was feared, not without reason – would be too cumbersome to accomplish in due time.¹⁹

In the context considered here, this scenario raises the question of whether the solution chosen produces any effects on the international level, or whether SPCs, as *sui generis* rights, are exempt from obligations under the Paris Convention and TRIPS. While it seems clear that a regulation within patent law such as in the USA and Japan (and others) would naturally fall within the ambit of industrial or IP law, the issue is no matter of course for SPCs. A negative answer could derive from the fact that SPCs are neither listed in the definition of industrial property as set forth in Art. 1(2) PC nor appear in Part II sections 1 to 5 TRIPS as referred to in Art. 1(2) of the TRIPS Agreement. However, an interpretation of those articles in good faith, as commanded by Art. 31 of the Vienna Convention on the Law of Treaties (VCLT), must take account not only of the ordinary meaning of the terms as such but must also consider the context as well as the object and purpose of the treaty concerned.

For the Paris Convention, this means in particular that account must be taken of Art. 1(4) PC, which specifies that '[p]atents shall include the various kinds of industrial patents recognized by the laws of the countries of the Union, such as patents of importation, patents of improvement, patents and certificates of addition, etc.' Furthermore, Art. 1(3) PC stipulates that '[i]ndustrial property shall be understood

¹⁵ 35 U.S. Code § 156 – Extension of patent term.

¹⁶ Patent Act (Act No 121 of 13 April 1959, as amended up to 2006); an English translation is available at http://www.wipo.int/wipolex/en/text.jsp?file_id=188310.

¹⁷ European Patent Convention of 5 October 1973. The current version (EPC 2000) has been in force since 13 December 2007.

¹⁸ See Hans Peter Kunz-Hallstein, *The compatibility of a community 'Certificate for the Restoration of Protection' with the European Patent Convention*, EUROPEAN INTELLECTUAL PROPERTY REVIEW (1990) 209. However, others held that establishing a *sui generis* system was a procedural ruse which could not prevent a finding of incompatibility with Art. 63 EPC 1978; see Detlef Schennen, *Die Verlängerung der Patentlaufzeit für Arzneimittel im Gemeinsamen Markt*, BUNDESANZEIGER (1993) 33–35.

¹⁹ Art. 63 EPC 1978 was subsequently amended by the Act Revising Art. 63 EPC of 17 December 1991, which entered into force on 4 July 1997, see OJ EPO 1992, p. 1 ff.

in the broadest sense...'. Under the broad interpretation thus warranted, the term 'patent' must be understood as encompassing any kind of right by which national legislation rewards technical achievements.²⁰ Importantly, pursuant to Art. 1(4) PC, the term is not reserved for new inventions but applies equally to the mere importation of such achievements ('patents of importation').²¹ The focus thereby lies on the fact that the holder of the right has brought new and useful subject matter to the (national) market for which the right is granted.

The same is true for SPCs: there too, the right pertains not to the invention as such; the protection granted is rather meant to reward and incentivise the effort and investments needed to develop a pharmaceutical or agrochemical invention into a marketable product. Furthermore, EU legislation on SPCs was clearly intended to enable a kind of patent term extension resembling foreign legislation in most of its crucial features, though consciously avoiding, for the reasons set forth above, any reference to the term 'patent'. But nomenclature cannot be decisive; what counts are the contents and objectives of the legislation. This point invites the conclusion that SPCs are 'patents' in the broad definition of Art. 1(4) PC and thereby form part of industrial property as defined in Art. 1(2) PC.

Indeed, the European legislature never disputed the contention that SPC legislation was fully encompassed by international IP law, including the obligation to grant national treatment.²² Thus, different from other fields of EU legislation,²³ it was never intended to make the grant of such rights subject to reciprocity. On the contrary, because the EU wanted to achieve a level playing field with international market actors who had already introduced similar protection clearly falling into the scope of the Paris Convention, the same approach was readily accepted for SPCs.

Accepting that SPCs are patents in the meaning of Art. 1(2) PC also settles the matter for TRIPS, at least insofar as amenability to dispute settlement proceedings as well as application of the general provisions in Part I of the agreement are concerned. This follows from the Appellate Body's findings with regard to trade names in the US – Sec. 211 Omnibus Expropriation Act (Havana Club).²⁴ Pursuant to the report, rights protected under the Paris Convention are included within the ambit of TRIPS by virtue of Art. 2(1) TRIPS, irrespective of whether they are explicitly listed in Part II.²⁵

²⁰ G. H. C. Bodenhausen, *Guide to the Paris Convention for the Protection of Industrial Property*, BIRPI (1968); Art. 1(2) PC, p. 21 contends that if national legislation chose to grant patents for plant varieties, the Convention would apply to them.

²¹ Bodenhausen (note 20), Art.1 (4) PC, p. 26. Nowadays that kind of right is only of historical interest.

²² See Explanatory Memorandum to the Proposal for a European Parliament and Council Regulation (EC), 9 December 1994, Concerning the Creation of a Supplementary Protection Certificate for Plant Protection Products (COM(94) 579 final), Recitals 55–56.

²³ See Section B.II. in this chapter.

²⁴ United States – Section 211 Omnibus Appropriations Act of 1998, AB-2001–7, Report of the Appellate Body, WT/DS176/AB/R, 2 January 2002.

²⁵ Appellate Body, *id.*, para 341. It is a different question whether SPCs are also 'patents' in the specific meaning of Section 5 (Art. 27 et seq.) TRIPS. For a discussion of that point see SPC

II. Non-original Databases and Press Publishers' Rights

1. Background

The question as to whether new types of *sui generis* rights form part of the system established by the international IP conventions was a matter of debate, inter alia, in connection with the introduction of the Database Directive (DBD) in the EU in 1996.²⁶ Art. 7 DBD establishes a right protecting database makers against non-authorised users extracting or re-utilising substantial (or, in the case of repeated and systematic use, also insubstantial) parts of a database which has been the result of substantial qualitative and/or quantitative investment in either the obtaining, verification or presentation of the contents. Furthermore, pursuant to Art. 8 DBD, lawful users of the database may not perform acts that clash with normal exploitation of the database or unreasonably prejudice the legitimate interests of the database maker. As emphasised in the preamble, the right is not meant to create a new right in the works, data or materials themselves,²⁷ and it shall in no way extend copyright to mere facts and data.²⁸

Having thus distinguished the new right from copyright in terms of its objectives and scope, the EU legislature felt entitled to forgo the principle of national treatment by restricting application of the right to database makers or right-holders who are nationals of a Member State or who have their habitual residence in the territory of the Community (now the EU; Art. 11(1) DBD). For all others, the grant of protection was made subject to reciprocity²⁹ or to conditions established in bilateral agreements with the EU.³⁰

To some extent this move may have been a reaction to previous legislation in the USA protecting the circuit design of semiconductor chips.³¹ Protection for non-US nationals or companies was made dependent on the respective countries undertaking 'good faith and reasonable efforts' to provide similar protection. Restricting

Study (note 1), p. 308 et seq. (leading to the conclusion that although SPCs rely on different prerequisites than those listed in Art. 27 TRIPS, they prolong the exclusionary effect that would not have existed but for the basic patent, so that they are not fully exempted from observing the exigencies of – in particular – Art. 30 TRIPS. On the other hand, this also means that their specifics must be duly observed when the test is applied).

²⁶ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the Legal Protection of Databases, OJ L 77, 27.3.1996, p. 20–28, amended by Directive 2019/790 on Copyright and Related Rights in the Digital Single Market.

²⁷ Recital 46.

²⁸ Recital 45.

²⁹ Recital 56.

³⁰ Art. 11(3) Database Directive. Protection of investment into databases therefore regularly forms part of bilateral trade agreements concluded between the EU and its trading partners.

³¹ Semiconductor Chip Protection Act of 1984; 17 U.S. Code, sections 901–914.

protection to nationals in that case had triggered similar legislation *inter alia*³² in the EU,³³ and even resulted in the adoption of a specific international treaty.³⁴ However, any hopes possibly nourished by the EU that a similar effect would arise with regard to protection of database makers were in vain; the USA and several other countries have, to date, refrained from such legislation.³⁵ However, and in spite of doubts articulated in the meantime about the aptitude of the legislative model to trigger investment in new and useful databases,³⁶ the EU model remains in operation and has been adopted in a number of other jurisdictions.³⁷ Whether and to what extent the reciprocity clause helped in that process can only be guessed.

The press publishers' right in Art. 15 of the Digital Single Market (DSM) Directive³⁸ presents another more recent example of legislation reserving legal entitlements to nationals³⁹ only. Different from the database makers' right with its particular prerequisites and scope, the press publishers' right to prevent online uses is tailored after copyright protection against reproduction and making available to the public under Art. 2 and 3 of the Infosoc Directive⁴⁰ (with the exception of hyperlinking, and not relating to single words or 'very brief extracts'), and it is subject to the same limitations and qualifications as set forth in Art. 5 to 8 of that directive. Nevertheless, the right is conceived as an instrument which rewards press publishers' financial and organisational contributions to maintain a free and pluralist press and ensure quality journalism and the information of the public rather than the intellectual creation of individual authors.⁴¹ Accordingly, the right is claimed to form a

³² Similar legislation was passed in Japan and Australia as well as several EU Member States; see Albrecht Krieger & Thomas Dreier, *Die Washingtoner Diplomatische Konferenz zum Abschluss eines Vertrages über den Schutz des geistigen Eigentums im Hinblick auf integrierte Schaltkreise – Bericht der deutschen Delegation*, GRUR INT. (1989) 729.

³³ Council Directive 54/87 on the Legal Protection of Topographies of Semiconductor Products [1987] OJ L 24/36.

³⁴ Treaty on Intellectual Property in Respect of Integrated Circuits, adopted at Washington D.C. on 26 May 1989.

³⁵ The US legislature's decision was strongly influenced by the seminal article by Jerome H. Reichman & Pamela Samuelson, *Intellectual Property Rights in Data*, 50 VAND. L.REV. (1997) 51–166. Canada and Australia similarly decided against the introduction of a European-type *sui generis* protection for database makers, see Daniel Gervais, *The Protection of Databases*, 82 KENT L.REV. (2007) 1109–1168.

³⁶ DG Internal Market and Services Working Paper of 12 December 2005, First evaluation of Directive 96/9/EC on the Protection of Databases, p. 5; see also Commission Staff Working Document of 25 April 2018, Executive Summary of the Evaluation of Directive 96/9/EC on the Protection of Databases, SWD 146 final, p. 1.

³⁷ Including for instance Japan, Russia, Brazil and Mexico.

³⁸ Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on Copyright and Related Rights in the Digital Single Market and Amending Directives 96/9/EC and 2001/29/EC, OJ L 130, 17 May 2019, p. 92.

³⁹ To be understood as 'publishers that are established in a Member State and have their registered office, central administration or principal place of business within the Union' DSM Directive, Recital 55.

⁴⁰ DSM Directive, Recital 57.

⁴¹ DSM Directive, Recital 55.

legal title *sui generis*, which is separate and independent from copyright pertaining to the works contained in the publication.⁴² The EU legislature therefore felt free to grant the right solely to publishers of press publications established in an EU Member State (Art. 15(1) DSM Directive).

2. Are the Database Makers' and Press Publishers' Rights a Form of IP?

A. WHAT ABOUT COPYRIGHT? In both cases, databases as well as press publications, the contention that the right granted to an investor does not trigger the obligation to apply national treatment under the international IP conventions is open to challenge.⁴³ Starting with the press publishers' rights, the distinction made vis-à-vis copyright might sound hollow in view of the fact that the scope of the right follows exactly the relevant stipulations in the Infosoc Directive.⁴⁴ On the other hand, the legislative intent to create an *aliud* meant to protect financial and organisational input instead of incentivising creative activities seems to be genuine; there are no indications to the contrary.⁴⁵ Nevertheless, the question remains whether it is possible and legitimate to complement an existing IP right by another legal title that emulates the contours of the former, yet differs in its subject matter to an extent that takes it beyond the exigencies of international law to which the 'twin right' is subject.⁴⁶

For the answer, one must again, in good faith, revert to the interpretation of the Berne Convention.⁴⁷ On the one hand, the press publishers' rights, just as copyright of journalists, are set off when (part of) texts are reproduced or made available to the public, and there is no doubt that texts are 'literary works' for which copyright protection is mandatory under Art. 2(1) Berne Convention. On the other hand, the

⁴² DSM Directive, Recital 59.

⁴³ Such challenges are often based on the affinity of the database maker's right with unfair competition or industrial property, as advocated inter alia by Jerome Reichman, see [note 56](#).

⁴⁴ For a thorough examination of whether the press publishers' right can be characterised as copyright or a right *sui generis*, and of the friction with international standards that might possibly result – such as the quotation right – see contribution by Jane Ginsburg, in this volume.

⁴⁵ For the different situation in case of SPCs see [Section B.I.](#): it was obvious that the EU legislature wanted to implement a patent term restoration scheme but was hindered from doing so openly.

⁴⁶ The question posed here is somewhat more specific than what was discussed previously by Henning Grosse Ruse-Khan & Annette Kur, *Enough Is Enough – The Notion of Binding Ceilings in International Intellectual Property Protection*, Max Planck Institute for Intellectual Property, Competition & Tax Law (2008), Research Paper Series No 09-01, published in a shorter version in ANNETTE KUR & MARIANNE LEVIN (EDS.), *INTELLECTUAL PROPERTY RIGHTS IN A FAIR WORLD TRADE SYSTEM*, E. Elgar (2011) 359–407. Quotations in this text refer to the longer version, which is available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1326429.

⁴⁷ In accordance with Art. 31(1)VCLT, mentioned above, [Section B.I.](#) regarding SPCs.

new right does not detract in any manner from the availability of copyright pertaining to the text; it only constructs an additional right with a different ‘DNA’ in spite of its mirror-image appearance. The Berne Convention is satisfied with the copyright granted; neither the wording of Art. 2(1), nor its context, purpose or objectives appear to prevent the establishment of the second ‘same outlook, yet different substance’ type of right.⁴⁸

For the database makers’ right, the distinction vis-à-vis copyright is likewise clear. Apart from legal systems accepting a ‘sweat of the brow’ doctrine,⁴⁹ copyright protection only vests in the structure or arrangement of the contents compiled in the database (see Art. 10(2) TRIPS).⁵⁰ Mere efforts and investments remain outside of that realm, and, if a demand for such protection exists, it can only be covered by a *sui generis* right.⁵¹ It is true that the database makers’ right still remains related to copyright, and the same can be said about the press publishers’ right addressed above. However, in the context considered here, that qualification does not help much, as there is no all-encompassing international convention, similar to the Berne Convention that concerns related rights in general.⁵² The existing conventions are specifically targeted to individual groups of right-holders – performing artists,⁵³ phonogram producers⁵⁴ and broadcasting companies⁵⁵ – and do not apply beyond their specific scope.

⁴⁸ The question of whether this allows for disregarding mandatory provisions, such as the exclusion of mere ‘news of the day’, or disregarding the mandatory quotation right, is addressed by Jane Ginsburg, this volume.

⁴⁹ As applied in (some circuits in) the USA prior to *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.* 499 U.S. 340 (1991).

⁵⁰ For the question of whether the press publisher’s right is compatible with international norms that exclude mere facts or news of the day from protection, see contribution by Jane Ginsburg, this volume.

⁵¹ Whether or not there is such demand has been and continues to be contentious. However, at least the DBD has resulted in creating a level playing field among EU Member States. This point is also highlighted in the Commission evaluation report (note 36), which is otherwise rather critical of the directive and its achievements.

⁵² In particular regarding the database makers’ right, concluding such a convention had been envisaged by WIPO. A Basic Proposal for the Substantive Provisions of a Treaty on Protection of Databases was presented at the 1996 Diplomatic Conference leading to the adoption of the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), but failed to gain sufficient support.

⁵³ Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted 26 October 1961, in force since 18 May 1964; WPPT, adopted 20 December 1996, in force since 20 May 2002; Beijing Treaty on Audiovisual Performances, adopted 24 June 2012, in force since 28 April 2020.

⁵⁴ Rome Convention and the WPPT; Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, adopted 29 October 1971, in force since 18 April 1973.

⁵⁵ Rome Convention; Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite, adopted 21 May 1974, in force since 25 August 1979.

B. A (NEW) KIND OF INDUSTRIAL PROPERTY? If the *sui generis* rights established by the database and DSM directives cannot be squeezed into the frames of the Berne Convention or other copyright-related instruments, one could explore instead whether there is a place for them in the somewhat broader realm of the Paris Convention for the protection of industrial property.⁵⁶ Considering that the right of database makers and press publishers is not about protecting the creative spark of an author's mind, but rather encourages and rewards entrepreneurial spirit, organisational skills and financial investment, it is certainly no misnomer to allocate this form of protection to the 'industrial' side of the IP spectrum.⁵⁷ It also helps that the Paris Convention takes an open, rather sweeping approach to the subject matter included. Notably, the definition in Art. 1(2) also includes geographical indications⁵⁸ and 'the repression of unfair competition'. The latter term might be broad enough to encompass at least the database makers' right,⁵⁹ which, prior to harmonisation, had been a matter for unfair competition law in a number of EU Member States.⁶⁰ Indeed, the EU legislature motivated the grant of the right in part by the need to prevent parasitic competition.⁶¹ Whether similar considerations could apply to the press publishers' rights is less clear. While some kind of free-riding certainly did play a role, the chief motivation seems to have been the wish to preserve the economic basis for activities highly valued in a democratic society, rather than fighting some kind of parasitic behaviour.

For a more informed assessment of what is meant by 'repression of unfair competition', account must be taken of the relevant provision in the Paris Convention, Art. 10bis PC. Pursuant to Art. 10bis(2) PC the obligation of Member

⁵⁶ This has been argued with regard to the database maker's right by Jerome Reichman, Statement Concerning H.R. 2652 Before the Subcommittee on the Judiciary, House of Representatives, 105th Cong. 15–16 (1997), referred to in Graeme B. Dinwoodie, *The Development and Incorporation of International Norms in the Formation of Copyright Law*, 62 OHIO STATE LAW JOURNAL (2001) 734–782, 745.

⁵⁷ One aspect distinguishing those rights from 'classic' industrial property rights such as patents and trademarks is the fact that they do not arise from an Act of State in the form of registration. However, depending on the jurisdiction, the same may apply to trademarks, trade names, industrial designs and geographical indications, which definitely fall within the ambit of the Paris Convention.

⁵⁸ More precisely: 'Indications of source and appellations of origin'.

⁵⁹ See, e.g., Daniel Gervais, [note 35](#) at 125, arguing that granting protection on a reciprocity basis is hard to justify given the fact that the directive aims to harmonize an aspect of unfair competition.

⁶⁰ Jens L. Gaster, *The New EU Directive Concerning the Legal Protection of Databases*, 4 Fordham Int'l L.J. (1997) 1129, 1141, points out that among the (then) fifteen EC Member States, only three would have granted protection for data compilation under 'sweat of the brow' doctrines in copyright, and even they would have had to raise the bar to protection due to the copyright part of the database directive. See also F. W. Grosheide, *Database Protection – The European Way*, 8 WASH. U. J. L. & POLY 39 (2002) 47–48; Reichman & Samuelson ([note 35](#)), at 81.

⁶¹ See Recital 42. However, that is not the only goal, as other detrimental acts shall also be prevented; see further below in this section.

States to provide effective protection against unfair competition concerns any ‘act of competition contrary to honest practices in industrial or commercial matters’. The meaning of that principle is further exemplified in Art. 10bis(3) PC, which refers to acts of commercial communication such as creating confusion or making discrediting or misleading statements, but does not mention parasitic behaviour in the sense of using input procured by others to one’s own commercial advantage.⁶² That omission is easily explained by the difficulties of defining the tort so that it does not become excessive; after all, using others’ input for one’s own purposes can, and often will be, a normal feature of sound competition.

On the other hand, there is nothing in Art. 10bis PC signalling that such acts, if they are considered as unfair for certain reasons, are not meant to be captured by the provision.⁶³ Accordingly, it seems to be understood that if national law qualifies certain behaviour as parasitic under its unfair competition law, national treatment will apply. The same follows from the argument that due to the specific character of the provision, it is not necessary anyhow to rely on national treatment. If conduct qualifies as an act of unfair competition under national law, the provision itself makes it mandatory for the national legal system to prevent such acts within its own jurisdiction, irrespective of the nationality of the person who is adversely affected by the impugned behaviour.⁶⁴

That clarity, however, does not put an end to the question considered here. The two *sui generis* rights are distinct from unfair competition in their legal structure and in their contents. Both rights grant an exclusive position in relation to an object, whereas unfair competition rules are conduct-related.⁶⁵ Furthermore, while preventing parasitic competition may account for part of the motivation underpinning the two rights, this is not their only – or even the most prominent – objective. As emphasised in Recital 42 of the DBD, ‘the right to prohibit extraction and/or re-utilisation of all or a substantial part of the contents relates not only to the manufacture of a parasitical competing product but also to any user who, through his acts, causes significant detriment, evaluated qualitatively or quantitatively, to the

⁶² This does not mean that it is excluded; see Yves Saint-Gal, *Concurrence déloyale et concurrence parasitaire*, R.I.P.I.A. (1956), 19, quoted by Bodenhausen (note 20) Art. 10bis, (d) p. 144 and the following text.

⁶³ Saint-Gal, note 62.

⁶⁴ The argument is developed in more detail in Tobias Endrich-Laimböck’s dissertation *Technisch-Funktionelle Marken im Internationalen Immaterialgüterrecht* (forthcoming 2022). See also WT/DS435/R, WT/DS441/R WT/DS458/R, WT/DS 467/R Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging Panel Report delivered 28 June 2018 (*Australia – Plain Packaging*), para 7.2672: The assessment of what falls within Art. 10bis (and must therefore be mandatorily prohibited) ‘should be made in light of what constitutes “honest practices” in the relevant market.’

⁶⁵ F. W. Grosheide (note 60) at 48, with reference inter alia to see Jens L. Gaster, *The EU Council of Minister’s Common Position Concerning the Legal Protection of Databases: A First Comment*, 6(7) Ent. L. Rev. (1995) 258.

investment'. The acts of users addressed in the second part of the sentence, though harming the economic position of the database maker, hardly qualify as 'acts of competition' in a narrow sense; users take advantage, but they do not compete.⁶⁶ The same is true for the press publishers' right: news aggregators and press publishers are not competitors, or at least are not direct competitors; they act on different markets. Furthermore, while news aggregators may cause economic problems to publishers, they render a genuine service instead of simply engaging in usurpation of third-party efforts.⁶⁷ The EU legislature therefore did not even allege that the legislation was about fighting parasitism, but relied nearly entirely on the need to preserve the economic basis for quality journalism.⁶⁸

Unfair competition protection in the meaning of Art. 10bis PC can therefore hardly provide the ultimate key for including the two *sui generis* rights into the Paris Convention. Nevertheless, Art. 1 PC deserves a second look. As noted above (B.1.), the article provides additional clues regarding its breadth, for instance in Art. 1(4) PC with regard to patents. On a more general note, Art. 1(3) PC stipulates that '[i]ndustrial property shall be understood in the broadest sense'. Considering that industrial property under the convention is even found to subsist in the rather loose body of rules governing unfair competition, it could make even more sense to apply the term where rules governing conduct with regard to intangible assets have solidified into a system of rights and obligations. Under this analysis, the case for qualifying *sui generis* rights such as the two species considered here as 'industrial property' in the meaning of Art. 1 PC appears to be tenable in principle.

However, there are a number of counterarguments. First, the primary concern underlying of Art. 1(3) PC was to ensure that Member States do not exempt certain economic sectors from the effects of the convention;⁶⁹ the idea of eventually encompassing newly emerging rights was not on the horizon. To confirm this point,

⁶⁶ See *Australia – Plain Packaging* (note 64) para 7.2664, where 'competition' in the meaning of Art. 10bis PC (in accordance with the Oxford Dictionary) is defined as 'rivalry in the market, striving for custom between those who have the same commodities to dispose of'. That is obviously not the case here; the users do not offer any services.

⁶⁷ To the author's knowledge, few – if any – national courts in the EU undertook attempts to prohibit digital news aggregation under the aspect of unfair competition. On the basis of the position that Art. 10bis PC (only) applies to conduct regarded as being contrary to honest practices in a given market (see reference to the WTO Panel decision, note 64), this corroborates the finding that in the EU, the notion of unfair competition as set forth in Art. 10bis PC does not cover the activities of news aggregators that gave rise to establishing the press publishers' right.

⁶⁸ See in particular Recital 54 of the DSM Directive.

⁶⁹ Bodenhausen (note 20), Art. 1(3), p. 25 explains that the purpose of the provision is to avoid excluding from the protection of industrial property activities or products which would otherwise run the risk of not being assimilated to those of industry property. See also the second half-sentence in Art. 1(3) PC: 'and shall apply not only to industry and commerce proper, but likewise to agricultural and extractive industries and to all manufactured or natural products, for example, wines, grain, tobacco leaf, fruit, cattle, minerals, mineral waters, beer, flowers, and flour.'

nothing in the wording of Art. 1(2) PC indicates that the list spelled out therein is meant to be only of an exemplary, non-exhaustive character. Second, if the interpretation suggested above were correct, it would also apply to other kinds of rights, including those related to copyright. Indeed, the rights of phonogram producers and broadcasters⁷⁰ are no less ‘industrial’ in their substance than those of database makers and press publishers. The fact that in spite of this, related rights were never regarded as subject matter to which the Paris Convention might apply indicates that pursuant to a general understanding, the term ‘industrial property’ is restricted to subject matter expressly listed in Art. 1(2) PC. To corroborate the position one can further observe that plant breeders’ rights as well as those of designers of topographies of semiconductor chips – which both would fit under the broad definition of ‘industrial property’ suggested above – were not considered to fall within the realm covered by the Paris Convention. Instead, both rights – just as the rights of phonogram producers and broadcasters⁷¹ – became the subject of separate treaty systems,⁷² restricting national treatment to other Members of the same agreement.

Thus, even though the wording of the Paris Convention does not completely exclude a broad interpretation of the subject matter covered, subsequent practice in the meaning of Art. 31(3)(b) VCLT clearly points in a different direction, with the result being confirmed by the negotiation history (Art. 32 VCLT).

3. Carte Blanche for Discrimination Based on Nationality?

The most obvious effect of intangible subject matter not qualifying as ‘industrial’ or, in a broader sense, ‘intellectual’ property is that such rights are not subject to the principle of national treatment set forth in Art. 2(1) PC and Art. 3 TRIPS. Persons and entities may therefore suffer different treatment than that enjoyed by the beneficiaries of the respective legislation, depending on their nationality or place of business. While such legislation – as in the examples of EU law concerning database makers and press publishers – is obviously legitimate in the sense that it complies with current international obligations, this does not mean that the wisdom and appropriateness of that result could not be challenged. Would granting equal treatment to foreign-based entities not be more conducive to general principles of equity and fairness than strictly clinging to the letter of international IP conventions?

In the field of human rights it is an established principle anyhow that discrimination violates the basic rules of customary law. Thus, Art. 7 of the Universal Declaration of Human Rights states that ‘All are equal before the law and are

⁷⁰ For performing artists, the matter is somewhat different as they remain closer to the core area of copyright.

⁷¹ See notes 53 to 55.

⁷² For integrated circuits of semiconductor chips see the Washington Treaty (note 34); for plant breeders’ right see International Convention for the Protection of Breeders of Plants (UPOV), adopted on 2 December 1961, in force since 10 August 1968, last revised on 19 March 1991.

entitled without any discrimination to equal protection of the law. . .'. Furthermore, Art. 2(2) of the International Covenant on Economic, Social and Cultural Rights (ICESCR) stipulates that '[t]he States Parties to the present Covenant undertake to guarantee that the rights enunciated in the present Covenant will be exercised without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status'. While this wording does not exclude differential treatment, especially that which is aimed at counteracting indirect discrimination,⁷³ it is generally accepted that legislation clashing with one of the prohibited grounds listed in Art. 2(2) ICESCR violates fundamental human rights norms.⁷⁴

The situation is obviously different insofar as economic entities are concerned. National treatment, and discrimination based on national origin as its necessary counterpart, are a fully accepted element of international commercial law. Indeed, discrimination of foreign business actors is the rule rather than the exemption. National treatment needs to be treaty-based in order to become effective;⁷⁵ this implies an option for negotiating parties to craft exceptions as they see fit. Much effort is therefore spent on the issue in international trade and investment treaties, where equal access to markets and/or resources presents a central bargaining point.⁷⁶

Likewise, the international IP conventions reserve national treatment to a clearly defined circle of beneficiaries connected by nationality, residence or activities to one of the Member States. Moreover, in certain instances, international IP law itself allows setting aside national rules vis-à-vis 'foreign' subject matter. Well-known examples for that are Art. 2(7) and Art. 7(8) of the Berne Convention. If works of applied art are only eligible for design protection in their country of origin, or if the term of protection in the country of origin is shorter than in the country where protection is sought (though still meeting the minimum standard set forth in the convention), Berne Member States are only obliged to grant the same term, or the same kind of protection, as applies in the origin country.⁷⁷ In that light, it appears only consequent to completely withhold from non-nationals and non-residents any rights not falling within the conventions.

⁷³ That is, discrimination resulting from a situation when entitlements are equal at face value, but the effect is disproportionately negative for one group.

⁷⁴ General Comment No. 20 (Art. 2(2) ICESCR), Committee on Economic, Social and Cultural Rights; UN Economic and Social Council.

⁷⁵ The same is true for the principle of Most Favoured Nation (MFN) treatment, which applies non-discrimination on the state level.

⁷⁶ For a thorough account of national treatment (NT) and MFN in the framework of international investment law see SIMON KLOPSCHINSKI, CHRISTOPHER S. GIBSON & HENNING GROSSE RUSE-KHAN, *THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS UNDER INTERNATIONAL INVESTMENT LAW*, Oxford University Press (2021) chapter 5 (p. 200 et seq.).

⁷⁷ On Art. 7(8) Berne Convention see also [Section C.III.](#) in this chapter.

However, it may be time after all to reconsider the attitude reflected therein, as its foundations may have become outdated and obsolete in the area covered.⁷⁸ Restricting national treatment to Members was an important or even indispensable element of international IP conventions at the time when commonly accepted minimum standards did not exist and foreigners were frequently precluded from obtaining protection. It was crucial to reserve equal treatment to beneficiaries of the treaties so as to provide an incentive for others to join the new instruments. Now that TRIPS has turned IP protection into a standard feature of legislation practically world-wide, the old coercion mechanism is no longer needed for achieving its basic goal. Its perpetuation as a lever to enhance membership in special agreements or make others adopt *sui generis* legislation paralleling one's own⁷⁹ seems somewhat pointless in comparison to the original motivation. Using the lever is also redundant in view of the fact that nowadays trade negotiations have become the primary tool for promoting treaty membership and mandating specific IP legislation – probably doing a more thorough and effective job than withholding national treatment ever could.⁸⁰

A counterargument could derive from the consideration that if and insofar as protection is based on investment, states may have a justified interest in rewarding only those whose financial input benefits the national economy. That is certainly true insofar as the bargain between foreign direct investment and free access to markets or subsidies is concerned. Regarding *sui generis* rights adjacent to IP, however, the argument is not that straightforward. In the examples of databases and press publications considered here, it is rather so that activities springing from the relevant investments are regularly available to a global, digitised market, benefiting not only a regional clientele. Furthermore, it hardly does justice to IP and adjacent rights to equate the legal position conferred – the exclusive right with its specific conditions and qualifications – to plain economic transactions. This is not

⁷⁸ In line with the topic of this chapter, these remarks only concern the area of intellectual property and adjacent *sui generis* rights, not rules affecting businesses in general. Furthermore, it is important to note that this text is only concerned with discrimination based on nationality or place of establishment; other forms of differential treatment – such as differentiation based on the size of economic operators, the industries concerned, or the specific character of goods or services offered – are not addressed.

⁷⁹ In this context it is interesting to note that Rochelle C. Dreyfuss & Graeme B. Dinwoodie, *A NEOFEDERALIST VISION OF TRIPS*, Oxford University Press (2012) 84, commend a broad application of the national treatment principle, in particular with regard to knowledge products, because of its non-obtrusive character in comparison to coercing the application of specific substantive standards.

⁸⁰ Which does not mean that this can be welcomed without reservation. Critical voices are many, and rightly so. See for instance Henning Grosse Ruse-Khan et al., *Principles for Intellectual Property Provisions in Bilateral and Regional Agreements* (2013); see also Josef Drexler, Henning Grosse Ruse-Khan & Souheir Nadde-Phlix (eds.), *EU Bilateral Trade Agreements and Intellectual Property: For Better or Worse?*, Springer Verlag (2013).

simply about granting financial benefits of some kind. The crafting of IP rights as well as of *sui generis* rights adjacent to them regularly concerns a complex cluster of interests involving beneficiaries, users and the public at large, in consideration of which it has been decided by the national or regional legislature that granting the right would be in the best interest of public welfare. Those considerations do not become meaningless simply because someone has a different nationality or domicile.

This does not mean that any differentiation, including different treatment based on nationality or place of establishment, is pernicious per se. There can be valid reasons for such treatment. The argument proffered here only posits that the discriminatory effect resulting from denying national treatment for *sui generis* rights not falling within the canon explicitly listed in the international IP conventions should be taken seriously. This is more than a mere technical detail following, as a matter of course, from the form of regulation chosen. It consciously withholds a form of protection that is otherwise considered to be beneficial and appropriate vis-à-vis everyone.

In other words, current international IP law *should not be understood as giving carte blanche for discrimination of foreigners or foreign-based companies with regard to sui generis rights*. Although it does not apply on a mandatory basis, the broad spectrum of subject matter protected under the Paris Convention, from exclusive rights to mere regulation of market conduct, provides a basically appropriate measurement of what should ideally be covered by the non-discrimination principle of national treatment. Exceptions are acceptable and may be needed in certain situations, but only to the extent that they are based on sound and fair policy objectives – other than the simple wish to ‘keep the others out’.⁸¹

C. LIMITS FOR TRIPS-PLUS CONTENT IN IP RIGHTS: DOES THE GREATER INCLUDE THE LESSER?⁸²

I. Background

Whereas in Part B the focus was on *sui generis* rights which do not fall within the ambit of international IP conventions (or in relation to which doubts, although ultimately unfounded, might be raised – as in the case of SPCs), we now turn to

⁸¹ An important point which cannot be discussed here is that if national treatment is applied broadly so as to encompass, by default, new IP-like *sui generis* rights that are not covered by TRIPS *strictu sensu*, this would (at least partly) deprive NT clauses in FTAs and BITs of their effect. For an in-depth consideration of such clauses see Simon Klopschinski, Christopher S. Gibson & Henning Grosse Ruse-Khan (note 76). Although this means that implementation of the suggestion made in section 3 would meet with considerable political resistance, it does not render it wrong.

⁸² Sections C.I. and C.II. draw on a manuscript written cooperatively by Roberto Romandini and the author.

'genuine' IP rights that are unequivocally covered by the Paris or Berne Conventions as well as by TRIPS. In view of such rights, the question arises to what extent the obligations set forth in the conventions are valid even where national legislation extends beyond the mandatory requirements prescribed therein. For instance, submitting that SPCs are to be treated as patents in the meaning of Art. 27 TRIPS,⁸³ the fact that they extend the lifetime of a patent well beyond the minimum term of twenty years might liberate the legislature from the obligation to fully observe the exigencies of the three-step test in Art. 30 TRIPS.⁸⁴ The same argument could be of relevance when copyright extending beyond the minimum term is subjected to formalities, or when patents are granted for therapeutic methods with the owners not being entitled to claim civil remedies,⁸⁵ or in a variety of other TRIPS-Plus situations when the borderlines of what is permitted under the mandatory terms of the relevant rights are transgressed.

It is not possible in the framework of this chapter to embark on an in-depth investigation of all instances in which the issue could be of relevance. Instead, the following remarks only concern the general argument that derogations from the obligations usually applying under TRIPS Part II can be based on the principle that conduct is not illegitimate if it yields more than what is owed ('the greater includes the lesser').

The maxim is derived from Roman law⁸⁶ and to date still applies in a number of national jurisdictions.⁸⁷ However, the caveat must be made that there is no clear basis for assuming that this principle also forms a valid interpretative tool for identifying duties or fallacies under international law. In particular, the principle is not mentioned in the VCLT, nor does Roman law figure among the sources of law listed in Art. 38 of the statutes of the International Court of Justice. Nevertheless, the principle merits consideration due to its inherent logic. It makes sense to assume that sovereign parties negotiating and concluding an international agreement do not act with the intention to bind themselves beyond the specific minimum standards set forth therein, and that they renounce to flexibility – including the freedom to balance rights and obligations in a manner best suiting their own socio-economic prerogatives – in ultra-obligatory legislation. The hypothesis seems consequent

⁸³ For substantial doubts regarding that point, see [note 25](#) with references to the SPC Study ([note 1](#)), 308 et seq.

⁸⁴ On the discussion regarding compatibility of a manufacturing waiver for SPCs with TRIPS see [note 109](#).

⁸⁵ As in US law, see [note 89](#) and accompanying text.

⁸⁶ In Latin: '*non debet cui plus licet, quod minus est non licere*', *Corpus Iuris Civilis*, Digest 50, 17, 21 [Ulpian]; see also John R. Thomas, *The Post-Industrial Patent System*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. (1999), 3, 49. On the limitations of this argumentative topos see Michael Herz, *Justice Byron White and the Argument that the Greater Includes the Lesser*, *BYU L. REV.* (1994) 227, available at <https://digitalcommons.law.byu.edu/lawreview/vol1994/iss2/2> (accessed on 30 November 2021).

⁸⁷ For an example see [Section C.III](#).

therefore that TRIPS-Plus legislation enjoys larger freedom to prescribe restrictions than where only the minimum threshold is met.

For the sake of clarity, it must be added that this is not to be confused with the principle '*in dubio mitius*'. The latter principle, which restricts international commitments to the least obliging understanding of relevant provisions, is incommensurate with the maxim of treaty interpretation in good faith as set forth in Art. 31(1) VCLT; it is therefore largely regarded as obsolete.⁸⁸ Here, we do not talk about interpretation of individual treaty provisions, but rather about the internal structure of the treaty and the dynamics of its elements in relation to each other. The question is whether over-fulfilling the obligations in one aspect means that other elements in the treaty become moot insofar as the add-on is concerned (alternative one), or whether the binding effect of such other elements remains intact insofar as subject matter is concerned which in its substance – irrespective of certain excess features – continues to be captured by the treaty (alternative two). Under the principle that the greater includes the lesser, alternative one would prevail.

There are indeed indications signalling basic acceptance of that precept. For instance, it was found acceptable – and declared to be compatible with Art. 27 TRIPS – in the USA that patents for therapeutic methods were granted, while civil remedies for infringement of such rights are denied under Sec. 287(c) of the Patent Act.⁸⁹ Furthermore, the fact that under EU design legislation the term of the Unregistered Community Design Right (UCDR) is limited to three years after publication never gave rise to discussions, in spite of the fact that Art. 26(4) TRIPS requires a minimum term of ten years. It is obviously taken for granted that, because the UCDR is an add-on to the registered community design with its 25-year maximum duration, curtailing the protection term does not present an issue under TRIPS.⁹⁰ On the other hand, such examples are still too few to be considered as subsequent practice in the meaning of Art. 31(3)(b) VCLT.

There are also indications to the contrary. For example, concerning formalities in copyright, Stef van Gompel argues that establishing registration as a prerequisite for profiting from an extended protection term would clash with Art. 5(2) Berne Convention⁹¹ if it applies to works of foreign origin that are entitled to protection

⁸⁸ JOOST PAUWELYN, *CONFLICT OF NORMS IN PUBLIC INTERNATIONAL LAW: HOW WTO LAW RELATES TO OTHER RULES OF INTERNATIONAL LAW*, Cambridge (2003) 186; on the *mitius* principle in the WTO context see also HENNING GROSSE RUSE-KHAN, *THE PROTECTION OF INTELLECTUAL PROPERTY IN INTERNATIONAL LAW*, Oxford (2016) 8–5, para 4.37.

⁸⁹ J. R. Thomas, note 86, 48 et seq. (also emphasizing that this solution is owed to the specific situation in the medical discipline and will hardly find any followers in other fields of technology); ROBERTO ROMANDINI, *DIE PATENTIERBARKEIT MENSCHLICHER STAMMZELLEN*, Heymanns (2012) 424–425.

⁹⁰ Regarding what I believe to be the different situation regarding the novelty requirement for UCDRs, see C.III.

⁹¹ Pursuant to Art. 5(2)1st sentence of the Berne Convention, the 'enjoyment and exercise' of copyright shall not be subject to formalities.

for the full term of the right. No objections would arise from the Berne Convention only if, on the basis of the so-called comparison of terms (Art. 7(8) Berne Convention), the duration of protection granted to foreign works can be limited to the (shorter) term granted in their country of origin.⁹² With regard to industrial designs, Joseph Straus claims that introducing a repairs clause allowing independent manufacturers to reproduce design-protected spare parts for repair purposes clashes with the three-step test in Art. 26(2) TRIPS, without considering that under Art. 25 TRIPS parts of complex products could be excluded from protection for good.⁹³ The matter therefore seems to be contentious and must be examined further.

II. *What – If Any – Impact of Art. 1(1) 2nd Half-sentence TRIPS?*

In his book on the TRIPS regime of patent rights, Nuno Pires de Carvalho denies legislative flexibility with regard to TRIPS-Plus rights.⁹⁴ His position is based on the argument that according to Art. 1(1) 2nd half-sentence, TRIPS Member States may implement more extensive protection than what is required by the agreement, but only under the condition that ‘such protection does not contravene the provisions of this Agreement’. This is claimed by Carvalho to mean that any decision to extend protection must be consistent with the provisions pertaining to the respective rights. For patents, this is said to mean for instance that prohibition of discrimination under Art. 27 TRIPS as well as the conditions and requirements laid down in Art. 28, 30 and 31 TRIPS prevail even during periods of time extension. In consequence of that approach, Carvalho concludes that the EU SPC regime violates Art. 27 TRIPS because it is limited to medicinal and plant protection products. From the same approach it would follow that introducing a stockpiling and export⁹⁵ waiver after lapse of the mandatory protection term is irreconcilable with Art. 30 TRIPS, as the same result (concerning stockpiling) was endorsed with regard to patents by a WTO Panel scrutinizing Canadian patent legislation.⁹⁶

Carvalho’s argument runs parallel to the second of the two alternatives presented above (C.1.), namely that all individual treaty obligations remain binding, independently of whether the features of the right that are concerned by the qualifications

⁹² Stef van Gompel (note 9), 176.

⁹³ Joseph Straus, *Design Protection for Spare Parts Gone in Europe? Proposed Changes to the EC Directive: The Commission’s Mandate and Its Doubtful Execution*, EIPR (2005) 27, 11, 391 – 404 at 397 at seq.

⁹⁴ NUNO PIRES DE CARVALHO, *THE TRIPS REGIME OF PATENT RIGHTS*, Kluwer Law Int. (3rd ed 2010), Article 1, Marginal Note 1.5.

⁹⁵ EU legislation has introduced both forms of waiver; see Regulation (EU) 2019/933 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EC) No 469/2009 Concerning the Supplementary Protection Certificate for Medicinal Products, OJ L 153, 11.6.2019, p. 1–10.

⁹⁶ See WTO DS 144, Canada – Patent Protection for Pharmaceutical Products, report adopted on 7 April 2000.

exceed the minimum standard. However, Art. 1(1) 2nd half-sentence TRIPS can hardly be quoted in support of that position. An interpretation in light of the first recital in the preamble, where the need ‘to ensure that measures and procedures to enforce IP rights do not themselves become barriers to legitimate trade’ is emphasised, rather suggests that it is the purpose of Art. 1(1) 2nd sentence TRIPS to fend off too far-reaching protection that could stifle competition, free trade and the exchange of ideas and information.⁹⁷ For instance, if patent protection were granted for subject matter that is not inventive, such ‘generosity’ might, in the meaning of Art. 1(1) 2nd sentence, contravene⁹⁸ Art. 27 of the TRIPS Agreement.

Apart from establishing a barrier against clearly dysfunctional developments of that kind, the TRIPS Agreement does not contain specific rules limiting legislatures’ freedom in case of extension of rights. The situation is different for instance from EU harmonisation directives which spell out certain options for those who want to ‘do more’ than implement the bare minimum. In the EU context, those options become binding insofar as national legislatures are precluded from choosing a middle path between the minimum rule and the option granted;⁹⁹ in that regard, the principle of ‘the greater includes the lesser’ is set aside. This approach is owed to the goal of harmonisation that underlies EU directives, which might be severely compromised if the leeway given for national solutions were too broad. In the framework of TRIPS, however, that scenario does not apply. Neither does TRIPS set forth specific TRIPS-Plus options, nor is the goal to reduce distortions in international trade¹⁰⁰ comparable to establishing the conditions for the functioning of a single internal market, as in the EU.

Carvalho’s reference to Art. 1(1) 2nd half-sentence TRIPS is therefore inconclusive. However, this does not necessarily settle the matter for good. The position holding that legislatures are completely free to derogate from international obligations if and to the extent that they have added certain non-mandatory features to the protection granted under national law is not free from doubt either. It is not inconceivable that a general public policy concern exists in safeguarding the transparency and consistency of legal systems, beyond mere transposition of minimum rules. Some form of self-binding effect of legislative decisions might arguably arise, meaning that if legislatures voluntarily adopt TRIPS-Plus protection, they must stick to the rules of the game at least to some extent.¹⁰¹ That proposition is considered more closely in the following section.

⁹⁷ In that sense see Henning Grosse Ruse-Khan & Annette Kur (note 46), 393 et seq.

⁹⁸ It can be relevant how exactly the term ‘contravene’ is understood in that context; see Henning Grosse Ruse-Khan & Annette Kur (note 46), 395.

⁹⁹ CJEU C-408/01, 23 October 2003, *Adidas-Salomon and Adidas Benelux v. Fitnessworld*, ECLI:EU:C:2003:582, para 20.

¹⁰⁰ See Preamble to the TRIPS Agreement, first recital.

¹⁰¹ This issue could also be addressed from the perspective of non-violation complaints (which for the time being do not apply regarding TRIPS); see note 12.

III. *Inherent Qualifications of ‘The Greater Includes the Lesser’*

In an analysis based on US jurisprudence, Michael Herz calls the argument that the greater includes the lesser ‘tremendously attractive to lawyers and judges’, but points out that it is also ‘a trap’, ‘because it is only sometimes true’.¹⁰² In particular, certain qualifications must be heeded which, if ignored, would produce skewed results.¹⁰³

Three different types of potential flaws are distinguished. The first and second derive from the inner logic of the argument itself. First, the argument is obviously only valid if in fact the greater power exists.¹⁰⁴ Second, the argument does not work properly if one of the propositions is not in fact ‘the lesser’ of the other one.¹⁰⁵ The third and arguably most important qualification results from the legal framework within which the rule operates. In the context considered by Herz, this means that the argument is flawed where ‘exercise of the “lesser” power implicates constitutional considerations not present in the exercise of the “greater” power’.¹⁰⁶

Although the applicability of the principle in the context of international law remains doubtful,¹⁰⁷ I suggest that the parameter set forth above can be used, *mutatis mutandis*, as an analytical tool for a further probe into the issue discussed here. In particular, the scheme could provide valuable insights insofar as the inner logic of the argument is concerned (the first and second condition identified above). Regarding the first point – whether the greater power exists – one might indeed wonder whether the concept of ‘greater power’ in the meaning of the argument can be equated with the ‘freedom not to act’ (beyond the prescribed minimum) which is at stake here. However, freedom from binding obligations is not so unlike greater power to act, as both enlarge the number of legal options available, including, in the cases considered here, the option to grant a limited right (instead of no right at all).

Concerning the second point – whether one proposition is indeed ‘lesser’ compared to the other one – the decisive question would be whether allocation of a right which is restricted in its contents or encumbered by formalities etcetera is, in all its aspects, comprised in the entitlement not to grant the right in the first place. Typically, that condition would not be met in the case of ‘package deals’, when the grant of TRIPS-Plus advantages is compensated by TRIPS-Minus restrictions,¹⁰⁸ even if the latter are small compared to the former. Thus, even a long-term

¹⁰² Michael Herz (note 86), 227.

¹⁰³ *Id.*

¹⁰⁴ *Id.*, at 241.

¹⁰⁵ *Id.*, at 242.

¹⁰⁶ *Id.*, at 243.

¹⁰⁷ See Section C.I. in this chapter.

¹⁰⁸ This aspect played a role in the dispute between the European Communities (EC) and the USA concerning Sec. 110(5) US Copyright Act (WTO DS 160). See Graeme B. Dinwoodie & Rochelle C. Dreyfuss (note 79) 117, posing the question whether the reference in Art. 1(1) TRIPS to ‘method[s] of implementing the provisions of this Agreement within [Members’] own legal system and practice’ allows for recognizing the dynamic reflected in compromise

extension of copyright would not include the freedom to introduce a registration requirement throughout the full lifetime of the right – that is, also during the first fifty years for which Berne requires protection as a minimum. The corollary is that if registration only applies as a condition for enjoying the time extension, this would arguably be ‘lesser’ in comparison to not prolonging the term at all. On the other hand, the answer is not always straightforward. For instance, it can be asked whether granting a right which is curtailed in its substance by specific limitations is rather something different from not granting the right at all, meaning that the alternatives cannot be conceptualised in the simple categories of ‘more’ or ‘less’.¹⁰⁹ The same problem arises if an additional right is granted on a higher institutional level – such as a unitary EU copyright complementing the national copyright systems – but is made dependent on an act of registration which is prohibited by the Berne Convention.¹¹⁰ Is that ‘lesser’ than not granting an EU right at all, or are we again talking about two different things that do not fit into a simple scaling scheme? And what about the UCDR with its short term, compared to not granting an unregistered design right at all?

The third element in the analysis is even more problematic, as it refers to ‘constitutional considerations’, which are difficult if not impossible to identify in the legal framework of international conventions.¹¹¹ Nevertheless it is suggested here that the notion can be used in the present context at least insofar as very basic defining elements of the system are concerned. This applies in particular to national treatment,¹¹² which corresponds to what in Herz’s scheme is labelled ‘equality concerns’.¹¹³ There is no doubt that irrespective of legislatures’ freedom to act where

solutions such as that found in the 1976 Copyright Revision Act, which was at stake in the Panel decision.

¹⁰⁹ The issue is not decisive anyhow where valid arguments can be made that the impugned legal measure is compatible with the relevant TRIPS provisions. For compatibility of the export and manufacturing waiver with Art. 30 TRIPS see Xavier Seuba, *The Export and Stockpiling Waivers: New Exceptions for Supplementary Protection Certificates*, 14 *JIPLP* 876–886 (2019); for compatibility of the repairs clause allowing reproduction of spare parts for purposes of repair with Art. 26(2) TRIPS see EC Commission, *Proposal for a Directive of the European Parliament and of the Council Amending Directive 98/71/EC on the Legal Protection of Designs: Extended Impact Assessment*, Commission Staff Working Document of 14 September 2004, SEC (2004) 1097, section 7.2 at 47; Annette Kur, *Limiting IP protection for competition policy reasons – a case study based on the EU spare-parts-design discussion*, in Josef Drexel (ed.), *RESEARCH HANDBOOK ON INTELLECTUAL PROPERTY AND COMPETITION LAW*, Edward Elgar (2008) 313–345, at 336–344.

¹¹⁰ Oliver Fischer (note 9).

¹¹¹ Further on that point see [Section C.IV](#).

¹¹² For reasons of clarity it is important to note that this text does not address other forms of differentiation, which may be legitimate; see already [note 78](#). Furthermore, it is important to note that different from the discussion under [Section B.II.2.](#), in this section I only deal with IP rights that fall within the IP conventions.

¹¹³ Michael Herz ([note 86](#)), 243. The parallel thus drawn should not be misunderstood as meaning that this text addresses equality concerns in other aspects than national treatment; see [note 112](#).

no minimum rights apply, the principle of national treatment must nevertheless be respected. For instance, assuming that in a TRIPS Member State the duration of patents were prolonged from twenty to twenty-five years, a clear and unequivocal obligation exists under the Paris Convention as well as TRIPS that this must apply to all patent holders, irrespective of nationality, seat or establishment. A deviation from that rule is only permitted where an express dispense applies under the relevant convention, such as – in the case of copyright – Art. 7(8) Berne Convention.¹¹⁴

As clear as this seems to be, compliance with the principle is not always guaranteed. This tendency is shown by the following example. Pursuant to Art. 11 in conjunction with Art. 110a(5) of the Community Design Regulation (CDR), protection for UCDRs is triggered by publication of the design ‘in the territory of the EU’, meaning that no such protection is granted if the design was first published (‘made available to the public’) outside the EU. The provision is flawed for many reasons,¹¹⁵ but most critically, it is incompatible with international obligations. There is no doubt that UCDRs are industrial designs as defined in Art. 1(2) PC and in TRIPS¹¹⁶ and are thus encompassed by the obligation to grant national treatment under Art. 2(1) PC and Art. 3(1) TRIPS. The fact that industrial designs are also available through registration does not change that clear result. It is true that Art. 11 CDR does not refer to nationality but only to the place of publication. However, in case of copyright, the CJEU pointed out *inter alia* in *Tods v Hérault*¹¹⁷ that withholding legal privileges on the basis of the place of first publication is but another covert method of discriminating against foreign nationals.¹¹⁸ Likewise, in *EU – GIs*,¹¹⁹ the WTO Panel found that Art. 3(1) TRIPS is violated where the difference in treatment

¹¹⁴ Art. 7(8) Berne Convention stipulates that the term of protection granted to a work shall not exceed the term fixed in its country of origin, unless the legislation in the country where protection is sought provides otherwise.

¹¹⁵ As UCDR protection only applies against conscious copying that must be established by the claimant, denying protection against such acts for the sole reason that first publication took place outside the EU appears to encourage dishonest practices. Furthermore, in times when most designs are published on the internet, it is largely unfeasible anyhow to allocate such acts to a particular territory. It is true that the same problem exists in copyright where Art. 5 Berne Convention also refers to first publication in a Member State. However, with membership in the Berne Convention having become nearly universal due to TRIPS, the situation is hardly comparable to the UCDR.

¹¹⁶ Different from what was said in [Section B.II.2.a.](#) about the press publishers’ right and copyright, the UCDR and the registered design right do not only coincide in their prerequisites – novelty and individual character – but also in their substance; in the words used above, they share the same DNA.

¹¹⁷ CJEU C-28/4, 30 June 2005, *Tods v Hérault* [2005] ECR I-05781, ECLI:EU:C:2005:418, para 26.

¹¹⁸ In the actual case, this meant that while the discrimination at stake was allowed under Art. 2(7) Berne Convention, it cannot apply among citizens of the EU due to the non-discrimination clause in Art. 12 TEC (Art. 18 TFEU).

¹¹⁹ European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs – Complaint by the United States – Report of the Panel, WT/DS174 (15 March 2005). The scenario is somewhat similar to that considered here.

affects the ‘effective equality of opportunities’ between the nationals of other WTO Members and the European Communities.¹²⁰ This point clearly bans legal rules that are formally (‘de jure’) non-discriminatory, but which lead – and are meant to lead – to actual disadvantages for non-residents.¹²¹

That consideration marks a difference between the ‘constitutional’ concerns raised by the discriminating effect of Art. 11 CDR on the one hand and by the limited duration of UCDRs (three years instead of a minimum of ten as prescribed in Art. 26(4) TRIPS) on the other. While the principle ‘the greater includes the lesser’ is clearly and fatally compromised where concerns of the first type¹²² are triggered, it may be able to prevail in situations of the second type, unless its operation is precluded by other reasons (for instance, because granting a short-term unregistered design right in addition to the full-term registered right is not considered as ‘lesser’, but rather as an *aliud* vis-à-vis not granting such a right at all).¹²³

The question remains whether, apart from national treatment, there are other ‘quasi-constitutional’ concerns irrevocably tainting TRIPS-Plus IP legislation in spite of the fact that it yields more than the bare minimum. For an informed response, one would first have to define what ‘unconstitutional’ means in the context of international IP law. Does the concept of ‘constitution’ – if it is accepted at all for the sake of argument – relate to rules having attained the status of customary law? If so, the restriction would be basically meaningless and redundant, as those rules will prevail in any case. Alternatively, in line with what was said about the equality and national treatment principle, one could conceptualise as ‘constitutional’ those elements within international conventions that establish the essential groundwork for their operation.¹²⁴ For instance, it could be argued that protection without registration is a constitutional element of the Berne Convention. In that light,

It concerned inter alia access to the registration system established in the EU (then the EC) for protection of geographical indications and designations of origin. Applicants for designations indicating non-EU origin had to comply with formalities in their home countries that were not provided in all of those countries, thereby effectively barring a sizeable number of non-EU related designations of origin from protection under the registration system. The fact that TRIPS in Art. 22–24 does not require an option for registration – meaning that the system established by the EU was of a TRIPS-Plus character – did not detract from the obligation under Art. 3(1) TRIPS and Art. 2 PC to grant full national treatment.

¹²⁰ *Id.*, paragraph 7.134.

¹²¹ According to the WTO Panel in *Canada – Patents*, a de facto discrimination is found if an ‘ostensibly neutral measure transgresses a non-discrimination norm because its actual effect is to impose differentially disadvantageous consequences on certain parties, and because those differential effects are found to be wrong or unjustifiable’. *Canada – Patent Protection of Pharmaceutical Products – Complaint by the European Communities and their Member States – Report of the Panel, WT/DS114/R*, para. 7.101.

¹²² That is, in the IP context: non-compliance with national treatment as prescribed in Art. 2 PC and Art. 3 TRIPS.

¹²³ This aspect conforms to the second condition identified in Herz’s scheme.

¹²⁴ See Section C.IV and notes 125 to 128 with accompanying text.

requiring registration as a prerequisite for enjoying longer protection than what is prescribed in Art. 7(1) would be incompatible with international law, even if it only applies during the additional protection period. Or what about granting TRIPS-Plus rights in the form of mere liability rules? Is exclusivity (notwithstanding the admissibility of limitations) necessarily a defining – and therefore constitutional – feature of IP rights? If so, the grant of patents for therapeutic methods without any access to civil remedies would be incompatible with Art. 28 TRIPS, irrespective of the fact that providing for such patents is not mandatory under Art. 27.

IV. *The Need for Further Research*

The quest for ‘constitutionalisation’ of certain elements of international IP conventions, or the global IP system in its entirety, is nothing new. To be highlighted is in particular the endeavour by Rochelle Dreyfuss and Graeme Dinwoodie in their book on a neo-federalist vision of TRIPS to identify an ‘acquis’ of basic principles forming the background norms animating the IP system.¹²⁵ For such efforts to gain further impact, it needs to be clarified whether there is a place in the hierarchy of international norms for a set of core principles which have not risen to the level of customary law, but which, by virtue of their ranking in the framework of international norms and based on a common or at least widespread understanding, cannot be discarded by national lawmakers or in international negotiations. While there does not seem to be a clear precedent on the international level for such constitutionalisation of basic tenets,¹²⁶ the concept might arguably work in densely regulated areas such as IP, where defining elements can be extracted from a plethora of existing norms and a trove of documented practice.

The larger implications of such a move – if it were successful – are, however, not quite clear. On the one hand, constitutionalisation of core IP principles might offer a resilient defence warding off imbalanced and intrusive measures pushed through in international negotiations by powerful actors.¹²⁷ On the other hand, as shown by the considerations above, elevating certain elements of IP conventions to the status of (quasi-) constitutional norms could impose substantial limits on legislatures’ freedom to frame TRIPS-Plus legislation.¹²⁸

Regarding more specifically the principle that ‘the greater includes the lesser’, the caveat must be repeated here that transposing a scheme developed to operate within

¹²⁵ Dreyfuss & Dinwoodie (note 79), 176 et seq.; see also TUOMAS MYLLY, *INTELLECTUAL PROPERTY AND NEW CONSTITUTIONALISM*, Edward Elgar (2018); see also TUOMAS MYLLY, *INTELLECTUAL PROPERTY AND EUROPEAN ECONOMIC CONSTITUTIONAL LAW*, IPR University Center (2009).

¹²⁶ The concept has, however, been under discussion – in particular in the USA; see references by Dreyfuss & Dinwoodie (note 79), p. 202, note 147.

¹²⁷ See in particular Dreyfuss & Dinwoodie (note 79), 180.

¹²⁸ For instance concerning a registration requirement in copyright law after the lapse of the minimum protection period.

a clear-cut legal framework to the loosely structured area of international IP law is somewhat questionable. Nevertheless, the thought experiment explained above has shown two things. First, the issue needs further exploration and discussion. Second, whatever scheme is adopted at the end, this is definitely a matter for differentiation depending on the kind of right granted and the gravity of the violation of international law which is allegedly caused. Generally speaking, the principle of ‘the greater includes the lesser’ – where it applies – might lose its convincing force only where limitations or conditions appear to be incompatible with the basic tenets of the international IP system and the very essence of the relevant right as enshrined in TRIPS and the earlier conventions. As an example, one might think of legislation accepting smell marks for registration, which is not mandatory under Art. 15 TRIPS, but limiting the duration of the right to ten years without a possibility for renewal. That would be both illogical in view of what trademark protection is about and ignorant of the fundamental policy considerations underlying Art. 18 TRIPS.

However, such extreme examples are rare. Furthermore, the misgivings would not preclude legislation pursuing equal goals in a different form. Thus, no international rule would hinder *sui generis* legislation granting a time-limited exclusive right to creators of smells that are novel and distinct. Similarly, even assuming that it would be incompatible with the very DNA of copyright to stipulate that after lapse of the minimum term the right is transformed into a mere liability rule, international law would not prohibit that copyright protection terminates at the prescribed term and a *domaine public payant*¹²⁹ is established thereafter. In that situation, the more relevant question would be the one considered in Part 2 of this chapter, namely to what extent such rights must – or should – nevertheless respect the principle of national treatment.

D. CONCLUSIONS AND SUMMARY

This chapter has developed two strands of arguments concerning TRIPS-Plus rights. The *first* one concerns novel forms of rights to intangible assets that neither belong in the universe of copyright covered by the Berne Convention nor, under an interpretation in the light of Art. 31 VCLT, constitute industrial property rights in the meaning of the Paris Convention, although being close enough at least to the latter. The question is posed, with regard to those rights, whether they should and can remain exempted from application of the fundamental rule of national treatment. It is posited here that the reasons for limiting national treatment to the closed catalogue of rights and conventions expressly demanding its application are dwindling and that discrimination on the basis of nationality should be discouraged more

¹²⁹ For an early suggestion to establish a *domaine public payant* under EU law based on a comparative study see Adolf Dietz, COPYRIGHT LAW IN THE EUROPEAN COMMUNITY, Sijthoff & Noordhoff (1978), p. 172 et seq., 246.

generally, except where barring others from protection is justified by sound policy reasons.

The *second* strand of arguments deals with the question of under which circumstances TRIPS-Plus legislation in the field of IP is liberated from constraints that otherwise follow from the agreement and the conventions it incorporates. The contention that any derogation from the obligations enshrined in [Part II](#) would be in violation of Art. 1(1) 2nd half-sentence TRIPS is rejected, but it is also doubted that legislatures are entirely free to introduce conditions and restrictions with regard to TRIPS-Plus elements. It is further suggested that the principle 'the greater includes the lesser' with its inherent qualifications may provide some guidance. However, because the application of that principle poses its own conundrums, more research is needed to arrive at a clearer picture. Such investigations link to the question of constitutionalising certain elements of international IP law, including whether there is a place in the hierarchy of international norms for a core set of legal principles which have not risen to the level of customary law, but which nevertheless command compliance beyond that owed to 'simple' conventional norms.

Floors and Ceilings in International Copyright Treaties

Berne, TRIPS, WCT Minima and Maxima

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ABSTRACT

This paper addresses “floors” – minimum substantive international protections, and “ceilings” – maximum substantive international protections, set out in the Berne Convention and subsequent multilateral copyright accords. While much scholarship has addressed Berne minima, the “maxima” have generally received less attention. This Comment first describes the general structure of the Berne Convention, TRIPS and WCT regarding these contours, and then analyzes their application to the recent “press publishers’ right” promulgated in the 2019 EU Digital Single Market Directive. Within the universe of multilateral copyright obligations, the Berne maxima (prohibition of protection for facts and news of the day), buttressed by the TRIPS and WCT exclusion of protection for ideas, methods and processes, should promote the free cross-border availability of facts and ideas, as well as of exercise of the Berne Convention mandatory exception for the making of “quotations” from publicly-disclosed works. Individual Berne countries of origin may protect excluded subject matter or preclude mandatory exceptions in their own works of authorship, but not in foreign Berne works. Nonetheless, Member States might be able to elude Conventional maxima by resort to copyright-adjacent sui generis rights, such as the Digital Single Market Directive’s new press publisher’s right. This Comment considers the extent to which Conventional maxima may nonetheless have a preclusive effect on such maneuvers.

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A. THE TWO PILLARS OF INTERNATIONAL COPYRIGHT TREATIES

The Berne Convention and subsequent multilateral copyright accords rest on two pillars: national treatment and supranational substantive obligations. National treatment is a rule of non-discrimination: a Member State may not accord foreign authors less protection than it grants its own. But a second principle buttresses the first: whatever level of protection national law provides, a treaty Member State must grant foreign authors protection commensurate with the treaty’s substantive standards. Most often that obligation means that Member States whose domestic laws fall below the treaty minima must accord more protection to foreign authors. Berne’s drafters anticipated that the political precariousness of such an outcome would result in a general raising of the level of domestic protection as well.¹ In the case of Berne maxima, in theory a Member State could deny foreign Berne works the protections that it extends to local authors, if that coverage concerns subject matter that the treaties exclude – or rights that a mandatory exception mitigates. But, as the drafters may also have anticipated, most national laws are likely to incorporate Berne’s mandatory exclusions and exceptions, so that a downward discrepancy between local law and the Berne norms seems improbable – or did until the passage

¹ See, e.g., SAM RICKETSON & JANE C. GINSBURG, *INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS: THE BERNE CONVENTION AND BEYOND* (Oxford, 3d ed. 2022) (hereafter Ricketson & Ginsburg), at para. 6.02.

of art. 15 of the Digital Single Market Directive (hereafter DSM), on press publishers' rights, called that assumption into question.

This paper addresses the “floors” (minimum substantive international protections) and “ceilings” (maximum substantive international protections) set out in the Berne Convention and subsequent multilateral copyright accords. While much scholarship has addressed Berne minima,² the maxima have generally received less attention.³ I first address the general structure of the Berne Convention, TRIPS and WCT regarding these contours, and then analyze their application to the recent “press publishers’ right” promulgated in the 2019 EU DSM.⁴

I. Meaning of “Minima” and “Maxima”

The Berne Convention contains many mandatory obligations regarding subject matter and rights. These are the provisions denoted by “shall,” for example, regarding protected subject matter, art. 2(1): “The expression ‘literary and artistic works’ shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression . . .” Another example is art. 2 (3): “Translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works without prejudice to the copyright in the original work.”⁵

² See, e.g. Ricketson & Ginsburg, *supra* note 1, Chapters 8–12; SILKE VON LEWINSKI, INTERNATIONAL COPYRIGHT LAW AND POLICY, paras. 5.94–5.147 (Oxford 2008); PAUL GOLDSTEIN & BERNT HUGENHOLTZ, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, PRACTICE (hereafter Goldstein & Hugenholtz), Chapter 9 (Oxford 4th ed. 2019); Paul Edward Gellar, *International Copyright: The Introduction*, § 5, in Lionel Bentley (ed.), INTERNATIONAL COPYRIGHT LAW AND PRACTICE LexisNexis (2018).

³ Notable exceptions are Henning Grosse Ruse-Khan & Annette Kur, *Enough Is Enough – The Notion of Binding Ceilings in International Intellectual Property Protection* (December 2008); Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper, Series No. 09–01; and Tanya Aplin’s and Lionel Bently’s monumental study of the Berne art. 10 quotation right, see TANYA APLIN & LIONEL BENTLY, GLOBAL, MANDATORY, FAIR USE: THE NATURE AND SCOPE OF THE RIGHT TO QUOTE COPYRIGHT WORKS (Cambridge 2020) <https://doi.org/10.17863/CAM.39130> (hereafter Aplin & Bently). See also Susy Frankel, *Challenging TRIPS-Plus Agreements: The Potential Utility of Non-Violation Disputes*, 12 JOURNAL OF INTERNATIONAL ECONOMIC LAW 1023, 1030 and n. 31 (2009) (acknowledging that TRIPs allows Member States to legislate TRIPS-plus levels of protection, but suggesting that maxima may be implicit in the structure and purpose of TRIPs: “higher levels of protection ought to have limits consistent with the wording of the TRIPs Agreement, in light of its object and purpose, its structure and the benefits that can be expected from it”; but expressing scepticism about the ability of specific substantive maxima to respond to technological change). See also the discussion of Berne maxima in Ricketson & Ginsburg at paras. 6.118–6.123.

⁴ Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC, OJ L 130/92 (DSM Directive), art. 15.

⁵ For mandatory protected subject matter see:

Berne arts. 2(1) (literary and artistic works); 2(3) (derivative works [without prejudice to underlying work]); 2(5) (collections of literary and artistic works [without prejudice]); 18

By contrast, some subject matter provisions clearly signal their optional character. For example, art. 2(4), “*It shall be a matter for legislation in the countries of the Union to determine the protection to be granted to official texts of a legislative, administrative and legal nature, and to official translations of such texts*” (emphasis added here and subsequent citations). The formulation “*It shall be a matter for legislation in the countries of the Union*” tells us that protection for the object is permitted, not required – nor prohibited.⁶

With respect to rights, the same expressions identify the right or exception as mandatory or left to local legislation. Hence, for example, art. 8 proclaims: “*Authors of literary and artistic works protected by this Convention shall enjoy the exclusive right of making and of authorizing the translation of their works throughout the term of protection of their rights in the original works.*”⁷ But art. 11bis(2) states: “*It shall be a matter for legislation in the countries of the Union to determine the conditions under which the rights mentioned in the preceding paragraph [various forms of communication to the public] may be exercised . . .*”⁸

Now consider ceilings. Berne and subsequent treaties allow Member States to create exceptions and limitations to exclusive rights, generally subject to a variety of conditions. With one exception, Berne does not impose any restrictions on the scope of rights.⁹ Because these derogations from exclusive rights are optional, they

(restoration of copyright in foreign works in public domain in newly acceding Member State); TRIPS arts. 10(1) (computer programs protected as literary works under Berne); 10(2) (compilations of data if intellectual creations); WCT arts. 4 (computer programs); 5 (compilations of data).

⁶ For optional protected subject matter, see: Berne arts. 2(4) (official texts); 2(7) (applied art.); 2bis(1) (political speeches).

⁷ For mandatory protected rights, see: Berne arts. 6bis (moral rights); 7 (duration); 8 (derivative works); 9(1) (reproduction); 11, 11bis, 11ter, 14 (public performance and communication to the public); 12 (translation); 16 (border seizure); TRIPS art. 11 (rental, under certain conditions); WCT arts. 6 (distribution of hardcopies); 7 (rental, under certain conditions); 8 (making available to the public); 11–12 (technological protection measures and copyright management information).

⁸ Art. 11bis(2) nonetheless constrains the freedom allowed to Member States: “but these conditions shall apply only in the countries where they have been prescribed. They shall not in any circumstances be prejudicial to the moral rights of the author, nor to his right to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority.”

⁹ For permissible but not mandatory exceptions and limitations, see: Berne arts. 2bis(2) (press use of public lectures); 9(2) (exceptions to reproduction right, “three-step test”); 10(2) (uses as illustrations for teaching); 10bis(1) (press use of press articles); 10bis(2) (incidental use in reporting current events); 11bis(3) (ephemeral recordings); TRIPS art. 13 (implicitly authorizes exceptions and limitations to all exclusive rights, but “confines” them to the three-step test); WCR art. 10(1) (may provide for exceptions to WCT rights, subject to three-step test); art. 10(2) (shall confine exceptions or limitations on Berne Convention rights to three-step test). The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, June 27, 2013, 52 I.L.M. 1312 (2013), discussed in Graeme Dinwoodie’s contribution to this volume, is an extra-Berne treaty imposing mandatory exceptions, both domestically and internationally, on Berne subject matter. Its consistency with

are not maxima. We return to the one rights restriction that Berne prefaces with “shall” after considering maximum subject matter.

The TRIPS and the WCT expressly incorporate the “idea–expression dichotomy,” that is, the exclusion of ideas, methods and processes from the subject matter of copyright.¹⁰ The Berne Convention does not explicitly adopt this rule, although it may be implicit in the overall concept of “literary and artistic works” or through state practice, given that most or all Member States are likely – by text and/or by caselaw – to exclude these elements from the scope of protection.¹¹ The Berne Convention goes further than the later accords in also removing facts from protection (though this exclusion may also be implicit in those agreements). Art. 2(8) states: “The protection of this Convention shall not apply to news of the day or to miscellaneous facts having the character of mere items of press information.” As a result, a Member State may not grant copyright protection to the ideas or facts (as opposed to their expression) contained within the works of foreign authors. Again, the Berne minima and maxima apply only to works of foreign Berne origin: “Protection in the country of origin is governed by domestic law.”¹²

Turning to maximum rights under Berne, the art. 10(1) quotation provision is a “shall” clause, qualified by a variety of conditions. However, on its face, it is a direction to Member States to permit the making of “quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.” This Comment does not explore art. 10(1) in depth,¹³ but examines the premise that it establishes a mandatory quotation “right” within its purview.

Berne norms is a matter of some controversy, see, e.g., Sam Ricketson & Jane C. Ginsburg, *The Berne Convention: Historical and Institutional Aspects*, in Daniel J. Gervais (ed.), *INTERNATIONAL INTELLECTUAL PROPERTY: A HANDBOOK OF CONTEMPORARY RESEARCH* 31–36 (Edward Elgar 2015); REPORT OF THE ALAI [Association Littéraire et Artistique Internationale] AD HOC COMMITTEE ON THE PROPOSALS TO INTRODUCE MANDATORY EXCEPTIONS FOR THE VISUALLY IMPAIRED, adopted by the Executive Committee (Paris, February 27, 2010) <https://www.alai.org/en/assets/files/resolutions/report-mandatory-exceptions.pdf>.

¹⁰ TRIPS art. 9(2): “Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.”; WCT art. 2: “Copyright protection extends to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.”

¹¹ On “state practice” and the interpretation of the Berne Convention, see, e.g., Ricketson & Ginsburg, *supra* note 1, paras. 5.22–5.23; JANE C. GINSBURG & EDOUARD TREPPOZ, *INTERNATIONAL COPYRIGHT LAW: U.S. AND E.U. PERSPECTIVES*, 103–09 (Edward Elgar 2015).

¹² Berne art. 5(3) Under EU law, however, facts and expression merged with facts are also excluded, see Case C 469/17 *Funke Medien v. Bundesrepublik Deutschland*, ECLI:EU: C:2019:623, para. 24: military reports are not “works” because they are “essentially determined by the information which they contain, so that such information and the expression of those reports become indissociable and that those reports are thus entirely characterised by their technical function.”

¹³ Aplin & Bentley, *supra* note 3, have extensively undertaken that task.

Absent a mandatory character, art. 10(1) would not be a true maximum, and any ceiling it imposes would in fact be retractable.

Aplin and Bentley contend that there are several reasons to believe that this provision imposes a mandatory requirement for Member States to provide for a quotation exception.¹⁴ The first is the text: the language “*shall* be permissible” indicates that the quotation provision is obligatory.¹⁵ That interpretation is bolstered by the contrasting language used in other provisions that are optional. With the exception of art. 10(1), Berne allows Member States to institute copyright limitations and exceptions, but does not impose them. For example, the very next provision of art. 10 specifies that limitations related to certain educational uses “shall be a matter for legislation in the countries of the Union.”¹⁶

Second, the records of the Stockholm Conference of 1967, where the present language of art. 10(1) was adopted, also support the notion that art. 10(1) is mandatory. The language of art. 10(1) was initially proposed by the 1963 Study Group, which repeatedly referenced the “*right* of quotation” and the “*right* to make quotations” (emphasis added), again suggesting that the exception is required.¹⁷ Finally, Aplin and Bentley point to existing commentary interpreting art. 10(1) as mandatory.¹⁸ Among these, some commentators have suggested that the exceptional mandatory status of art. 10(1) reflects its dual operation: it is a limitation that curbs one author’s right in order to benefit not only the general public but also other authors, who in many fields rely upon the ability to quote other works.¹⁹ This

¹⁴ In the 2003 WIPO Guide to the Berne Convention, Ficsor notes that art. 10(1) is unique in that it establishes a directly applicable limitation or exception in countries where the Berne Treaty is self-executing, whereas all other exceptions and limitations in Berne expressly call for national implementation. Nonetheless, as discussed below, Ficsor concludes that the art. 10(1) quotation right is not in fact obligatory on Member States, at least in principle. See Mihály Ficsor, 2003 *WIPO Guide*, para. BC-10.3.

¹⁵ It has also been pointed out that, in this respect, the French text is perhaps even clearer. There, art. 10(1) provides “*Sont licite les citations...*” which indicates that quotations are *permitted* rather than merely *permissible*. See Ficsor, *supra* note 14, at para. BC-10.2; Aplin & Bentley, *supra* note 3 at 29–43.

¹⁶ Berne Convention, art. 10(2). Similarly, art. 10bis Berne allows Member States to “permit the reproduction by the press . . . of articles published in newspapers or periodicals on current economic, political or religious topics” provided the source is clearly indicated. Berne Convention, art. 10bis(1).

¹⁷ WIPO, Records of the Intellectual Property Conference of Stockholm, June 11 to July 14, 1967, Vol. I, Doc. S/1, p. 46–47.

¹⁸ See, e.g., Goldstein & Hugenholtz, *supra* note 2, at § 11.4.1, p. 392 (“Article 10(1) of the Berne Paris Text obligates members to permit quotations”); Ricketson & Ginsburg, *supra* note 2, at para. 13.53; Annette Kur & Henning Grosse Ruse-Khan, *Enough is Enough – The Notion of Binding Ceilings in International Intellectual Property Protection*, in *INTELLECTUAL PROPERTY RIGHTS IN A FAIR WORLD TRADE SYSTEM: PROPOSALS FOR REFORM OF TRIPS*, Ch 8, 359–407, 380 (Annette Kur & Marianne Levin (eds.), Edward Elgar, 2011); Annette Kur, *Of Oceans, Islands, and Inland Water – How Much Room for Exceptions and Limitations under the Three-Step Test?*, 8 *RICH. J. GLOBAL L. & BUS.* 287, 290 (2009); Kur & Grosse Ruse-Khan, *supra* note 3 at 18.

¹⁹ Kur & Grosse Ruse-Khan, *supra* note 3 at 18, 38–39.

rationale, however, does not explain why permitted exceptions, many of which also further downstream authorship, should not also be mandatory.²⁰

Nonetheless, not all commentators agree that art. 10(1) is mandatory; some²¹ contend that the provision merely permits rather than requires a quotation right. Ficsor, for example, has argued that because Berne expressly provides that Member States can enter into agreements providing higher levels of protection,²² art. 10(1) is not obligatory, at least in principle.²³ Ficsor also notes that the practice of Member States, specifically the European Union, has been to interpret art. 10(1) as optional.²⁴ In particular, the InfoSoc Directive expressly provides that “Member States *may* provide for exceptions and limitations” (emphasis added) regarding

quotations for purposes such as criticism or review, provided that they relate to a work or other subject-matter which has already been lawfully made available to the public, that, unless this turns out to be impossible, the source, including the author’s name, is indicated, and that their use is in accordance with fair practice, and to the extent required by the specific purpose.²⁵

Aplin and Bentley also acknowledge that the practice of EU members has not been to treat art. 10(1) as obligatory, with Sweden being one of the very few countries – or the only one – that has enacted domestic legislation that fully implements the requirements of art. 10(1).²⁶ They contend, however, that the EU’s seemingly optional implementation of a quotation exception in the InfoSoc Directive is not necessarily in conflict with the art. 10(1) requirement, as the Directive covers both Berne and non-Berne works.²⁷

²⁰ Kur & Grosse Ruse-Khan, *supra* note 3 at 18, distinguish optional limitations such as teaching or news reporting, which they characterize as relying only on “public interests.”

²¹ See Mihály Ficsor, *The Law of Copyright and the Internet* (Oxford 2002), para. 5.09; Jørgen Blomqvist, *Primer on International Copyright and Related Rights* (Edward Elgar 2014), p. 159–60. See also von Lewinski, *supra* note 2, at para. 5.163 (indicating that support exists for both positions).

²² For example, art. 19 Berne states: “The provisions of this Convention shall not preclude the making of a claim to the benefit of any greater protection which may be granted by legislation in a country of the Union.” Similarly, art. 20 provides that “The Governments of the countries of the Union reserve the right to enter into special agreements among themselves, in so far as such agreements grant to authors more extensive rights than those granted by the Convention.”

²³ Ficsor, 2003 *WIPO Guide*, *supra* note 14, at para. BC-10.3. Ficsor emphasizes that art. 10(1) is not mandatory only *in principle*. As a practical matter, the ability to quote is “indispensable” as it “follows from a basic human freedom – the freedom of free speech and criticism.” *Id.* at para. BC-10.4.

²⁴ *Id.* at n. 57.

²⁵ InfoSoc Directive, art. 5(3)(d).

²⁶ See Lionel Bently & Tanya Aplin, *Whatever Became of Global, Mandatory Fair Use? A Case Study in Dysfunctional Pluralism* (May 2018), in *IS INTELLECTUAL PROPERTY PLURALISM FUNCTIONAL?* (Susy Frankel (ed.), Edward Elgar, 2018); University of Cambridge Faculty of Law Research Paper No. 34/2018. For a review of European implementation of art. 10(1) see Martin Senffleben, *Bridging the Differences between Copyright’s Legal Traditions – The Emerging EC Fair Use Doctrine*, 57 *J. COPYRIGHT SOC’Y U.S.A.* 521 (2012).

²⁷ Aplin & Bently, *supra* note 3, at 35.

In any event, while the scholarship is somewhat divided, the weight of authorities seems to favor the interpretation that art. 10(1) is mandatory.²⁸ Even among the commentators who agree that quotation right is obligatory, however, there remains some disagreement about the implementation of the right. Professors Goldstein and Hugenholtz, for example, argue that “[a]lthough Article 10(1) is mandatory rather than permissive, national legislatures presumably are free to prescribe the conditions on which quotation is permitted,” and thus see no conflict in principle or practice with the InfoSoc Directive.²⁹ For purposes of this Comment, we grant the premise that art. 10(1) is mandatory and therefore consider its application to the new EU press publishers’ right.

II. Policy Underlying Berne “Maxima” and Its Preclusive Effect

A concern to maintain the free international flow of basic elements of information appears to animate and unite the Berne maxima. These provisions offer the Convention’s strongest expression of solicitude for the broader public interest, notwithstanding the Convention’s overall goal to protect the rights of authors. The Convention cannot prevent a Member State from locally privatizing information its own authors generate – that is the consequence of art. 5(3) – but it can require that Member States preserve the freedom of these excluded elements when the works that contain them traverse borders. Thus, if national legislation purports to grant protection to Union authors in such cases, this must be contrary to the Convention.

Nor would Berne art. 19 change that conclusion. That provision declares that “[t]he provisions of this Convention shall not preclude the making of a claim to the benefit of any greater protection which may be granted by legislation in a country of the Union.” It addresses protection for works of authorship and therefore still comes within the general Berne framework. Under art. 5(1), authors enjoy rights “in respect of works for which they are protected under this Convention . . .” Works, or elements of works, omitted or excluded from Berne subject matter thus fall outside the ambit of art. 19, and Union authors therefore have no treaty entitlement to protection for such subject matter. But the concept of Berne maxima goes further, in that it would deny Member States the option of according foreign Union authors copyright protection to certain subject matter (the news of the day). By the same token, while art. 19 clearly extends to rights in protected subject matter that are not specified among the mandatory minimum rights of the Convention, it should be understood as entitling Union authors to claim “greater protection” in Member States so long as their domestic law is not inconsistent with Berne norms. Member States may supplement Berne minimum rights but may not undermine the policies underlying the principle of maximum protection. Whether as a matter of national

²⁸ See also Ricketson & Ginsburg, *supra* note 1, at para. 13.41 point 5.

²⁹ Goldstein & Hugenholtz, *supra* note 2, at 392.

treatment under art. 5(1), or of claim to greater rights under art. 19 (which, in this respect, reinforces the rule of national treatment to make clear that the rule extends beyond Convention's minima), if domestic protection is "greater" because, for example, the Member State does not provide for quotation rights, that State may not insulate foreign Berne works from acts coming within the scope of art. 10(1), because the Member State would thus be rendering impermissible that which Berne declares "shall be permissible."

This reading of art. 19 can draw on support from Berne art. 20. This provision permits Berne Union members to enter into "special agreements among themselves, in so far as such agreements grant to authors more extensive rights than those granted by the Convention, or contain other *provisions not contrary to this Convention*." If those agreements exceed the Berne maxima, then they contravene art. 20. One might imply a similar limitation in art. 19. Admittedly, one might instead contend, by way of negative inference, that the absence of a similar proviso in art. 19 suggests that Union authors may claim greater protection in a Member State even if that state's domestic protection contravenes Berne. Such a textually permissible reading, however, seems inconsistent with the overall structure and goals of Berne.

On the other hand, the "special agreements" that art. 20 references concern authors' rights; they are *copyright* agreements. If Berne, TRIPS and the WCT prohibit copyright coverage of ideas and facts, does it follow that Member States may not protect those elements by other means – such as a *sui generis* neighboring right (which would, in effect, remove the malodor by applying any other name to the same stinkweed) or by resort to another international norm, such as the Paris Convention art. 10bis guarantee of protection against unfair competition?³⁰ Can one derive a preclusive effect of Berne, TRIPS and WCT from those exclusions, or does the path remain open to Member States to pursue protection by other means? DSM Directive art. 15 casts those questions into sharp relief, as we see in the next part.

B. BERNE/TRIPS/WCT MAXIMA APPLIED: THE CASE OF THE DSM DIRECTIVE ART. 15 PRESS PUBLISHERS' RIGHT

First, an overview of the provision and its rationale, as set out in the accompanying Recitals. Art. 15 provides, in relevant part:

³⁰ Paris Conv. art. 10bis provides:

"(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition."

Protection of press publications concerning online uses

1. Member States shall provide publishers of press publications established in a Member State with the rights provided for in Article 2 and Article 3(2) of Directive 2001/29/EC [reproduction and communication to the public] for the online use of their press publications by information society service providers.

...

The rights provided for in the first subparagraph [of art. 15(1)] shall not apply in respect of the use of individual words or very short extracts of a press publication.

Art. 2(4) defines “press publications” as follows:

‘[P]ress publication’ means a collection composed mainly of literary works of a journalistic nature, but which can also include other works or other subject matter, and which:

- (a) constitutes an individual item within a periodical or regularly updated publication under a single title, such as a newspaper or a general or special interest magazine;
- (b) has the purpose of providing the general public with information related to news or other topics; and
- (c) is published in any media under the initiative, editorial responsibility and control of a service provider.

Periodicals that are published for scientific or academic purposes, such as scientific journals, are not press publications for the purposes of this Directive.

1. *Why Create a Press Publishers’ Right?*

The EU Commission perceived that the practices among third-party online services of news aggregation and other copying from the websites of newspapers and periodicals threatened those publications’ continued existence.³¹ The Commission therefore provided a two-year³² neighboring right³³ of the “the same scope as the rights of reproduction and making available to the public provided for in [the Information Society] Directive” and subject to “the same provisions on exceptions and limitations as those applicable to the rights provided for in [that] Directive, including the exception in the case of quotations for purposes such as criticism or review provided for in art. 5(3)(d) of that Directive.”³⁴ The objectives are clear, namely to insulate press publishers from online services’ predatory practices and to

³¹ See Recital 54: “Publishers of press publications are facing problems in licensing the online use of their publications to the providers of those kinds of services, making it more difficult for them to recoup their investments. In the absence of recognition of publishers of press publications as rightholders, the licensing and enforcement of rights in press publications regarding online uses by information society service providers in the digital environment are often complex and inefficient.”

³² Art. 15(4).

³³ Recital 55 refers to “rights related to copyright.”

³⁴ Recital 57.

require remuneration for the services' copying and communication to the public.³⁵ But art. 15's subject matter coverage is unclear.³⁶ On the one hand, Recital 57 states: "The rights granted to publishers of press publications should not . . . extend to mere facts reported in press publications." Recital 58 reinforces that exclusion. While extending the neighboring right to "parts of press publications," it cautions,

such uses of parts of press publications have also gained economic relevance. At the same time, the use of individual words or very short extracts of press publications by information society service providers may not undermine the investments made by publishers of press publications in the production of content. Therefore, it is appropriate to provide that the use of individual words or very short extracts of press publications should not fall within the scope of the rights provided for in this Directive. Taking into account the massive aggregation and use of press publications by information society service providers, it is *important that the exclusion of very short extracts be interpreted in such a way as not to affect the effectiveness of the rights provided for in this Directive.*

(Emphasis supplied.)

The highlighted phrase suggests that the meaning of "very short extracts" may depend on the significance of the economic impact of the appropriation of those extracts. In some instances, "the use of individual words or very short extracts of press publications by information society service providers may [might] not undermine the investments made by publishers of press publications in the production of content," but in other cases, the practice of "massive aggregation" of small amounts of content by service providers could cumulatively cause economic harm. An effective remedy therefore might need to apply granularly. But would such relief run afoul of Berne's subject-matter limitations?

II. *Does Art. 15 DSM Bestow Copyright Protection on Berne-Excluded Subject Matter?*

To the extent that art. 15 DSM provides extra-national copyright protection to the "news of the day" or "mere items of press information," it would violate art. 2(8) Berne. Whether the rights conferred qualify as copyright, that is, "the protections of [the Berne] Convention," or are more accurately characterized as a sui generis system of protection, is discussed in the section below. Here, the question is whether "press publications" include the subject matter expressly excluded under art. 2 (8) Berne.

³⁵ Art. 15(5) assumes that publishers will be paid by the services, because it provides for revenue-sharing with authors.

³⁶ For a fuller analysis see Elżbieta Czarny-Drożdżejko, *The Subject-Matter of Press Publishers' Related Rights under Directive 2019/790 on Copyright and Related Rights in the Digital Single Market*, 51 IIC 624–641 (2020).

To begin, it is necessary to determine the scope of the exclusions in art. 2(8). What qualifies as “news of the day” or “items of press information”? The provision excluding the news of the day and items of press information from protection was moved from art. 9 to art. 2 during the 1967 Stockholm Conference revisions.³⁷ As the Records of the Conference indicate, “[t]he precise meaning of the provision is far from clear.”³⁸ The question of whether the provision could be improved or clarified was first raised by the Permanent Committee at its 1958 session in Geneva and subsequently discussed by the Study Group in its 1963 *Report*.³⁹ In its report, the Study Group ultimately adopted the following understanding of the provision:

The correct meaning of this provision is that it excludes from protection articles containing news of the day or miscellaneous information, provided that such articles have the character of mere items of news, since news of this kind does not fulfill the conditions required for the admission to the category of literary or artistic works.⁴⁰

Thus, the role of the provision was merely “to recall the general principle whereby the title to protection of articles of this kind, as in the case of other intellectual works, pre-supposes the quality of literary or artistic works within the meaning of the Convention.”⁴¹

Note that the Study Group perceived the exclusion to apply to entire articles and not merely to the information they contained. It appears that the Study Group assumed that the articles would be so devoid of authorship as to fail to qualify as a “literary or artistic work.” As such, the Study Group considered the “news of the day” exclusion to be a “superfluous element,” but retained the provision nonetheless. Moreover, although there had been some discussion of modifying the provision to improve its clarity, the Study Group concluded that no modification was necessary as “it would be sufficient to discuss the question of interpretation in the documents of the Conference.”⁴² That position was reaffirmed in the Study Group’s 1964 *Report*.⁴³

The report of the Main Committee on the Programme of the Conference reiterates this view. The report concluded that “the provision only seeks to establish that the Convention does not protect mere items concerning the news of the day or miscellaneous facts (and, a fortiori, the news or the facts themselves).”⁴⁴ The provision was not intended, however, to exclude “articles” or “other journalistic

³⁷ WIPO, Records of the Intellectual Property Conference of Stockholm, June 11 to July 14, 1967, Vol. I, Doc. S/1, p. 18–19.

³⁸ *Id.*

³⁹ *Id.* at Doc. S/1, p. 45.

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.* at Doc. S/1, p. 46.

works reporting the news . . . if they can be considered as works within the meaning of the Convention.”⁴⁵ On this point, the Committee believed, it could “hardly be claimed that there [was] any obvious need to clarify the text of the Convention. . . .”⁴⁶ Thus, art. 2(8) appears to function less as a provision of exclusion so much as a reiteration that recitations of facts that do not themselves qualify as intellectual creations, and which therefore are not literary or artistic works, are not included.

The commentary on art. 2(8) is in accord with that conclusion. The 1978 Guide to the Berne Convention interprets the provision to exclude not only news and facts but also “the simple telling of them, since matters of this kind lack the necessary conditions to be considered as falling into the category of literary and artistic works.”⁴⁷ Masouyé, the author of the 1978 WIPO Guide, viewed the provision as merely confirming “the general principle that for a work to be protected, it must contain a sufficient element of intellectual creation.”⁴⁸ Thus, while stories “related with a measure of originality” are protected under art. 2(1), “simple account[s], arid and impersonal, of news and miscellaneous facts” are not.⁴⁹

Given the above understanding, art. 15 DSM would violate art. 2(8) Berne if its protection of press publications extends either to facts themselves or to mere recountings of facts that lack sufficient original expression. As defined in the DSM Directive, press publications are certain collections “mainly composed of literary works of a journalistic nature, but which may include other works or *other subject matter*.”⁵⁰ While “literary works,” and “works” generally, are properly the subject of copyright protection under Berne⁵¹, the possibility of inclusion of “other subject matter” within the scope of protection raises a potential conflict with art. 2(8) Berne. Specifically, would the “news of the day” and “items of press information” be included within this “other subject matter” and consequently protected?

Recital 56 of the DSM Directive provides some elaboration on the scope of protection. In particular, Recital 56 clarifies that “press publications contain mostly literary works, but increasingly include other types of works and other subject matter, in particular photographs and videos.”⁵² Though presumably not exhaustive, the illustrative examples of photographs and videos as other types of work and subject matter suggest the Directive is not intended to cover the otherwise unprotectable “news of the day” or “items of press information,” since photographs and videos generally qualify as artistic works. Recital 57 is more explicit: the rights granted to publishers of press publications “should also not extend to mere facts reported in

⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ Claude Masouyé, *WIPO Guide to the Berne Convention* (1978), para. 2.27.

⁴⁸ *Id.*

⁴⁹ *Id.* The 2003 WIPO Guide, perhaps deferring to the belief of the 1963 Study Group, merely quotes the Conference records provided above.

⁵⁰ DSM Directive, art. 2(4) (emphasis added).

⁵¹ See Berne Convention, art. 2(1).

⁵² DSM Directive, Recital 56.

press publications.” Still, as explained above, art. 2(8) appears to extend slightly beyond the facts themselves and also excludes sterile accounts of facts, regardless of length. Thus, while art. 15 may not protect facts or “individual words or very short extracts of a press publication,”⁵³ to the extent that it protects press publications that include factual accounts too lacking in originality to support a copyright,⁵⁴ the Directive may be covering subject matter excluded under art. 2(8) Berne. Moreover, as discussed above, the potential for coverage of economically valuable “very short extracts” might create tension with Berne art. 2(8).

III. *May the EU Protect Berne-Adjacent Subject Matter through Sui Generis Systems?*

Art. 2(8) Berne excludes certain subject matter from copyright protection, but it generally does not prevent Union members from protecting that subject matter under different regimes, including sui generis forms of protection (see discussion below). An initial question then is whether art. 15 DSM vests publishers with copyrights in press publications or instead establishes a sui generis system. Although art. 15(1) DSM nominally provides the same copyright protections as conferred in arts. 2 and 3 of the InfoSoc Directive, it limits those rights in important ways not consistent with other copyright protection. Perhaps most importantly, the primary beneficiary and holder of the right is not necessarily the author(s) but the publisher.⁵⁵ Second, the term of protection is limited to just two years, beginning with publication – in contrast to Berne’s minimum fifty years *post mortem auctoris*.⁵⁶ Additionally, the scope of the art. 15 right is limited specifically to “online use[s]” by information service providers and does not apply “to the acts of hyperlinking.”⁵⁷ Recital 55 also makes clear that the rights granted are not copyrights per se but “rights related to copyright.” Finally, the granting of rights is not expressly

⁵³ DSM Directive, art. 15(1).

⁵⁴ Potentially including algorithmically generated news reports that lack sufficient human authorship to qualify as “works” under Berne.

⁵⁵ DSM Directive, art. 15(1). However, note that art. 15(5) requires Member States to “provide that authors of works incorporated in a press publication receive an appropriate share of the revenues that press publishers receive for the use of their press publications by information society service providers.”

⁵⁶ *Id.* at art. 15(4).

⁵⁷ *Id.* The extent to which unauthorized hyperlinking constitutes a copyright-infringing “communication to the public” is uncertain, given the evolving caselaw of the CJEU. See, e.g., Jane C. Ginsburg & Alain Strowel, *Copyright Liability for Hyperlinking*, in RESEARCH HANDBOOK ON IP AND DIGITAL TECHNOLOGIES, p. 217 (Tanya Aplin (ed.), Edward Elgar, 2020); Jane C. Ginsburg & Luke Ali Budiardjo, *Liability for Providing Hyperlinks to Copyright-Infringing Content: International and Comparative Law Perspectives*, 41 COLUMBIA JOURNAL OF LAW & THE ARTS 153 (2018), https://scholarship.law.columbia.edu/faculty_scholarship/2063; Alain Strowel & Vicky Hanley, *Secondary Liability for Copyright Infringement with Regard to Hyperlinks*, in PEER-TO-PEER FILE SHARING AND SECONDARY LIABILITY IN COPYRIGHT LAW (Alain Strowel (ed.), 2009); Matthias Leistner, *Closing the Book on Hyperlinks: A Brief Outline*

predicated on the presence of original expression but rather the “organisational and financial contribution of publishers in producing press publications.”⁵⁸

Given these significant differences from the traditional copyright regime, there is a strong argument that the rights granted in press publications are not just copyright by another name, but instead are genuinely *sui generis*. One then must ask whether the protection of this Berne-adjacent subject matter through a *sui generis* regime is permissible. As Henning Grosse Ruse-Khan and Annette Kur observe, the ability to protect Berne-excluded subject matter through different means is problematic.⁵⁹ Nonetheless, both the records of the Stockholm Conference and the commentary on the 1971 Paris text of the Berne Convention agree that such protection is permissible. As described in the Conference Records, one of the utilities of art. 2 (8), despite its otherwise superfluous nature, was to “permit the conclusion that if the articles concerned are protected by other legal provisions – for example, by legislation against unfair competition – such protection is outside the field of the Convention.”⁶⁰ Similarly, the provision helped to fix “the line of demarcation between copyright and other means of protection.”⁶¹ Thus, the possibility of other means of protection was expressly contemplated and was not accompanied by any signs of disapproval.

Commentary on art. 2(8) also endorses the view that *sui generis* protection is permissible. Professors Goldstein and Hugenholtz state that “[l]ike ideas, news of the day and data compilations may be protected outside copyright under unfair competition law, neighboring rights, or *sui generis* regimes.”⁶² Similarly, in the 2003 WIPO Guide, Ficsor notes that the subject matter of art. 2(8) can be protected “on the basis of some legal institutions other than copyright – such as a *sui generis* system for the protection of databases and their contents, or unfair competition. . . .”⁶³ Other commentators agree.⁶⁴ Indeed, although they acknowledge that the results may be

of the CJEU’s Caselaw and Proposal for European Legislative Reform, 39 EUR. INTELL. PROP. REV. 327 (2017).

⁵⁸ DSM Directive, Recital 55.

⁵⁹ Kur & Grosse Ruse-Khan, *supra* note 3, at 44. See also Annette Kur & Roberto Romandini’s contribution in this volume.

⁶⁰ Records at Doc. S/I, p. 45.

⁶¹ *Id.*

⁶² Goldstein & Hugenholtz, *supra* note 2, at 220.

⁶³ Ficsor, *supra* note 14, at para. BC-2.73.

⁶⁴ See, e.g., Laurence R. Helfer, *Adjudicating Copyright Claims Under the TRIPS Agreement: The Case for a European Human Rights Analogy*, 39 Harv. Int’l L. J. 357, 358 n. 41 (1998) (“Although the treaty ‘shall not apply to news of the day or to miscellaneous facts having the character of mere items of press information,’ and provides that ‘[i]t shall be permissible to make quotations from a work’ under certain conditions, these two isolated provisions do not prohibit states from imposing higher levels of copyright protection in other areas, nor even from protecting news, miscellaneous facts, and quotations under other intellectual property doctrines.”); Ricketson & Ginsburg, *supra* note 1, para 8.91.

troublesome, Kur and Grosse Ruse-Khan emphasize that “the relevance of Art. 1(1) TRIPS [and art. 2(8) Berne] is limited to mandatory exclusion of subject matter from *copyright*, whereas it does not appear as a tenable position to argue that it also applies if information or data are under a *sui generis* regime deliberately established for the purpose of granting such protection.”⁶⁵

The European Union’s adoption of the European Database Directive⁶⁶ occasioned concrete application of the principle that a *sui generis* right might supply protection withheld by the Berne Convention. Similarly to art. 15 of the DSM Directive, the Database Directive provides *sui generis* protection with respect to the substantial investment in the compilation of otherwise unprotectable data. While the Database Directive has incurred both practical and theoretical objections,⁶⁷ these criticisms have not evoked an underlying incompatibility with Berne art. 2(8). Similarly, while a draft treaty proposing international protection for databases was not adopted at the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions in 1996 (or anytime thereafter), there is no record of objections premised on the exclusion of such subject matter from copyright.⁶⁸

Rather, the debate has centered around which form of legal protection – a *sui generis* intellectual property protection or a misappropriation right sounding in unfair competition – was best suited to the task of protecting the investment in compiling databases. Advocates of more expansive and definite protection preferred a *sui generis* right with more precise details, well-defined term of protection, and greater facility for licensing.⁶⁹ Skeptics of the economic benefits or necessity of database protection favored the more limited protection of misappropriation claims.⁷⁰ In any event, the ability of Berne members to establish other forms of protection, including *sui generis* intellectual property rights, seems to have gone unquestioned.

⁶⁵ Kur & Grosse Ruse-Khan, *supra* note 3, at 44.

⁶⁶ Directive 96/9/EC of the European Parliament and the Council of 11 March 1996 on the legal protection of databases (Database Directive).

⁶⁷ See, e.g., Jörg Reinbothe, *The Legal Protection of Non-Creative Databases* WIPO Doc. EC/CONF/99/SPK122-A (September, 1999); H. Cohen-Jehoram, *Two Fashionable Mistakes*, 2 EUR. INTEL. PROP. REV. 103 (2000); J. Gaster, *The EC Sui Generis Right Revisited After Two Years: A Review of the Practice of Database Protection in the 15 EU Member States*, 5 TOLLEY’S COMMUNICATION LAW, 87–98 (2000); Jane C. Ginsburg, *Copyright, Common Law, and Sui Generis Protection of Databases in the United States and Abroad*, 66 U. CIN. L. REV. 151 (1997).

⁶⁸ See WIPO, Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions of Geneva 1996, Vol. I (1999).

⁶⁹ See, e.g., JÖRG REINBOTHE & SILKE VON LEWINSKI, *THE WIPO TREATIES ON COPYRIGHT* (2d ed., Oxford 2015), para. 13.0.19.

⁷⁰ *Id.*

IV. *Even Were a Sui Generis Right in Berne-Excluded Subject Matter Permissible, Must Exceptions to That Right Be Interpreted Co-extensively with the Berne Art. 10(1) Quotation Right?*

In the absence of a full examination of what constitutes a “quotation” under Berne art. 10(1),⁷¹ one may nonetheless question whether the press publisher’s right is compatible with Berne art. 10(1). Art. 15(3) of the Berne Convention directs that the exceptions set out in the 2001 InfoSoc Directive “shall apply mutatis mutandis in respect of the rights provided for in paragraph 1 of this Article.”⁷² The incorporation in the InfoSoc Directive of an optional quotation privilege in terms nearly identical to Berne art. 10(1)⁷³ suggests that one may avoid discrepancies between the two instruments by interpreting art. 15 DSM co-extensively with InfoSoc Directive art. 5 (d), which, in turn should track Berne art. 10(1). In that event, the copyright-adjacent nature of art. 15, while potentially problematic with respect to covered subject matter, will not immunize the press publishers’ right from third parties’ quotation rights.

There are two caveats to the above. First, the quotation right in Berne, according to most commentators, is mandatory: Member States must allow quotations (within the contours of the right). By contrast, the InfoSoc Directive leaves the list of permitted exceptions and limitations in art. 5(3) up to national adoption (or not). On the other hand, DSM Directive art. 17(7) makes the quotation exception (among others) mandatory with respect to content posted by users to Online Content Sharing Service Providers.⁷⁴ While art. 17, on the liability of Online Content Sharing Service Providers for infringing content posed by their users, addresses a different problem from the one that occasioned art. 15, there may be some overlap between the entities that are Online Content Sharing Service Providers under art. 17

⁷¹ See Aplin & Bentley, *supra* note 3.

⁷² See also Recital 57.

⁷³ InfoSoc Directive Art. 5 provides in relevant part:

“3. Member States may provide for exceptions or limitations to the rights provided for in Articles 2 and 3 in the following cases: . . .

(d) quotations for purposes such as criticism or review, provided that they relate to a work or other subject-matter which has already been lawfully made available to the public, that, unless this turns out to be impossible, the source, including the author’s name, is indicated, and that their use is in accordance with fair practice, and to the extent required by the specific purpose”;

Berne art. 10(1) states: “It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.”

⁷⁴ DSM Directive Art. 17(7) states in relevant part: “Member States shall ensure that users in each Member State are able to rely on any of the following existing exceptions or limitations when uploading and making available content generated by users on online content-sharing services: (a) quotation”

and the “information society service providers” that are subject to the press publishers’ right. Arguably, the European Union may be creeping toward substantive equivalence with the Berne norm with respect to its mandatory character.⁷⁵

Second, even assuming third parties will enjoy quotation rights in press publications, the scope of the quotation exception may differ between InfoSoc Directive art. 5(3)(d) and DSM Directive art. 15(3). The same words may mean different things in different contexts, and the requirement that the quotation be “in accordance with fair practice” may impose different constraints on the exercise of the quotation right. Given that the practice of news aggregation spurred the enactment of art. 15, the size and amount of the “quotations” and their economic impact may bear more heavily on the assessment of incompatibility with fair practice for press publications than courts might tolerate for works of authorship. Thus, interpretation of the two instruments may not be fully coextensive: the principles may be the same, but their application may not yield identical results. (However, the same might be said of the assessment of “fair practice” across different kinds of works of authorship, or regarding different purposes for the quotations.)

The adoption in art. 15 of the InfoSoc Directive exceptions avoids a confrontation between Berne norms and an unbounded *sui generis* right over subject matter that includes works of authorship as well as Berne-excluded content. Recall that DSM Directive art. 2(4) defines press publications to cover “an individual item within a periodical”; that item generally will be a whole article or a substantial extract (Recital 58 generally excludes “very short extracts,” though the meaning of the term may vary with economic impact). Acknowledging that a neighboring rights regime over Berne-excluded subject matter may coexist with copyright,⁷⁶ one may still inquire whether Berne maxima should exert a preclusive effect when the subject matter of the *sui generis* right includes works of authorship. If, for example, art. 15 covered both copyrightable and non-copyrightable content, but did not also incorporate copyright exceptions, so that a quotation exception would not limit the scope of the press publishers’ right, then publishers could invoke the *sui generis* right to prevent quotations from the same copyrightable content to which their rights under copyright must yield.⁷⁷ The argument for a Berne-preclusive effect seems strongest

⁷⁵ See also Case C-476/17 *Pelham v. Ralf Hütter* ECLI:EU:C:2018:1002, Opinion of Advocate General Szpunar, para. 77 suggesting the need to interpret EU copyright exceptions in light of mandatory human rights: “[T]he exclusive rights provided for unconditionally and compulsorily for the Member States in Articles 2 to 4 of [InfoSoc] Directive 2001/2009 are subject only to the exceptions and limitations listed exhaustively in Article 5(1) to (3) of that directive. . . . It should be noted, however, that that degree of latitude is also limited, since some of those exceptions reflect the balance struck by the EU legislature between copyright and various fundamental rights, in particular the freedom of expression. Failing to provide for certain exceptions in domestic law could therefore be incompatible with the Charter.”

⁷⁶ See discussion, *supra* part B.II.

⁷⁷ A similar observation has been made regarding the overlap of copyright and *sui generis* rights in the EU Database Directive (discussed more fully in the following paragraphs). See also Mark Powell, *The European Union’s Database Directive: An International Antidote to the Side Effects*

when the sui generis right covers both copyrightable and non-copyrightable content. It should not be permissible to end-run the Berne quotation right by resort to sui generis protection against copying the same subject matter.

Chapter III, “Sui Generis Right,” of the 1996 Database Directive, however, may belie that proposition. As we have seen, the Database Directive covers both original and non-original databases and provides a sui generis right against extraction and reutilization of substantial parts (whether or not copyright-infringing) of databases that are the fruit of substantial investment. While Chapter II, “Copyright,” of the Directive permits Member States to provide for copyright exceptions “traditionally authorized under national law,”⁷⁸ Chapter III sets out three specific exceptions and limitations (which do not include a quotation provision), without Chapter II’s open-ended catch-all.⁷⁹ The restriction in Chapter III of the extraction right to “insubstantial parts” of the database⁸⁰ will place some quotations outside the ambit of the database holder’s exclusivity. But to the extent that a copyright-permissible “quotation” may be qualitatively or quantitatively substantial,⁸¹ Chapter III of the Database Directive would appear to grant the rightholder a remedy, whereas Chapter II would allow an exception. If non-copyright material entirely comprises the “quotation,” then once one has admitted the premise that Berne Member States may establish sui generis rights in copyright-excluded content, perhaps copyright limitations need not constrain the scope of rights in that subject matter.⁸² But if the quotation comprehends a substantial extract of copyrightable expression, then Chapters II and III appear to be in tension.⁸³

of Feist?, 20 FORDHAM INT’L L.J. 1215, 1244 (1997) (“authors of copyrightable works contained in a database may henceforth elect to invoke their sui generis right, rather than their copyright, in order to side-step the fair dealing exception.”)

⁷⁸ Database Directive, art. 6(2)(d).

⁷⁹ *Id.* art. 9.

⁸⁰ *Id.* art. 8.

⁸¹ As Aplin and Bently argue it should be. Aplin & Bently, *supra* note 3, at 101–04.

⁸² However, it seems problematic that sub-copyrightable content would receive more protection than original works of authorship. One may draw a parallel with the decision of the Court of Justice of the EU in *Pelham*, July 29, 2019, Case C-476/17 (Grand Chamber) in which a two-second sample of a phonogram may violate the InfoSoc Directive art. 2(c) reproduction right in phonograms if it is recognizable to the ear. The court (pts. 29–30) applied reproduction “in part” literally, without considering whether the copied sample captured original authorship. By contrast, in *Infopaq*, July 19, 2009, Case C-5/08, the court (pt. 47) inquired into whether the copied portion communicated “an element which is, in itself, the expression of the intellectual creation of the author of that article.” As Eleonora Rosati has observed, “while for works there is an act of reproduction in part when what is reproduced is sufficiently original, for other subject matter (e.g., phonograms), there is no need to consider whether what has been taken is original.” Eleonora Rosati, *The CJEU Pelham decision: only recognizable samples as acts of reproduction?* IP Kat, August 04, 2019, <https://ipkitten.blogspot.com/2019/08/the-pelham-decision-only-recognizable.html>.

⁸³ For discussions of this tension, see, e.g., Matthias Leistner, *Big Data and the EU Database Directive 96/9/EC: Current Law and Potential for Reform*, 13–18 (September 07, 2018). Available at SSRN: <https://ssrn.com/abstract=3245937> or <http://dx.doi.org/10.2139/ssrn.3245937>

C. CONCLUSION

Within the universe of multilateral copyright obligations, the Berne maxima, buttressed by the TRIPS and WCT exclusion of protection for ideas, methods and processes, should promote the free cross-border availability of facts and ideas, as well as of exercise of the quotation right. Individual Berne countries of origin may protect excluded subject matter in their own works of authorship, but not in foreign Berne works. Conversely, those countries must apply the quotation right to foreign Berne works, but need not do so to their own. Nonetheless, there exist at least two challenges to this equilibrium. The first, as we have seen, concerns the potential for Berne members to protect excluded subject matter, or to avoid the quotation right, by resort to *sui generis* regimes. The second concerns the EU principle of non-discrimination:⁸⁴ Berne may limit protection in excess of its maxima to the country of origin, but EU norms require Member States to accord full national treatment, thus granting to works by other EU nationals the same scope of protection as the EU country of origin provides its own authors.

This cornerstone of EU law potentially places EU Member States in conflict with their international obligations: on the one hand, they may not – by copyright – protect Berne-excluded subject matter in foreign works, including works by EU nationals; on the other hand, EU norms oblige Member States to extend to other EU nationals the protections Berne would deny them. The EU regional public law obligation of national treatment thus may clash with international obligations enshrined in Berne, TRIPS and the WIPO Copyright Treaties. As we have seen, denominating the protections as *sui generis* might not suffice to shield them from the international treaties' preemptive effect. If not, then, as the editors of this volume observe in their preface, the international IP treaties produce “a level of global harmonization of IP protection whose cumulative effect leaves little space for different national policy choices.”

(“[T]he narrow exceptions to the *sui generis* right should at least be aligned and dynamically linked with the exceptions to copyright law under the Information Society Directive. It is therefore of considerable practical interest also to enable, and oblige, Member States to extend, *mutatis mutandis*, the exemptions and limitations applying to works protected under copyright, to *sui generis* protection of non-original databases. The obligation should be phrased so as to establish a dynamic link between both fields, to the effect that limitations set out in new copyright legislation would automatically also become applicable, under suitable terms and circumstances, to the *sui generis* right.”). For comparison of the scope of exceptions to the database right relative to rights under copyright, see, e.g., Annette Kur et al., *First Evaluation of Directive 96/9/EC on the Legal Protection of Databases – Comment by the Max Planck Institute for Intellectual Property, Competition and Tax Law, Munich* [2006] IIC 551, 556 et seq.

⁸⁴ See, e.g., Case C-92/92, *Collins and Patricia Im- und Export v. Intrat and EMI Electrola* (October 20, 1993); Case C-360/00, *Land Hessen v. G. Ricordi & Co. Bühnen- und Musikverlag GmbH* (June 06, 2002).

PART IV

Implementing International IP Provisions

Self-Executing International Intellectual Property Obligations?

Rochelle Cooper Dreyfuss

ABSTRACT

Self-execution is a matter of national rather than international law. While some countries regard international agreements as having direct effect, most do not consider international intellectual property agreements to be self-executing. This means that negotiators cannot assume that national law will be implemented in a manner that is entirely consistent with agreements as drafted. For intellectual property law, this situation is particularly problematic because the globalization of information, production, and manufacturing suggests that a high degree of integration is desirable. Nonetheless, there are many good reasons to preserve states' sovereign authority in this arena. Intellectual property law involves balancing proprietary interests against public concerns. Because countries differ dramatically along the lines of culture, economics, technological capacity, and fundamental principles, it would be difficult to strike the same balance everywhere. Thus, consensus can often be achieved only through the use of "constructive ambiguities"—language that is unsuitable to direct application by judges but which allows for legislative tailoring to local needs, capabilities, and values. In addition, technologies and needs change over time. International lawmaking is too prone to capture, too shortsighted, and too cumbersome to deal effectively with such problems. In contrast, legislative intervention creates a degree of accountability to the public.

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A. INTRODUCTION

In theory, one might characterize an international instrument by asking whether or not it is self-executing. The obligations a nation undertakes in a treaty are regarded as self-executing when they apply as of the treaty's own force in that nation's courts. In contrast, a non-self-executing treaty must be implemented by the state's lawmakers before it has direct effect, that is, before litigants can rely on its provisions in judicial proceedings. However, unlike many of the dimensions of international agreements discussed in this volume, the characterization of an agreement as self-executing is not itself a matter of international law. Rather, each party to the agreement decides the question whether the treaty has direct effect under its own national laws and policy. Although some countries have a rather rigid view on this issue, others take a mixed approach and decide it on a case-by-case basis (or, often more accurately, a provision-by-provision basis). Because the language of the treaty (or provision) and the intentions of the negotiating parties are determinative factors for these countries, the question arises whether the intended members of new intellectual property agreements should take steps to promote a particular view on the matter. Would it, in short, be beneficial – to member states and their citizens, to right holders, to the creative community, or to the international order – to draft agreements in a manner that most countries would regard as self-executing, and in this way, better ensure that states fulfill their international commitments?

This Comment begins in Part A with an overview of national views on self-execution, culminating in a description of the framework that countries adopting a mixed approach use when determining whether a measure has direct effect. This part focuses on the law of the United States, both because it has recently given considerable attention to this issue and because the decisions of any one party – particularly a large, economically powerful party – may influence the others. Part B considers how that framework plays out with regard to the core multilateral intellectual property agreements and free trade agreements (FTAs) that include chapters on intellectual property protection. Part C asks the normative question: as a general matter, is intellectual property appropriate subject matter for self-executing agreements? Concluding that it is not, Part D suggests ways to ensure that the goals of international intellectual property instruments are nonetheless fulfilled.

B. SELF-EXECUTION

I. Overview

Because self-execution is a matter of national law and policy, to the extent that something can be characterized along the dimension of self-execution, it reflects the approach that each state takes to the role its international commitments play in domestic disputes. Some states consider international law to be part of the domestic regime. In these *monist* jurisdictions, treaties are generally considered to have direct effect. An example, cited by Martin Senffleben, is a 1999 decision of the German Federal Court of Justice.¹ The decision, which required the Technical Information Library Hanover to pay the plaintiff equitable remuneration for its copying of scientific articles, was based directly on the three-step exceptions test in the Berne Convention, which permits certain unauthorized reproductions of protected works.²

In theory, a monist system has several advantages. It can save legislative resources because there is no need for implementing measures.³ Moreover, for countries new to the relevant field, adopting a self-executing treaty essentially imports a ready-made legal regime – often one that was drafted and adopted by countries with substantial experience in the area. A monist policy can also act as a signal that the country is prepared to adhere to the obligations set by the international community. For countries that see their future as enhanced by international cooperation and transnational business dealings, it can be highly beneficial to adopt what is essentially a pre-commitment strategy.⁴ In bypassing the need for implementing legislation, a monist jurisdiction ensures that its international obligations will not be derailed by corrupt officials, local lobbyists, or legislators who wish to pursue other objectives. In

¹ Martin R. F. Senffleben, *Copyright, Limitations and the Three-step test. An Analysis of the Three-Step Test in International and EC Copyright Law* (Den Haag: Kluwer Law International 2004), 206–207, citing Bundesgerichtshof [BGH][Federal Court of Justice] Feb. 25, 1999, JURISTENZEITUNG [JZ] 1000, 1999 (Ger.). See also Joachim Bornkamm, The German Supreme Court: An Actor in the Global Conversation of High Courts, 29 *Tex. Int'l L.J.* 415, 419 (2004). Other monist systems include Belgium, France, the Netherlands, Switzerland, and Japan, see John H. Jackson, Status of Treaties in Domestic Legal Systems: A Policy Analysis, 86 *Am J. Int'l L.* 310, 319 (1992). The EU has also largely regarded itself as monist, Gráinne de Búrca, International Law before the Courts: The EU and the US Compared, 55 *Va. J. Int'l L.* 685, 689–690 (2015); Joined cases C-300/98 and C-392/98, *Parfums Christian Dior SA v TUK Consultancy BV*, ECLI:EU:C:2000:688, 42 (CJEU 2000).

² Berne Convention for the Protection of Literary and Artistic Works, art. 9(2), July 24, 1971, 1161 U.N.T.S. 31 [hereinafter *Berne Convention*].

³ The Belgian approach is illustrative, Patricia Popelier and Catherine Van de Heyning, The Belgian Constitution: The Efficacy Approach to European and Global Governance, in Anneli Albi and Samo Bardutzky (eds.), *National Constitutions in European and Global Governance: Democracy, Rights, the Rule of Law* (The Hague: T.M.C. Asser Press 2019).

⁴ Henry G. Schermers Some Recent Cases Delaying the Direct Effect of International Treaties in Dutch Law, 10 *Mich. J. Int'l L.* 266, 286 (1989) (noting the advantages the Dutch saw in giving international agreements direct effect).

some monist states international law may even trump later-enacted legislation.⁵ Accordingly, a monist approach assures treaty partners that subsequent legislatures cannot easily undermine the nation's commitments.

There are, however, countries that regard international and domestic laws as belonging to separate spheres. In these *dualist* systems, an international agreement is not internally binding until the national legislature transposes its provisions into domestic law. For example, under the UK doctrine of parliamentary sovereignty, Parliament must enact legislation to make a treaty domestically effective.⁶ Thus, a court in the United Kingdom could never require one party to compensate another based solely on a provision of the Berne Convention.

A dualist approach has much to recommend it. It provides the legislature with a chance to reconsider the outcome of negotiations conducted in locations remote to its capital. Thus, at least in theory, a dualist approach promotes local accountability.⁷ Furthermore, a dualist approach allows lawmakers to tailor the law to the specific circumstances of the country, to clarify the obligations set out in the instrument, and to put them into terms that can be more easily applied by judges and understood by lawyers and the laws' consumers. Transposition also offers the opportunity to ensure coherence with other domestic legal regimes that use similar terminology or address related issues. Furthermore, making the change alerts the legislature that new administrative resources may be needed. When international and national measures are on a different footing, subsequent governments may retain more freedom to alter local law as needs change.

As the discussion of the advantages of monist and dualist systems suggests, both approaches also have disadvantages. The monist approach can be rigid. Moreover, circumventing the legislature can undermine democratic values. Since groups that can afford to lobby at the international level are often better heeled and more effectively organized than those that operate domestically, public choice theory suggests that a monist state's legal regime will be more inclined than other systems to favor the rich over the poor and to favor concentrated business interests over the interests of dispersed consumers.⁸ Dualist systems do not have this problem, at least not to the same degree. However, they may have a harder time in negotiations

⁵ For a discussion of this issue, see Jackson, *supra* note 1. Cf. Case of Abdulaziz, Cabales and Balkandali v. The United Kingdom, Judgment, European Court of Human Rights, May 28, 1985 (finding that the UK had violated the European Convention on Human Rights through subsequent legislation.).

⁶ Rosalyn Higgins, United Kingdom: From the Effect of Treaties in Domestic Law, in *Rosalyn Higgins, Themes and Theories* 811–813 (Oxford: Oxford University Press 2009). See, e.g., R (on the application of Miller and another) v. Sec'y of State for Exiting the European Union [2017] UKSC 5, [57]; J. H. Rayner (Mincing Lane) Ltd v. Department of Trade and Industry [1990] 2 AC 418, 500.

⁷ Jackson, *supra* note 1, 312–313. The result may be that some international obligations are not made enforceable domestically, see text at note 59, *infra*.

⁸ Eyal Benvenisti and George W. Downs, The Empire's New Clothes: Political Economy and the Fragmentation of International Law, 60 *Stan. L. Rev.* 595 (2007). Cf. Margot E. Kaminski,

because they cannot be fully trusted to implement the agreements they sign or ratify.⁹ And to the extent that their legislatures do fail to follow through and implement, they can find themselves in violation of international law.

Because of these problems, most systems are not entirely monist or dualist. For example, and as discussed further below, even monist systems do not generally regard the TRIPS Agreements as self-executing.¹⁰ By the same token, some dualist countries may give direct effect to human rights agreements.¹¹ Furthermore, many countries are neither monist nor dualist, but rather take a mixed approach to self-execution and examine a constellation of factors to determine whether a particular instrument (or provision) has a direct effect. The United States furnishes an example. Before relying on the Berne Convention to order a defendant to compensate a plaintiff, a US court would ask whether the Convention – or its three-step exceptions test – is self-executing.

Of course, the failure of a state to implement an agreement or regard it as self-executing will put that country in violation of international law. Nonetheless, even after a violation is found, local implementation will still be required. Experience suggests that this may not always be feasible. Consider, for example, the US-110(5) case in the World Trade Organization (WTO).¹² Although a WTO panel held that the United States had violated the three-step exceptions test of the TRIPS Agreement,¹³ the challenged exception remains good law in the United States. One reason may be that the provision was part of a legislative package: in exchange for extending the term of copyright generally, Congress enacted the challenged provision, which benefits certain access interests. To adhere to the WTO decision, the United States would have to unravel the sort of legislative compromise that is typical of democratic governance.¹⁴

The Capture of International Intellectual Property Law through the U.S. Trade Regime, 87 *S. Cal. L. Rev.* 977 (2014).

⁹ Cf. Lionel Bently, R. v. the Author: From Death Penalty to Community Service, 32 *Colum. J.L. & Arts* 1, 32 (2008) (describing the debate over whether the UK should adopt provisions introduced in the Berlin Revision of the Berne Convention).

¹⁰ Agreement on Trade-Related Aspects of Intellectual Property Rights, Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 33 I.L.M. 81 (1994) [hereinafter TRIPS Agreement or TRIPS]. See *infra*, text at notes 40–49.

¹¹ See, e.g., Michael Skold, The Reform Act's Supreme Court: A Missed Opportunity for Judicial Review in the United Kingdom?, 39 *Conn. L. Rev.* 2149, 2171–74 (2007).

¹² Panel Report, United States – Section 110(5) of the US Copyright Act, WT/DS160/R (June 15, 2000) [hereinafter US-110(5) Report]. See also Appellate Body Report, India – Patent Protection for Pharmaceutical and Agricultural Chemical Products, WT/DS50/AB/R, 45 (Dec. 19, 1997) (political impossibility of enacting legislation is not a defense) [hereinafter India-Pharmaceuticals Report].

¹³ TRIPS Agreement, art. 13.

¹⁴ See Graeme B. Dinwoodie and Rochelle C. Dreyfuss, *A Neofederalist Vision of TRIPS: The Resilience of the International Intellectual Property Regime*, 116–122 (Oxford: Oxford University Press 2012).

II. *The Mixed Approach*

For countries that take a mixed approach, determining which international measures have direct effect is not an easy task. The experience of the United States is illustrative. The Supremacy Clause of the US Constitution specifies that “Treaties . . . shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby.”¹⁵ While that language implies that the Founders adopted a monist approach, it was clear by the early nineteenth century that the clause would not be interpreted that way. In an 1829 decision, *Foster v. Neilson*, Chief Justice Marshall limited its monist effect, reasoning that “[a] treaty is in its nature a contract between two nations, not a legislative act. It does not generally effect of itself, the object to be accomplished, especially so far as its operation is infra-territorial; but is carried into execution by the sovereign power of the respective parties to the instrument.”¹⁶

In that case, Chief Justice Marshall read the English language version of a land grant treaty between the United States and Spain as contractual and held that it was not self-executing. But as a subsequent case soon showed, Marshall’s analytic approach was unpredictable. The Supreme Court encountered the same treaty four years later, but this time it was presented with the equally authentic Spanish version. In that case, the Court found the agreement to be self-executing.¹⁷

This indeterminacy went on for many years. Typically, the treaties that reached the Supreme Court were found to be self-executing.¹⁸ For example, in a 1940 case, *Bacardi v. Domenech*,¹⁹ Chief Justice Hughes held that a Puerto Rico statute prohibiting use of certain trademarks was preempted by the national treatment provision of the Inter-American Trademark Convention, which the Court considered self-executing. Following the Court’s lead, in its 1956 decision, *Vanity Fair v. Eaton*, the Second Circuit held that the provision of the Paris Convention on unfair competition was self-executing.²⁰ But even though early Supreme Courts tended to interpret international agreements as having direct effect, lower courts did not understand the Court to have created a presumption in favor of self-execution. For instance, in *Robertson v. General Electric*, a patent case, the Fourth Circuit considered a provision of the instrument ending World War I that extended the time

¹⁵ US Constitution, Art. VI.

¹⁶ 27 U.S. 253, 254 (1829).

¹⁷ *United States v. Percheman*, 32 U.S. 51, 53 (1833).

¹⁸ See American Law Institute, Restatement (Fourth) Foreign Relations Law of the United States, § 310 (Philadelphia: ALI 2018; updated 2022) [hereinafter Restatement Foreign Relations Law], Reporters’ Note 1.

¹⁹ 311 US 150 (1940).

²⁰ 234 Fed. 633 (2d Cir. 1956); Paris Convention for the Protection of Industrial Property, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305, art. 10bis [hereinafter Paris Convention].

for acquiring a priority date under the Paris Convention. It found the provision was not self-executing.²¹

To a degree, matters changed with the Supreme Court's 2008 decision in *Medellín v. Texas*,²² where the Court established a framework that focused on the instrument's language and the events surrounding its adoption.²³ The question in that case was whether Texas was required to reexamine the conviction of a Mexican gang member for rape and murder. The defendant contended the conviction was defective because Texas had failed to notify Mexico of the defendant's detention, as required by the Vienna Convention on Consular Relations and by a decision of the International Court of Justice (ICJ) holding that the Convention was meant to preempt a Texas procedural rule that barred further review.²⁴

To decide if the Vienna Convention or the ICJ decision had direct effect, Chief Justice Roberts began with the text of the agreement and looked for a "clear and express statement" that it was binding on courts.²⁵ Because the agreement to submit to the jurisdiction of the United Nations system used the phrase "undertakes to comply," he reasoned that the agreement did not function as a directive to the judicial branch.²⁶ Rather, it called upon other arms of government to take specific actions.²⁷ To shore up this view, Roberts considered the negotiation and drafting history as "aids to . . . interpretation"²⁸ and analyzed the structure of the agreement as a whole. Under the UN Charter, a state aggrieved by noncompliance with an ICJ decision has, as its sole remedy, referral to the UN Security Council. Since the United States has a right to veto Security Council resolutions, the Justice reasoned it must not be automatically bound by the ICJ decisions.²⁹ Furthermore, he considered that the principal purpose of the Charter was to resolve disputes between governments, not to provide remedies to individuals like *Medellín*.³⁰ He also noted that in contrast to many of the agreements that have been found to be self-executing, this treaty raised questions that were primarily political in nature.³¹ Finally, he

²¹ 32 F.2d 495 (4th Cir. 1929); Paris Convention, art. 4.

²² 552 U.S. 491 (2008).

²³ *Id.* at 514.

²⁴ Vienna Convention on Consular Relations (Vienna Convention), Apr. 24, 1963, [1970] 21 U.S.T. 77, T.I.A.S. No. 6820, art. 36; *Case Concerning Avena and Other Mexican Nationals (Mex. v. U.S.)*, 2004 I.C.J. 12 (Judgment of Mar. 31).

²⁵ *Medellín*, 552 U.S. at 506–07 & 517.

²⁶ In contrast, the Inter-American Convention at issue in *Bacardi* stated that the signatories "bind themselves" to grant national treatment.

²⁷ *Medellín*, at 508.

²⁸ *Id.* at 506–07.

²⁹ *Id.* at 510 and 518.

³⁰ *Id.* at 511.

³¹ *Id.* at 511 and 521–22 (giving as examples the Treaty of Friendship, Navigation, and Commerce with Serbia; the Treaty of Friendship, Commerce and Consular Rights with Germany; and the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards). In a concurring opinion, Justice Stevens added the UN Convention on the Law of the Sea, *id.* at 533.

expressed willingness to give the government's own interpretation of the non-binding nature of its obligations "great weight,"³² suggested that the negotiators' understanding of what the United States had agreed to was relevant,³³ and noted that the post-ratification behavior of other member states indicated that none of them considered decisions of the ICJ to be binding.³⁴

In the last decade, the American Law Institute (ALI) revised its Restatement of Foreign Relations Law in light of *Medellín* and its progeny.³⁵ Although *Medellín* took a skeptical view of self-execution, and in remarks made out of court, Justice Scalia voiced even more adverse views to what he termed allowing foreigners to govern,³⁶ the ALI does not regard the United States as having moved into the dualist camp. Rather, it recommends courts consider whether the "treaty provision is sufficiently precise or obligatory to be suitable for direct application by the judiciary" and whether it was "designed to have immediate effect, as opposed to contemplating additional measures by the political branches."³⁷ Additionally, the ALI suggests that courts should defer to Senate resolutions at the time when advice and consent were given and that they should consider whether implementing legislation is constitutionally required. Thus, treaties requiring the appropriation of money – which can only be accomplished by Congress – would never be regarded as self-executing.³⁸ In Comments, the Restatement goes on to caution that self-execution is distinct from the question whether the provisions of the treaty create rights and remedies.³⁹ That is, once a provision is found to be self-executing, it remains necessary to decide whether a litigant can obtain remediation for a violation of a commitment.

While not every state will follow the US analysis, it is not unlikely that states that take a mixed (or even a largely monist) approach will consider a similar set of issues: (1) the text of the agreement, including what it directs the parties to do and how precisely it delineates the obligations imposed; (2) the structure of the agreement as a whole, including whether it appears designed to have immediate effect and whether it contemplates action by other entities; (3) the negotiation history, to the extent it reveals the intentions of the parties; (4) the subject matter of the agreement and the branch of government responsible for (or constitutionally charged with) its oversight; (5) statements by the executive and legislative branches at the time the

³² *Id.* at 513.

³³ *Id.* at 515.

³⁴ *Id.* at 516.

³⁵ Restatement Foreign Relations Law, *supra* note 18.

³⁶ Norman Dorsen, The Relevance of Foreign Legal Materials in U.S. Constitutional Cases: A Conversation between Justice Antonin Scalia and Justice Stephen Breyer, 3 *Int'l J. Constit'l L.* 519, 522 (2005), <https://doi.org/10.1093/icon/moio32>. In general, the United States has become increasingly hostile to the notion of self-executing international agreements, see Gráinne de Búrca, The European Court of Justice and the International Legal Order After *Kadi*, 51 *Harvard Int'l L.J.* 1, 44–45 (2010) (describing the US debate).

³⁷ Restatement Foreign Relations Law, *supra* note 18, § 310 (2)(a) & (b).

³⁸ *Id.* § 310 (2) & (3); Comment f.

³⁹ *Id.* Comment b.

agreement was considered; and (6) the subsequent behavior of the other parties regarding the effect of the agreement.

C. THE STATUS OF INTELLECTUAL PROPERTY AGREEMENTS

The framework discussed above will have little application to strictly dualist or monist countries. But other nations will analyze international intellectual property instruments and provisions within them to determine their applicability in individual cases. How that analysis plays out will depend on the agreement in question.

I. *The TRIPS Agreement*

Although there has been debate on the issue,⁴⁰ the WTO Agreements are not generally regarded as self-executing.⁴¹ An examination of the TRIPS Agreement shows why. The Agreement starts with the admonition that “Members shall give effect to . . . this Agreement.”⁴² Although this language could have been inserted to deal with dualist regimes,⁴³ the provision goes on to state that members may provide more extensive protection and can “determine the most appropriate method of implementing the provisions.”⁴⁴ None of that language suggests that the parties intended the provisions to have direct effect.

The structure of the Agreement is consistent with this conclusion. It includes transition provisions for less and least developed countries, which appear designed to give those countries space to enact legislation suitable to their needs.⁴⁵ It also requires developed countries to provide technical and financial cooperation, including “assistance in the preparation of laws and regulations on the protection and enforcement of intellectual property.”⁴⁶ Moreover, it instructs the Council for TRIPS to “review the implementation of this Agreement.”⁴⁷ There is also nothing in the negotiation history that suggests it is self-executing, and it is difficult to see how certain provisions – such as measures that envision examination of advances to

⁴⁰ See, e.g. Elena A. Wilson *Russia in the WTO: Will It Give Full Direct Effect to WTO Law?*, 27 *Pac. McGeorge Global Bus. & Dev. L.J.*, 325, 327 (2014), citing Peter Van den Bossche and Werner Zdouc, *The Law and Policy of the World Trade Organization*, 67–68 (3d ed. Cambridge: Cambridge University Press 2013).

⁴¹ Mitsuo Matsushita et al., *The World Trade Organization: Law, Practice, and Policy* 99 (2d ed. Oxford: Oxford University Press 2006); de Búrca, *supra* note 1, at 698–99; *Case C-149/96, Portuguese Republic v. Council of the European Union*, ECLI:EU:C:1996:461. 48 (CJEU 1996).

⁴² TRIPS Agreement, art. 1.1.

⁴³ See Restatement Foreign Relations Law, *supra* note 18, Reporters’ Note 1.

⁴⁴ TRIPS Agreement, art. 1.1. The enforcement provisions also clearly contemplate national implementation, see, e.g., arts. 41(5), 44–46.

⁴⁵ *Id.*, arts. 65–66.

⁴⁶ *Id.*, art. 67.

⁴⁷ *Id.*, art. 71.

determine their suitability for protection⁴⁸ – could be effective without the legislature intervening to establish administrative agencies and procedures. Significantly, at the time TRIPS went into force, virtually all countries enacted implementing legislation. The United States even included in its implementation measure a statement that “[n]o provision of any of the Uruguay Round Agreements, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect.”⁴⁹

II. *The Paris Convention*

The situation under the Paris Convention is not as clear as it is under TRIPS. In part, that is because the language of the Paris Convention has changed over the century and a half in which it has been in force, and in part, it is because each of the provisions of the Convention uses different language. Thus, each must be analyzed separately. For example, the provision on unfair competition reads: “The countries of the Union are *bound to assure* to nationals of [other Union] countries *effective* protection against unfair competition.”⁵⁰ The phrase “bound to assure” suggests a binding commitment. Moreover, “effective” is the type of standard with which courts are familiar. Furthermore, affording protection does not require the intervention of an administrative agency. Similarly, the *telle quelle* provision states that trademarks of one country “*shall be* accepted . . . as is in the other countries of the Union.”⁵¹ “Shall” implies immediate action. In contrast, the section on registration provides that the conditions for filing and registering “shall be determined in each country of the Union by its domestic legislation” and the well-known marks provision states that “[t]he countries of the Union *undertake*” to provide that protection.⁵² In both cases, it would appear up to the state to implement the provision.

As important, especially in countries that consider what the negotiators expected, GHC Bodenhausen, then Director-General of the World Intellectual Property Organization (WIPO), which administers the Paris Convention, produced a guide to the Stockholm Revision of 1967.⁵³ In it, he acknowledged that some provisions are addressed only to states and that others require national implementation.⁵⁴ But there

⁴⁸ *Id.*, arts. 15, 22, 25, & 27.

⁴⁹ Uruguay Round Agreements Act of 1994, § 102(a) Pub. L. 103–465, 108 Stat. 4809 (1994); Panel Report, United States–Sections 301–310 of the Trade Act of 1974, 7-72, WT/DS152/R (Dec. 22, 1999) (“Neither the GATT nor the WTO has so far been interpreted by GATT/WTO institutions as a legal order producing direct effect”).

⁵⁰ Paris Convention, art. 10bis (emphasis added).

⁵¹ *Id.*, art. 6quinquies A(1) (emphasis added).

⁵² *Id.*, art. 6 and art. 6bis (emphasis added).

⁵³ GHC Bodenhausen, Guide to the Application of the Paris Convention (BIRPI 1968).

⁵⁴ *Id.* at 10–11; 12–14.

is a long list of provisions that, he noted, “may directly govern the situation at issue,” depending on the position the relevant member state takes to self-execution.⁵⁵ Interestingly, the measures listed are not always the ones that recommend themselves as self-executing. To be sure, Bodenhausen included the *telle quelle* provision. However, he also included the provisions on well-known marks and the conditions of registration.⁵⁶

Courts in the United States have gone both ways on questions concerning the direct effect of the Paris Convention.⁵⁷ As noted earlier, in *Vanity Fair*, the Second Circuit held that the unfair competition provision was self-executing (but did not interpret the provision as providing the defendant with relief). Other courts disagree.⁵⁸ For example, in *In re Rath*, the Federal Circuit denied direct effect to the *telle quelle* provision, in a decision that suggested that it was the job of Congress to implement the Paris Convention – and not the court’s role to fix congressional failure to comply with international law.⁵⁹

The Supreme Court has yet to weigh in on the domestic effect of the Paris Convention, but a strong argument can be made that it is likely to agree with the Federal Circuit. As Justice Scalia’s comments about foreign rule suggest, views on self-execution have evolved and there is now considerably more skepticism about giving agreements direct effect than there was when the Paris Convention was promulgated and revised. Certainly, *Medellín* imposes a more stringent test than the one the Second Circuit applied in *Vanity Fair*. Moreover, experience under the Convention has demonstrated that the meaning of terms like “unfair competition” and “well known” vary quite significantly among jurisdictions.⁶⁰ Given these differences, the terms are not likely to be regarded as “sufficiently precise . . . to be suitable for direct application by the judiciary,” as required by the Restatement Foreign Relations Law.⁶¹

⁵⁵ *Id.* at 14.

⁵⁶ *Id.* at 15.

⁵⁷ John B. Pegram Trademark Law Revision: Section 44, 78 *Trademark Rep.* 141, 158–162 (1988).

⁵⁸ See, e.g., *French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427, 438 (1903). Courts regarding Paris 10bis to be self-executing include *General Motors Corp. v. Ignacio Lopez de Arriortua*, 948 F. Supp. 684 (E.D. Mich. 1996) and *Laboratories Roldan C. por A. v. Tex Int’l*, 902 F. Supp. 1555, 1568 (S.D. Fla. 1995).

⁵⁹ 402 F.3d 1207, 1210 (Fed. Cir. 2005) (“The majority of other Courts of Appeals that have considered the issue have also held that the Paris Convention is not self-executing.”) & 1211.

⁶⁰ Ansgar Ohly, Unfair Competition, Basic Principles, in Jürgen Basedow, Klaus J. Hopt, Reinhard Zimmermann and Andreas Stier (eds.), *The Max Planck Encyclopedia of European Private Law* (Oxford: Oxford University Press 2012) (noting major differences in unfair competition laws). For differences in the approach to well-known marks, compare *McDonalds Corp. v. Joburgers Drive-Inn Restaurant*, 1997 (1) SA 1 (Supreme Court of South Africa 1996) and *Grupo Gigante v. Dallo & Co., Inc.*, 391 F.3d 1088 (9th Cir. 2004).

⁶¹ Restatement Foreign Relations Law, *supra* note 18, § 310(2)(a).

III. *The Berne Convention*

In the United States, the analysis of the Berne Convention is very different. The United States did not join Berne when it was first promulgated in the nineteenth century. By 1986, when it acceded, doubts about self-execution had grown (perhaps especially for an instrument closely associated with the *droit d'auteur* approach to protection with which the United States disagreed). Accordingly, in its implementation Act, Congress provided that “[t]he Convention for the Protection of Literary and Artistic Works, signed at Berne, Switzerland, on September 9, 1886, and all acts, protocols, and revisions thereto . . . are not self-executing under the Constitution and laws of the United States.”⁶² Thus, there are no US courts that have given direct effect to any provision of the Berne Convention.

For countries that do not have the clear guidance provided by the US Congress, the Berne Convention may be more easily considered self-executing than Paris. Because it eliminates formalities, there is no need for administrative support.⁶³ Moreover, the extension of protection to certain nationals of non-Berne Union countries suggests that at least some negotiators viewed authorial rights as natural, universal norms.⁶⁴ Nonetheless, like the Paris Convention, the Berne provisions read differently from one another and thus require a measure-by-measure analysis. For example, the provision on moral rights states that “[i]ndependently of the author’s economic rights, . . . the author *shall* have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.”⁶⁵ (Again, a hint that human rights are at stake). But a provision on unauthorized uses provides that “[i]t *shall be a matter for legislation* in the countries of the Union to permit the reproduction . . . of articles . . . on current economic, political or religious topic . . .”⁶⁶ Some provisions, such as the one on rebroadcast rights, are extremely specific and provide enough detail for judges to apply; others, such as the measure on adaptation, are fairly abstract.⁶⁷ As the German case about the Technical Information Library Hanover suggests, the three-step exceptions test is particularly difficult to parse. It leaves it to the legislation of each country to decide on exceptions, but specifies the limits of those exceptions in a way that lends itself to judicial action.⁶⁸

⁶² Berne Convention Implementation Act of 1988, § 2(1), Pub. L. No. 100–568, 102 Stat. 2853 (1988).

⁶³ Berne Convention, art. 5(2).

⁶⁴ *Id.*, art. 3(1)(b); Peter Baldwin, *The Copyright Wars: Three Centuries of Trans-Atlantic Battle* (Princeton University Press, 2014); Neil Weinstock Netanel, Asserting Copyright’s Democratic Principles in the Global Arena, 51 *Vand. L. Rev.* 217 (1998).

⁶⁵ *Id.*, art. 6bis(1) (emphasis added).

⁶⁶ *Id.*, art. 10bis(1) (emphasis added). In contrast, art. 10(1) on quotation provides “It shall be permissible. . . .”

⁶⁷ *Id.*, arts. 11bis(1) and 12.

⁶⁸ *Id.*, art. 9(2)

Additionally, the rapid changes in technologies relevant to the use of copyrighted works can make direct judicial implementation of much of the Berne Convention extremely difficult. For example, the Convention uses the term “communication to the public” multiple times.⁶⁹ Judges confronted with new technologies have had a hard time parsing that phrase even when interpreting their own domestic law.⁷⁰ It is not insignificant that after the TRIPS Agreement essentially incorporated the Berne Convention with few updates, several new technology-related multinational agreements were adopted.⁷¹

IV. Free Trade Agreements

Many recent trade agreements include chapters that impose so-called TRIPS-plus obligations. These instruments arguably stand on a different footing from the TRIPS Agreement itself. To a large extent, they are directly aimed at clarifying ambiguities and open issues in TRIPS. Therefore, they tend to be extremely precise. For example, the TRIPS Agreement requires countries to protect data that is submitted for the clearance of pharmaceutical products for marketing purposes. The measure uses the terms “new chemical entities,” “considerable effort,” and “unfair commercial use,” none of which are defined.⁷² In addition, the provision fails to say how clearances based on approvals elsewhere should be treated. In contrast, many FTAs either omit these terms or define them. For example, the agreement between the United States and the Dominican Republic and Central America (CAFTA) eliminates the term “considerable effort,” and instead of “unfair commercial use” it imposes a requirement of five years of exclusivity. It deals with the issue of foreign approval by requiring each country to accord its own five years of protection, irrespective of its basis for allowing a pharmaceutical to be marketed.⁷³

Other examples abound. The TRIPS provision requiring patent protection for advances that involve an “inventive step” does not define that term, other than to say it is equivalent to “non-obvious.”⁷⁴ This has led to considerable controversy over whether new uses of old materials can be excluded from patentability. The agreement between the United States and Korea (KORUS) clears up that point by

⁶⁹ *Id.*, arts. 10bis, 11, 11bis, 11ter, 14, and 14bis.

⁷⁰ E.g., *Am. Broad. Companies, Inc. v. Aereo, Inc.*, 573 U.S. 431 (2014); Cases C 160/15, *GS Media BV v. Sanoma Media Netherlands BV*, ECLI:EU:C:2016:644 (CJEU 2016).

⁷¹ Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled, June 27, 2013, <http://www.wipo.int/wipolex/en/details.jsp?id=13169>; Beijing Treaty on Audiovisual Performance, June 4, 2012, 51 I.L.M. 1214; WIPO Copyright Treaty (WCT), Dec. 20, 1996, 2186 U.N.T.S. 121; WIPO Performances and Phonograms Treaty (WPPT), Dec. 20, 1996, 2186 U.N.T.S. 203.

⁷² TRIPS, art. 39.3.

⁷³ United States–Central America–Dominican Republic Free Trade Agreement, U.S.–CAFTA–DR, Jan. 28, 2004, 43 I.L.M. 514 (2004), art. 15.10.

⁷⁴ TRIPS, art. 27(1) and note 5.

requiring “that patents shall be available for any new uses or methods of using a known product.”⁷⁵ As noted earlier, the Paris Convention and the TRIPS Agreement leave the meaning of a “well known” mark unclear; the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) references WIPO’s Joint Recommendation on Well Known Marks, which provides a detailed definition and expands trademark rights to include dilution protection.⁷⁶ As a textual and structural matter, these measures are therefore capable of having direct effect in all but the most dualist jurisdictions.

Admittedly, FTAs also contain language that suggests that implementation is required. For example, the intellectual property chapter of CAFTA and KORUS both state that “[e]ach Party shall, at a minimum, give effect to this Chapter.”⁷⁷ Similarly, the CPTPP provides that “[e]ach Party shall give effect to the provisions of this Chapter.”⁷⁸ That language suggests that legislative action is contemplated. However, the United States has developed an alternative to self-execution that may be equally effective at ensuring that the measures in an agreed instrument will be binding in the parties’ courts. That is, the United States chooses partners that it believes will implement the agreement, monitors how they plan to implement the agreement, and takes unilateral action when implementation fails to meet its expectations.⁷⁹

More important, the United States sometimes conditions its own implementation on a trading partner’s demonstration that it has already implemented the agreement to its satisfaction. For example, the US Act implementing CAFTA provides that: “At such time as the President determines that countries listed . . . have taken measures necessary to comply with the provisions of the Agreement that are to take effect on the date on which the Agreement enters into force, the President is authorized to provide for the Agreement to enter into force with respect to those countries.”⁸⁰ As

⁷⁵ Free Trade Agreement between the United States of America and the Republic of Korea, U.S.–S. Kor., June 30, 2007–Feb. 21, 2012, art. 18.8(1).

⁷⁶ Comprehensive and Progressive Agreement for Trans-Pacific Partnership, (Mar. 8, 2018), art. 18.22(3), <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-concluded-but-not-in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership-text/>; Recommendation Concerning Provisions on the Protection of Well-Known Marks [hereinafter Joint Recommendation], WIPO and Assembly of the Paris Union for the Protection of Industrial Property, Sept. 29, 1999, 883(E), <http://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>.

⁷⁷ CAFTA, art. 15.1.1.; KORUS, art. 18.1(1).

⁷⁸ CPTPP, art. 18.5.

⁷⁹ C. O’Neal Taylor, Regionalism: the Second-Best Option?, 8 *St. Louis U. Pub. L. Rev.* 155 (2008). See also Office of the United States Trade Representative, Special 301 Reports, <https://ustr.gov/issue-areas/intellectual-property/Special-301>; Congressional Research Service, The U.S.–South Korea Free Trade Agreement (KORUS FTA): Provisions and Implementation (2014), <https://fas.org/sgp/crs/row/RL34330.pdf>.

⁸⁰ Dominican Republic–Central America–United States Free Trade Agreement Implementation Act, Pub. L. 109–53, 19 Stat. 462, 109th Congress (2005), § 101(b). Similar provisions can be found in US FTAs with Chile, Oman, Singapore, and Bahrain. See generally, David Vivas-

Carlos Correa notes, the “certification” process entailed in making this determination not only ensures that right holders can seek relief in national courts but often also requires the other country to enact legislation that goes beyond the requirements of the agreement. In some cases, certification has led countries to provide right holders with more protection than is available to them under US law.⁸¹

D. NORMATIVE ASSESSMENT

As the previous part demonstrated, it is rare for states to consider the provisions of international intellectual property agreements to have direct effect. For the most part, they are minimum-standard regimes and afford member states leeway to implement the obligations in ways compatible with their own legal systems. But the international community is faced with many new challenges. Moreover, some sectors have expressed an appetite for further harmonization.⁸² It is therefore worth asking whether the global regime would benefit if future instruments were more often regarded as self-executing. Presumably, that would entail drafting measures that meet the standards of precision, clarity, and ease of application that most countries appear to require and that balance relevant interests in ways that potential members are willing to accept.

A case can certainly be made for this approach. It would be especially helpful to developing countries. Rather than work through all the complexities entailed in crafting exclusive rights regimes, those countries could simply adopt the systems constructed by their more experienced treaty partners. Moreover, pre-commitment may be especially attractive for intellectual property. Because these rights purport to promise long-term benefits at the expense of short-term costs, it might be difficult for poor countries to implement laws that may, over time, encourage local innovation, improve productivity, increase income, and yield social welfare gains, but which require the voting public to endure immediate sacrifices in the form of higher prices and reduced access.⁸³ Indeed, these considerations may be among the reasons why the *Bacardi* Court was persuaded that the Inter-American Trademark Convention – which involved the United States, Peru, Paraguay, Panama, Honduras, Haiti, Guatemala, Cuba, and Colombia – was self-executing.

Eugui and Johanna von Braun, *Beyond FTA Negotiations – Implementing the New Generation of Intellectual Property Obligations*, ICTSD/UNCTAD/CINPE (2006).

⁸¹ Carlos M. Correa, *Mitigating the Regulatory Constraints Imposed by Intellectual Property Rules under Free Trade Agreements*, 6–8 (South Centre 2017), https://www.southcentre.int/wp-content/uploads/2017/02/RP74_Mitigating-the-Regulatory-Constraints-Imposed-by-Intellectual-Property-Rules-under-Free-Trade-Agreements_EN-1.pdf.

⁸² See, e.g., Jerome H. Reichman and Rochelle Cooper Dreyfuss, *Harmonization Without Consensus: Critical Reflections on Drafting a Substantive Patent Law Treaty*, 57 *Duke L.J.* 85 (2007).

⁸³ Cf. *India-Pharmaceuticals Report*, *supra* note 12 (noting India’s difficulty in enacting a rule complying with TRIPS, art. 65(4)).

Self-execution can also be to the advantage of developed countries. It ensures that they receive the benefits they expect from the trade-offs made during the negotiation process. For example, in the Uruguay Round, developed countries understood that if they opened their markets to imports, the manufacture of knowledge-intensive products would move to countries with lower labor costs. In exchange, they sought to capture returns on the innovations embedded in these products with stronger intellectual property protection.⁸⁴ Self-execution is also a direct way to overcome the problems of territorially limited rights. Harmonizing the level of protection available worldwide facilitates cross-border research, value chain production, and international distribution of creative products.⁸⁵ Furthermore, it enhances the incentives available to creators and aggregates the demand for products that appeal to small segments of dispersed populations. As concerns about developing and delivering vaccines and treatments to deal with COVID-19 have shown, nations are deeply interconnected, which makes an international approach highly desirable.

To be sure, negotiators may find that they must use some indefinite terms or measures in order to leave room for future developments. But even here, there are advantages. The dialogue generated when multiple courts consider the same open question is what US proceduralists call “percolation.” They view this process as a useful way to arrive at the best approach.⁸⁶ An example is the way in which Australia learned from US decisions on patenting products and phenomena of nature: it considered US caselaw and improved on it.⁸⁷ Or, as Christine Farley noted in connection with the “unfair competition” provision of the Inter-American Trademark Convention, the competing views of a multiplicity of courts might have led to a more refined understanding of what that cause of action ought to protect.⁸⁸

Perhaps the best way to convince countries to regard intellectual property agreements as self-executing is to argue that creators enjoy a fundamental right to control their intellectual efforts; that because these individual rights should not be subject to

⁸⁴ See Rochelle Dreyfuss and Jerome Reichman, WIPO’s Role in Procedural and Substantive Patent Law Harmonization, in Sam Ricketson (ed.), *Research Handbook on the World Intellectual Property Organization: The First 50 Years and Beyond* 106 (Cheltenham: Edward Elgar 2020).

⁸⁵ Cf. Council Directive (EU) 2016/943 of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure, Preamble [2016] OJ L157/1.

⁸⁶ See, e.g., Diane P. Wood, Keynote Address: Is It Time to Abolish the Federal Circuit’s Exclusive Jurisdiction in Patent Cases?, 13 *Chi.-Kent J. Intell. Prop.* 1 (2013); Craig Allen Nard and John F. Duffy, Rethinking Patent Law’s Uniformity Principle, 101 *Nw. U. L. Rev.* 1619 (2007); Rochelle Cooper Dreyfuss, The Federal Circuit: A Case Study in Specialized Courts, 64 *N.Y.U. L. Rev.* 1 (1989).

⁸⁷ Rochelle Cooper Dreyfuss, Jane Nielsen and Dianne Nicol Patenting Nature – A Comparative Perspective, 5 *J. L. & Biosciences* 550 (2018), <https://doi.org/10.1093/jlb/lsyo21>.

⁸⁸ Christine Farley, Unravelling Unfair Competition Law’s Misunderstood Development (forthcoming).

majority rule, they must have direct effect.⁸⁹ The categorization of intellectual property as fundamental is supported by several human rights conventions. For example, the Universal Declaration of Human Rights provides that “[e]veryone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.”⁹⁰ And as Laurence Helfer observed, the European Court of Human Rights characterizes exclusive rights as property and protects certain aspects under the European Convention on Human Rights.⁹¹ Significantly, we saw a flavor of that approach in the Berne Convention’s extension of protection to certain authors in non-Berne countries and in its moral rights provision.

One problem is that there are other values – including free expression, health, and the “right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement” – that are also regarded as fundamental.⁹² Since these values clash, they have been the subject of intense academic, legislative, and judicial debate. Plausibly, however, balancing them should also be handled at the international level. In fact, that may have been the thinking of the German court when it gave the Berne Convention’s three-step exceptions provision direct effect in the Hanover library case. And this may also be a reason why the United Nations appointed a Special Rapporteur in the field of cultural rights to submit a report on how fundamental values regarding intellectual property should be balanced.⁹³ Among other things, she noted that protection for authors does not necessarily require the recognition of exclusive rights.⁹⁴

That said, it would be difficult to persuade most countries that intellectual property agreements should have direct effect on the ground that they protect human rights. There is disagreement as to whether intellectual property rights are

⁸⁹ *United States v. Carolene Prod. Co.*, 304 U.S. 144, 152 n.4 (1938).

⁹⁰ Universal Declaration of Human Rights, G.A. Res. 217, U.N. GAOR, 3d Sess., U.N. Doc. A/810 (1948)(UDHR), art. 27(2). See also International Covenant on Economic, Social and Cultural Rights, Jan. 3, 1973, 993 U.N.T.S. 171 (ICESCR), art. 15(c); Charter of Fundamental Rights of the European Union, 2012/C326/02, art. 17.

⁹¹ Laurence Helfer, *The New Innovation Frontier? Intellectual Property and the European Court of Human Rights*, 49 *Harv. Int’l L. J.* 1 (2008), giving the example of *Anheuser-Busch Inc. v. Portugal*, App. No. 73049/01, 44 Eur. H.R. Rep. 42 [846], 855-56855-56 (Chamber 2007) (judgment of Oct. 11, 2005), which held that registered trademarks are protected by art. 1 of the Protocol to the European Convention for the Protection of Human Rights and Fundamental Freedoms, Nov. 4, 1950, 213 U.N.T.S. 222.

⁹² UDHR, art. 27(2) and ICESCR art. 1(a) & (b). See also UDHR art. 19, ECHR art. 10; Charter of Fundamental Rights art. 11; and US Constit. Amend. I (free expression); UDHR art. 25 and ICESCR, art. 12 (health).

⁹³ Farida Shaheed, Report of the Special Rapporteur in the Field of Cultural Rights, Copyright Policy and the Right to Science and Culture, A/HRC/28/57 (Dec. 24, 2014); Farida Shaheed, Report of the Special Rapporteur in the Field of Cultural Rights, The Right to Enjoy the Benefits of Scientific Progress and Its Applications, A/HRC/20/26 (May 14, 2012).

⁹⁴ Shaheed, Copyright Policy, *supra* note 93, at 49.

human rights.⁹⁵ Even if every country were to decide that some are, countries may not agree on which of those rights are fundamental or on how to strike the appropriate balance among them.⁹⁶ Thus, there are some countries in which free expression trumps moral rights, or patent protection gives way to health concerns, or privacy interests alter remedies for infringement.⁹⁷ Because countries see these values as situated at the core of their national identities, there is little likelihood that they would regard a regime that takes a different view as self-executing. To see the point, consider the evolution in the United States from the Supremacy Clause, to *Foster*, *Medellín*, and Scalia's concern about rule by foreigners. According to Gráinne de Búrca, that development was repeated in the European Union as it matured. It began with monist impulses, but what emerged over time (in the same year as in *Medellín*) was *Kadi*⁹⁸ and the rejection of Security Council resolutions on the ground that they violated EU norms.⁹⁹

To be sure, self-execution can also be justified on the ground that it promotes global innovation. Seen that way, deep harmonization, which for many of the reasons expressed above is unlikely to lead to self-execution, is not necessary. Rather, if direct effect is desired, negotiators could concentrate on measures crucial to coordinating the worldwide intellectual property system to facilitate collaborative research and worldwide transactions. Nations could then retain flexibility in other spheres to further their own interests and values.

⁹⁵ The United States, for example, authorizes Congress to create patents and copyrights but it is not required to do so, U.S. Const. Art. 1, § 8. Cf. *Allen v. Cooper*, 140 S. Ct. 994, 1008 (2020) (Thomas J., concurring) (“I believe the question whether copyrights are property within the original meaning of the Fourteenth Amendment’s Due Process Clause remains open.”); *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365, 1375 (2018). In addition, the US does not tend to give direct effect to human rights agreements. Thus, the Senate often makes non-self-execution a condition for entering such agreement, see U.S. reservations, declarations, and understandings, International Convention on the Elimination of All Forms of Racial Discrimination, 140 Cong. Rec. 14,326 (1994); U.S. reservations, declarations, and understandings, International Covenant on Civil and Political Rights, 138 Cong. Rec. 8070–8071 (1992); U.S. reservations, declarations, and understandings, Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 136 Cong. Rec. 36, 198–36, 199 (1990); Restatement Foreign Relations Law, *supra* note 18, § 310, Reporters’ Note 9.

⁹⁶ Ironically, Berne’s formulation of the three-step test was an attempt to accommodate a broad range of conflicting approaches, see Senffleben, *supra* note 1, at 40.

⁹⁷ See, e.g., Shyamkrishna Balganesh, Copyright and Free Expression: Analyzing the Convergence of Conflicting Normative Frameworks, 4 *Chi.-Kent J. Intell. Prop.* 45 (2004); James Thuo Gathii, Rights, Patents, Markets and the Global AIDS Pandemic, 14 *Fla. J. Int’l L.* 261 (2002); compare *Google Inc. v. Equustek Solutions Inc.*, [2017] 1 SCR 824 (Supreme Court of Canada) with *Google LLC v. Equustek Solutions Inc.*, 2017 WL 5000834 (N.D. Cal. Nov. 2, 2017). See also *L’Oréal SA v. eBay Int’l AG*, Case C-324/09, ECLI:EU:C:2011:474 (CJEU Grand Chamber 2011); *Pro Swing Inc. v. Elta Golf Inc.*, 2006 SCC 52, [2006] 2 SCR 612 (Supreme Court of Canada).

⁹⁸ *Joined Cases C-402 & 415/05P, Kadi & Al Barakaat Int’l Found. v. Council & Comm’n*, ECLI:EU:C:2008:461 (CJEU 2008).

⁹⁹ De Búrca, *supra* note 36.

But even in this rather limited domain, there are forceful arguments against self-execution. As the structure of existing instruments suggests, a careful weighing of values and accurate identification of measures crucial to integration are unlikely to occur during multilateral treaty negotiations. For the most part, these agreements recognize the interests of right holders and, as interpreted by the WTO, leave members with little room to protect other values.¹⁰⁰ Many of these agreements are negotiated in secret; that negotiators consistently ignore recommendations to add user rights to these instruments suggests that public choice theorists are correct.¹⁰¹ Because right holders are better organized and funded, their demands overwhelm the dispersed interests of the public. Opportunity at the implementation stage for democratic engagement concerning the substantive level of protection accorded right holders is therefore critical. For intellectual property, accountability is particularly important, because infringement is largely self-policing – and as Jessica Litman succinctly stated, “[p]eople don’t obey laws that they don’t believe in.”¹⁰²

Self-execution is also problematic because countries are in very different positions economically, culturally, and technologically. TRIPS was sold on the claim that stronger protection would push developing countries to the creative frontier. However, over twenty-five years of experience has demonstrated that this was true only for some countries. For the rest, TRIPS – even as locally implemented – is proving to be an obstacle to development.¹⁰³ There are likewise differences among developed countries. Each nation’s legal regime reflects its own industrial needs and creative requirements. As Susy Frankel argued, the preferences of small economies can diverge from those of larger markets.¹⁰⁴ In addition, intellectual property laws are part of complex legal systems that differ greatly from one country to another. For example, some states use antitrust law to cabin overreaching by intellectual property owners.¹⁰⁵ Others may safeguard competition in their intellectual property laws. Similarly, the availability of discovery (i.e. legal procedures to obtain information from adversaries and other parties) can shape both patent and trade secrecy law. Tailoring may therefore be unavoidable.

Self-execution is also hazardous because needs change over time and international lawmaking is not as responsive as domestic courts and legislatures. Nor

¹⁰⁰ See, e.g., US-110(5) Report, *supra* note 12; Panel Report, Canada–Patent Protection of Pharmaceutical Products, WT/DS114/R (March 17, 2000).

¹⁰¹ Dinwoodie and Dreyfuss, *supra* note 14, at 145 & 198–201.

¹⁰² Jessica Litman, Copyright Noncompliance (or Why We Can’t “Just Say Yes” to Licensing), 29 *N.Y.U. J. Int’l L. & Pol.* 237, 239 (1997).

¹⁰³ Rochelle C. Dreyfuss and César Rodríguez-Garavito (eds.) *Balancing Wealth and Health: The Battle Over Intellectual Property and Access to Medicines in Latin America* (Oxford University Press, 2014).

¹⁰⁴ Susy Frankel, *Test Tubes for Global Intellectual Property Issues* (Cambridge University Press, 2015).

¹⁰⁵ Joined Cases C-241/91P and C-242/91P *Telefis Eireann and Independent Television Publications Ltd v. Commission of the European Communities* (Magill), ECLI:EU:C:1995:98 (1995).

have international negotiators always demonstrated the foresight to deal with contingencies. The original version of the compulsory licensing provision in TRIPS is illustrative.¹⁰⁶ Despite the existence of countries that lag far behind others technologically, the Agreement initially failed to account for the possibility that particular nations may lack the capacity to manufacture pharmaceuticals and would therefore be unable to make use of the flexibility to award compulsory licenses to protect public health.¹⁰⁷ It took more than five years for the WTO to recognize the problem and another four years to solve it.¹⁰⁸ In order to reach agreement to allow one country to manufacture for another, some members opted out as potential importers – a decision that, in light of COVID-19, may prove to have tragic consequences.¹⁰⁹ Finally, changes in technologies can require adaptations in the law. Even when negotiators manage to react in a timely fashion, making new law at the international level may not be as successful as allowing states to experiment first. As Graeme Dinwoodie pointed out, WIPO's solution to the digital distribution of copyrighted words was not a great success.¹¹⁰

E. ALTERNATIVE APPROACHES

Even if promoting self-execution is not normatively desirable (or practicable), there are ways to fulfill the goal of coordinating the international intellectual property system. One approach comes courtesy of Chief Justice Marshall, who, prior to *Foster*, had stressed the role of statutory interpretation. Thus, in *Murray v. The Schooner Charming Betsy*, he opined that “an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains.”¹¹¹ Because intellectual property is largely statutory even in common law countries, every nation with a doctrine akin to *Charming Betsy* gives judges considerable scope to fulfil its commitments.¹¹²

¹⁰⁶ TRIPS, art. 31.

¹⁰⁷ TRIPS, art. 31(f) (allowing compulsory licenses only to “predominantly supply the domestic market” of the member issuing the license. The WTO announced an intent to change that result in 2001, but it took four years for TRIPS art. 31bis to come into force.

¹⁰⁸ World Trade Organization, Ministerial Declaration of 14 November 2001, 4–5, WTO Doc. WT/MIN(01)/DEC/1, 41 I.L.M. 746 (2002) [hereinafter Doha Declaration]; WTO, Implementation of Paragraph 11 of the General Council Decision of 30 Aug. 2003 on the Implementation of Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health, Dec. 6, 2005, IP/C/41, available at http://www.wto.org/english/news_e/news05_e/trips_decision_e.doc [hereinafter Implementation Decision].

¹⁰⁹ Implementation Decision, *supra* note 108, Annex, art. 1(b) (“It is noted that some Members will not use the system as importing Members”).

¹¹⁰ Graeme B. Dinwoodie, The WIPO Copyright Treaty: A Transition to the Future of International Copyright Lawmaking?, 57 *Case W. Res. L. Rev.* 751 (2007).

¹¹¹ 6 U.S. 64, 118 (1804).

¹¹² The UK has had a similar principle, *R v. Secretary of State for Home Office, ex. p. Brind* [1991] 1 AC 696, 747–8 (“it is already well settled that, in construing any provision in domestic legislation which is ambiguous in the sense that it is capable of a meaning which either

It is, however, questionable whether *Charming Betsy* remains good law, at least in the United States. While the doctrine allows judges to adhere to international law and yet tailor the domestic regime to local conditions, the outcome is much like self-execution in that it permits the legislature to avoid accountability. It is thus not surprising that when the Federal Circuit in *Rath* refused to give direct effect to the *telle quelle* provision of the Paris Convention, it also declined to rely on *Charming Betsy*.¹¹³ Significantly, the Supreme Court has occasionally ignored the doctrine.¹¹⁴ And then-Judge (now Supreme Court Justice) Kavanaugh has suggested that the doctrine did not survive *Medellín*.¹¹⁵

Megaregional agreements offer a somewhat different path to coordination. One reason that many countries may have balked at according direct effect to the WTO Agreement is that the parties did not have an equal voice in the Uruguay Round. As Susan Sell tells the story of TRIPS, twelve US-based multinational corporations held enormous sway over the US delegation, which pursued a divide-and-conquer strategy to undermine the leverage developing countries were mustering to counter-balance US demands.¹¹⁶ Free trade agreements can be equally problematic. Although there are often fewer parties, one party may have considerable control over the others.¹¹⁷ But megaregionals can present a sweet spot. The CPTPP is an example. The negotiating parties included developing countries, emerging economies, and a few that were highly developed. Among the latter, some enjoyed large internal markets; others relied heavy on import and export. Because the group was relatively small, the negotiating dynamics allowed the parties to identify positions that were true compromises (as the leaked texts suggest, this was particularly true after the United States withdrew from what had been the TPP). The final agreement includes TRIPS-plus provisions. Nonetheless, it is better balanced than the demands of strong protection wanted or that many observers expected.¹¹⁸ Even though megaregionals still require implementation, it may be easier to convince parties to

conforms to or conflicts with the Convention, the courts will presume that Parliament intended to legislate in conformity with the Convention, not in conflict with it"); (SG) v. Secretary of State for Work and Pensions [2015] UKSC 16. For the EU's comparable approach, see de Búrca, *supra* note 1, at 707–708.

¹¹³ *Rath*, 402 F.3d at 1211 (Dyk, J). See also *id.* at 1220 (Bryson, J., concurring and showing how international and national laws could be interpreted to reach the same result).

¹¹⁴ See, e.g., *Quality King Distributors, Inc. v. L'Anza Research International, Inc.*, 523 U.S. 135, 153–54 (1998) (dismissing the doctrine as “irrelevant”). But see *Golan v. Holder*, 565 U.S. 302, 320 (2012), where the Court read the Copyright Clause “to permit full U.S. compliance with Berne.”

¹¹⁵ *Bihani v. Obama*, 619 F.3d 1, 32–33 (D.C. Cir. 2010) (Kavanaugh, J.).

¹¹⁶ Susan Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* 96–104 (Cambridge University Press, 2003); Gathii, *supra* note 97 at 326; Dreyfuss and Reichman, *supra* note 84 (similar breakdown in patent negotiations at WIPO).

¹¹⁷ See, e.g., Peter K. Yu, *Currents and Crosscurrents in the International Intellectual Property Regime*, 38 *Loy. L.A. L. Rev.* 323 (2004); Dreyfuss and Rodríguez, *supra* note 103.

¹¹⁸ Rochelle Cooper Dreyfuss, *Harmonization: Top Down, Bottom Up – And Now Sideways? The Impact of the IP Provisions of Megaregional Agreements on Third Party States*, in

execute their obligations in an agreement produced through genuine give-and-take than one based on asymmetric bargaining power.¹¹⁹ Certainly, negotiators who know one another well are more able to anticipate the domestic reception of their agreements and can avoid including provisions that will not be implemented by one or more of the other parties.

Another possibility is to adapt the certification procedure we saw in connection with the CAFTA Agreement. That process, too, was asymmetric in that, as Correa noted, the United States used its clout to require of its trading partners more than it required of itself. However, one can imagine a system of reciprocal certification, where each party proposes implementing measures it believes will be acceptable to its legislature and then submits them for the approval of the other parties, with final implementation conditioned on joint approval. Although such a procedure is cumbersome, it might force the parties to focus harder on provisions that are necessary for coordination, rather than on demands that serve only the interests of right holders. The process would also help negotiators appreciate the problems that other parties face, such as inadequate competition laws or public health concerns.

Although top-down mandates through international agreement are one way to integrate legal regimes, it is also possible to coordinate from the bottom up, through the efforts of regulatory authorities and adjudicators. As Anne-Marie Slaughter and others have noted, in many fields, transnational networks of government officials have cooperated to produce effective solutions to jointly held problems.¹²⁰ Examples include the Basel Committee on Banking Supervision, the International Organization of Securities Commissions, and the International Competition Network.¹²¹ For patent law, efforts along these lines have been underway for some time.¹²² In 1983, the United States Patent and Trademark Office, the European Patent Office, and the Japan Patent Office created the Trilateral “to contribute to an increasingly efficient worldwide patent system.”¹²³ Joined by the Korean Intellectual Property Office and the National Intellectual Property Administration in China, the system now operates as IP5.¹²⁴ Much of its work is directed at improving the quality and speed of examination. However, the group also maintains lists of differing

Benedict Kingsbury et al. (eds.), *Megaregulation Contested* 346 (Oxford University Press, 2019).

¹¹⁹ See, e.g., Noah E. Friedkin and Eugene C. Johnsen, *Social Influence Network Theory: A Sociological Examination of Small Group Dynamics* (Cambridge University Press, 2011).

¹²⁰ Anne-Marie Slaughter, *A New World Order* (Princeton University Press, 2004); Kal Raustiala, The Architecture of International Cooperation: Transgovernmental Networks and the Future of International Law, 43 *Va. J. Int'l L.* 1 (2002).

¹²¹ Pierre-Hugues Verdier, Transnational Regulatory Networks and Their Limits, 34 *Yale J. Int'l L.* 113 (2009).

¹²² Todd Mattingly, Constance Gall Rhebergen, Michael R. Samardzija and Michael F. Hay, Still Under Construction: The Patent Prosecution Highway and the Triway: Are These the Roads to a World Patent Office?, 20 *Intell. Prop. & Tech. L.J.* 23 (2008).

¹²³ Trilateral, About Us, <https://www.trilateral.net/about>.

¹²⁴ FiveIPOffices, <https://www.fiveipoffices.org/index>.

practices, categorized by whether the difference is attributable to office traditions, judicial decisions, or legislation.¹²⁵ While rule by administrative agency carries its own democracy deficit,¹²⁶ IP5 has no authority to create law or international obligations. However, where coordination is hampered by the participants' own examination practices rather than legal obligation, IP5 can effectuate immediate change. Moreover, because these offices cater to right holders but exist, at least in theory, to protect the public domain, the group should be in a position to provide impartial advice to governments on how to change domestic laws in ways that improve global integration.

Judicial participation in this effort is more recent. At one time, the territoriality of intellectual property rights led courts to entertain multinational cases on a jurisdiction-by-jurisdiction basis.¹²⁷ But as the costs of piecemeal adjudication increased, judges began to consider the full geographic scope of these disputes and to develop tools for coordinating differing domestic legal regimes. The main approach is through private international law: rules that identify which court is most appropriate to hear a particular case and that determine the applicable law.¹²⁸ If sufficiently predictable, these rules allow the participants in multinational transactions to conform their conduct to the relevant law; if sufficiently supple, they allow countries to further their national interests and values effectively. Of course, to avoid over- or under-regulation, the rules themselves must be coordinated.¹²⁹ The ALI, the Max Planck Institute, groups in Asia, and the International Law Association have encouraged that effort, with recommendations on how courts should handle jurisdiction, choice of law, and enforcement questions.¹³⁰

Somewhat ironically, now that courts have agreed to hear transnational cases, they have occasionally achieved what centuries of international negotiations failed to accomplish: substantive harmonization. For example, in a 2017 decision, *Eli Lilly v. Actavis UK*, Lord Neuberger developed a view of claim interpretation that he

¹²⁵ IP5, Catalogue of Differing Practices, https://www.fiveipoffices.org/material/cdp-1/cdp-1_index.

¹²⁶ See, e.g., Andrew Guzman, The Case for International Antitrust, 22 *Berkeley J. Int'l L.* 355 (2004).

¹²⁷ See, e.g., *Vanity Fair*, 234 F.2d at 640; *Voda v. Cordis Corp.*, 476 F.3d 887 (Fed. Cir. 2007); Case C-4/03, *Gesellschaft für Antriebstechnik mbH & Co. KG (GAT) v. Lamellen und Kupplungsbau Beteiligungs KG (LuK)*, ECLI:EU:C:2006:457 (2006).

¹²⁸ See, e.g., Rochelle Dreyfuss, The ALI Principles on Transnational Intellectual Property Disputes: Why Invite Conflicts?, 30 *Brook. J. Int'l L.* 819 (2005).

¹²⁹ See, e.g., Guzman, *supra* note 126.

¹³⁰ The American Law Institute, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes* (Philadelphia: ALI 2008); European Max Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary* (Oxford University Press, 2013); Japanese Transparency Principles, in Jürgen Basedow, Toshiyuki Kono and Axel Metzger (eds.), *Intellectual Property in the Global Arena – Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Tübingen: Mohr Siebeck, 2010); International Law Association, Guidelines on Intellectual Property and Private International Law (“Kyoto Principles”), 12 *J. Intell. Prop., Information Tech. and Electronic Com. L.* 1 (2021).

found common to the laws of the UK, France, Italy, and Spain.¹³¹ In *Unwired Planet Intl. Ltd. v. Huawei Techs. Co. Ltd.*, a UK appellate court imposed a worldwide royalty for the use of standard essential patents subject to a commitment to license under fair, reasonable, and nondiscriminatory (FRAND) terms.¹³² Cases involving secondary liability for copyright and trademark infringements on the internet similarly provide courts with opportunities to develop law for disputes involving intermediaries operating in multiple jurisdictions.¹³³

It is, of course, debatable whether substantive lawmaking through dispute resolution is superior to negotiating treaties. As with international instruments that are self-executing, there can be a democratic deficit. Depending on the terms of judicial appointments there may well be less control over adjudicators than over negotiators. And depending on the quality of the litigators, judges may be less versed in the relevant technology, less knowledgeable about the impact of particular rules on the creative community or the public interest, and too focused on the concerns of the litigants to consider broader issues. At the same time, however, adjudication is more nimble than international lawmaking and more responsive to domestic agendas. Furthermore, judicial decisions can usually be overruled. Since multiple courts will often consider the same issues, solutions will percolate – and that may be better than negotiation for finding the best solution to universally vexing problems.

F. CONCLUSION

Self-execution is a matter of national rather than international law. While some countries regard international agreements as having direct effect, most do not consider international intellectual property agreements to be self-executing. This means that negotiators cannot assume that national law will be implemented in a manner that is entirely consistent with agreements as drafted. Furthermore, leaving matters to the legislature can delay and interfere with the coordination (or harmonization) that many international agreements seek to achieve. For intellectual property law, this is particularly problematic, because the globalization of information, production, and manufacturing suggests that a high degree of integration is desirable.

Nonetheless, there are many good reasons to preserve states' sovereign authority to implement international law for themselves. Legislative intervention creates a degree of accountability that is largely missing in the international sphere. Intellectual property law involves balancing proprietary interests against public

¹³¹ [2017] UKSC 49.

¹³² [2017] EWHC 711 (Pat) (5 Apr. 2017) (*Unwired Planet I*), aff'd [2018] EWCA Civ 2344 (23 Oct. 2018) (*Unwired Planet II*).

¹³³ See, e.g., Case C-314/12, *UPC Telekabel Wien v. Constantin Film Verleih*, ECLI:EU:C:2014:192 (CJEU 2014); *L'Oréal SA v. eBay Int'l AG*, Case C-324/09, ECLI:EU:C:2011:474 (CJEU Grand Chamber 2011); *Tiffany (NJ) v. eBay, Inc.*, 600 F.3d 93 (2d Cir. 2010).

concerns. Because countries differ dramatically along the lines of culture, economics, technological capacity, and fundamental principles, it would be difficult to strike the same balance everywhere. Thus, consensus can often be achieved only through the use of “constructive ambiguities” – language that is unsuitable to direct application by judges but which allows for legislative tailoring to local needs, capabilities, and values. In addition, technologies and needs change over time. International lawmaking is too prone to capture, too shortsighted, and too cumbersome to deal effectively with such problems.

Technical Assistance as a Tool for Implementing and Expanding Intellectual Property Treaty Obligations

Daniel Opoku Acquah

ABSTRACT

This chapter examines critically the role of technical assistance in the implementation and expansion of intellectual property (IP) norms in Africa, using the protection of plant variety as an illustrative example. It focuses mainly on technical assistance from the World Intellectual Property Organization and the International Union for the Protection of New Varieties of Plants. Relying on Third World Approaches to International Law scholarship and doctrine, it traces the origins of IP technical assistance and its role in the institution of IP norms and protection in Africa. The chapter further discusses the fragmented and complex regime of IP laws in Africa, and finally, the place of technical assistance in the burgeoning plant variety regime on the continent. The central claim is that technical assistance should be seen as a vector of ideas and practices that have progressively led to the systemic integration of African countries into the international IP system (“adherence overdrive”) and the curious case of countries that inadvertently neglect the flexibilities inherent in the IP system when formulating national laws and policy (“compliance overdrive”).

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A. INTRODUCTION

In the late nineteenth century, when intellectual property (IP) was first harmonized at the international level,¹ legal technical assistance was backstage. Through the agency of colonialism,² the contracting European countries to the Paris and the Berne Conventions³ decided to incorporate their colonies as “countries of the Union” without being regarded members thereof.⁴ Specific provisions included in both treaties permitted the European powers to impose their IP rules on their colonies,⁵ without any requirement for technical assistance.⁶ All this changed

¹ In the form of the Paris and the Berne Conventions. See the Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 13 U.S.T. 2, 828 U.N.T.S. 107, as last revised at the Stockholm Revision Conference, July 14, 1967, 21 U.S.T. 1538, 828 U.N.T.S. 303 [hereinafter Paris Convention]. The Paris Convention governed “patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and repression of unfair competition.” The second convention was the Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised July 24, 1971, 25 U.S.T. 1341, 828 U.N.T.S. 221. [hereinafter Berne Convention], which governed copyright and related rights.

² Alexander Peukert (2016), “The Colonial Legacy of the International Copyright System,” in Ute Röchenthaler and Mamadou Diawara (eds.), *Copyright Africa: How Intellectual Property, Media and Markets Transform Immaterial Goods* (Sean Kingston Publishing); Tsimanga Kongolo (2014), “Historical evolution of copyright legislation in Africa,” 5 *The WIPO Journal* 2; Tsimanga Kongolo (2013), “Historical Developments of Industrial Property Laws in Africa,” 5 *The WIPO Journal* 1; Ruth L. Okediji (2003), “The International Relations of Intellectual Property: Narratives of Developing Country Participation in the Global Intellectual Property System,” 7 *Singapore Journal of International & Comparative Law*.

³ Paris and Berne Conventions, n 1.

⁴ Accounts have it that this decision was made in the absence of representation from the relevant African colonies (except Tunisia and Liberia regarding Berne) and Asian colonies (except India) – and in most cases, without the consent of the colonized nations. In the case of Tunisia, a French law professor represented the country in Berne, and French diplomats represented Tunisia in Madrid and The Hague. See Peukert, n 2; Kongolo (2013 & 2014), n 2.

⁵ Declaration of the application of the Berne Convention was made following Article 19 of the original text of the convention. Article 19 stated that “the countries acceding to this Convention also have the right to accede at any time for their colonies or foreign possessions.” Declaration of the applicability of the Paris Convention was made in terms of Article 16 bis (1)–(2) of the London Act of 1934 and the Lisbon Act of 1958 of the convention. Today, this provision can be found in Article 24 of the 1979 Act of the convention, albeit in refined language.

⁶ It should, however, be noted that some colonial powers offered technical assistance early on – especially before and during the interwar period. In relation to Britain, see Michael Worboys

during the decolonization period in the 1950s and 1960s, when many European colonies in Africa and Asia became independent.⁷ All of a sudden, legal technical assistance gained currency. As newly independent states moved to carve their national IP laws, the engineers of the post-war world economic order were faced with the question of how to move on.⁸ The decolonization process had exposed the numerous contracts between post-colonial states and private investors from European countries to the mercy of transnational law.⁹ Technical assistance, therefore, became a managerial tool to socialize these newly independent states to the international IP system to protect European (or Western) assets and interests.

The World Intellectual Property Organization (WIPO) played a principal role in this development.¹⁰ At the inception of the Trade-Related Aspects of Intellectual Property (TRIPS) Agreement, technical assistance received a new boost with the inclusion of a provision in the agreement requiring developed countries to provide legal technical assistance in favor of the developing and Least Developed Countries (LDCs), based on mutually agreed terms and conditions.¹¹ The result is that today, technical assistance has become a powerful – albeit informal – tool for the implementation of the various IP regimes explored in the general introduction to this volume, mostly in the Global South.

Relying on Third World Approaches to International Law (TWAIL) scholarship and doctrine, this chapter looks critically at the role of technical assistance in the institution and implementation of international IP treaty obligations in Africa, using the protection of plant variety as an illustrative example. It focuses mainly on technical assistance from WIPO and the International Union for the Protection of New Varieties of Plants (UPOV).¹²

My central claim is that technical assistance should be seen as a vector of ideas and practices that progressively led to the systemic integration of African countries

(1996), “British Colonial Science Policy: 1918–1939,” in Patrick Petitjean (ed.), *Colonial Sciences: Researchers and Institution* (Volume 2, L’instituturta Nçaidse Recherche Identifiquoeu Rle Développement En Cooperation Paris).

⁷ Daniel Acquah (2017), *Intellectual Property, Developing Countries and the Law and Policy of the European Union: Towards Postcolonial Control of Development* (IPR University Center).

⁸ Keith Aoki (1998), “Neocolonialism, Anticommons Property, and Biopiracy in the (Not-so-Brave) New World Order of International Intellectual Property Protection,” 6 *Indiana Journal of Global Legal Studies* 11.

⁹ Prabhakar Singh and Benoît Mayer (2014), *Critical International Law: Postrealism, Postcolonialism, and Transnationalism* (Oxford University Press, India, New Delhi), p. 12.

¹⁰ For a detailed discussion of WIPO’s leading role, see Daniel Acquah (2021), “Technical Assistance as a Hedge to IP Exclusivity,” in Jonathan Griffiths and Tuomas Mylly (eds.) *Global Intellectual Property Protection and New Constitutionalism: Hedging Exclusive Rights* (Oxford University Press). Available on SSRN at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3682646.

¹¹ Article 67 TRIPS.

¹² International Convention for the Protection of New Varieties of Plants (UPOV) of December 2, 1961 (entered into force August 10, 1968), as revised at Geneva on November 10, 1972, on October 23, 1978, and on March 19, 1991.

into the international IP system, which I call “adherence overdrive,” and the curious case of countries inadvertently neglecting the flexibilities inherent in the international IP system when formulating their national IP laws and policy (“compliance overdrive”). The term “adherence overdrive” and its meaning is my creation. The term “compliance overdrive” is borrowed from Caroline B. Ncube (see footnote 118 in this chapter). However, how the term is used in this article and its usual meaning differ slightly.

Besides the introduction and conclusion, this chapter is divided into three parts. Part B explores the origins of IP technical assistance and the concept of TWAIL. Part C examines the role of WIPO in the development of IP laws in Africa through its technical assistance program from the post-war period to the present. WIPO’s enduring relationship with the two regional IP organizations is highlighted, that is, the *Organization Africaine de la Propriété Intellectuelle* (OAPI), comprised chiefly of francophone African countries, and the African Regional Intellectual Property Organization (ARIPO), comprised chiefly of anglophone African countries. That discussion further sheds light on how WIPO has influenced and conditioned the scope and content of African IP law both regionally and nationally. Part D focuses narrowly on plant variety protection (PVP) in Africa, reviewing the extent to which WIPO and UPOV assistance in the area has led to a regime of PVP that has been criticized as unfavorable to the continent’s social and economic development.

B. THE ROOTS OF IP TECHNICAL ASSISTANCE AND THIRD-WORLD APPROACHES TO INTERNATIONAL LAW

The origins of IP technical assistance lay within the broader international law framework within which technical assistance evolved and of which the international IP system is a part. Decolonization accelerated after World War II and this acceleration provided the setting for programs of international technical assistance on an unprecedented scale.¹³ It is thus widely agreed that the post-war period marked the birth of the development paradigm¹⁴ – although an alternative description points to the inter-war period.¹⁵ Two contemporaneous development account for this trend.

¹³ Guy Fiti Sinclair (2020), “Forging Modern States with Imperfect Tools: United Nations Technical Assistance for Public Administration in Decolonized States” *Humanity Journal*, p. 59.

¹⁴ Amy Staples (2006), *The Birth of Development* (Kent State University Press). For more critical versions of this narrative, see Arturo Escobar (1995), *Encountering Development* (Princeton University Press); Sundhya Pahuja (2011), *Decolonizing International Law* (Cambridge University Press).

¹⁵ Guy Fiti Sinclair (2017), *To Reform the World: International Organizations and the Making of Modern States* (Oxford University Press), p. 29; Sinclair, n 13, p. 59 (Arguing that such assistance had already been offered by institutions such as the International Labour Organization, the Permanent Mandates Commission, and the technical organizations of the League of Nations).

First, barely three years into its formation, the United Nations (UN) General Assembly passed two key resolutions that prepared the ground for a much-expanded approach to international technical assistance for economic development. The first resolution called upon the Economic and Social Council (ECOSOC) and the specialized agencies to “give further and urgent consideration to the whole problem of the economic development of under-developed countries in all its aspects,” and the second amassed funds to enable the Secretary General to provide technical assistance to governments in connection with their economic development programs.¹⁶

In the years that followed, the UN General Assembly went on to establish an Expanded Programme of Technical Assistance (EPTA), comprising the United Nations and seven specialized agencies as well as a Technical Assistance Board to coordinate their work.¹⁷ The EPTA extended to non-self-governing territories as well.¹⁸ In addition, the development at the United Nations coincided with the election of Harry Truman as President of the United States, who, in his inauguration speech in January 1949, proposed the Point Four Program,¹⁹ a worldwide program of development through technical assistance. He invited other countries to “pool their technological resources” in a cooperative enterprise in which all nations work together through the United Nations and its specialized agencies wherever practicable.²⁰ In parallel, both programs facilitated the spread of technical assistance schemes in diverse areas – including the field of IP and public administration – to countries of the Global South.

During the post-war period, the development of the Third World was seen as critical. Efficiency in public administration and technological transfers were seen as ways to promote economic and social development in these countries.²¹ An explicit assumption was that the USA and Western European nations had achieved a high

¹⁶ *Ibid.*, citing UNGA Res 198 (III) (December 4, 1948) UN Doc A/ RES/ 198(III) para 3; UNGA Res 200 (III) (December 4, 1948) UN Doc A/ RES/ 200(III).

¹⁷ Olav Stokke (2009), *The UN and Development* (Indiana University Press), pp. 46–50.

¹⁸ Guy Fiti Sinclair (2019), “A Battlefield Transformed: The United Nations and the Struggle over Postcolonial Statehood,” in Jochen von Bernstorff and Philipp Dann (eds.), *The Battle for International Law: South-North Perspectives on the Decolonization Era* (Oxford University Press), p. 266.

¹⁹ The Point Four Program was a US policy of technical assistance and economic aid to underdeveloped countries. It was so named because it was the fourth point of President Harry S. Truman’s 1949 inaugural address. Some technical assistance was furnished through specialized UN agencies, but most was provided initially mainly by the USA and, on a bilateral basis, frequently through contracts with US business and educational organizations. Eventually several new national and international organizations were created to contribute to various aspects of development – such as the International Finance Corporation, the Development Loan Fund, and the Inter-American Development Bank, the Export-Import Bank, the World Bank, and the International Monetary Fund. See <https://academic.eb.com/levels/collegiate/article/Inter-American-Development-Bank/42536>.

²⁰ Sinclair, n 18, p. 267.

²¹ Aoki, n 8; Sinclair, n 13, p. 64.

level of development because of their efficient public administration policies and IP systems that fostered innovation. Therefore, what worked for the West should work for “the rest.”²² Technical assistance was packaged as a tool for development for the Global South. Yet, concerning the international IP system, and also the international investment regime,²³ good governance was embodied in the international minimum standards that IP- and capital-exporting countries had perpetuated as a benchmark for all other countries to adhere to.²⁴ Using narratives of “development” and “good governance” as a basis to deploy technical assistance thus amounted to framing political relations as apolitical.²⁵

The idea of providing technical assistance predates the formation of WIPO, which was established in 1970 and became a UN specialized agency in 1974. Its forerunner, the International Bureaux for the Protection of Intellectual Property (BIRPI), had actively provided technical assistance according to the ethos of the time.²⁶ For instance, in 1969, BIRPI organized two industrial property seminars, one for Arab countries and the other for South American countries.²⁷ The objective for the meetings was to exchange views on, first, questions concerning industrial property and its importance for developing countries, and second, the application of the Paris Convention.²⁸ BIRPI also drafted the Model Law for Developing Countries on Inventions in 1965²⁹ and subsequently the Model Law on Industrial Designs, together with a commentary, which was submitted to a Committee of Experts from Developing Countries that met in Geneva from October 27 to 29, 1969.³⁰

Consequently, technical assistance was one of the seven functions envisaged for WIPO in its convention.³¹ Thus, while WIPO was to be a site for norm-making in IP, it was also to provide technical assistance for the modernization and development of the Global South. The construction of modern states on a broadly Western

²² Richard Warren Perry (1996), “Rethinking the Right to Development: After the Critique of Development, After the Critique of Rights,” 18 *Law & Policy* 225, 237–8; Sinclair, n 13.

²³ Mavluda Sattorova (2018), *The Impact of Investment Treaty Law on Host States: Enabling Good Governance?* (Oxford: Hart Publishing).

²⁴ *Ibid.*, pp. 1–3.

²⁵ Acquah, n 10.

²⁶ See Industrial Property: Monthly Review of the United International Bureaux for the Protection of Intellectual Property (BIRPI) Geneva, 9th Year No. 1 (January 1970) (Hereafter, BIRPI Monthly Review).

²⁷ *Ibid.*, pp. 4–5, and 18.

²⁸ *Ibid.*

²⁹ Edith Penrose (1973), “International Patenting and the Less-Developed Countries,” 83 *The Economic Journal* 331, p. 779.

³⁰ See BIRPI Monthly Review, n 26, p. 5. BIRPI did more. For example, it also provided technical assistance programs for government officials of developing countries, in cooperation with the competent authorities of member countries of the Paris Union. Fellowships for the training of nine government officials of developing countries were organized in 1969.

³¹ Article 4 (v) Convention Establishing WIPO.

model in the decolonized states can be seen as an axis that links the concept of technical assistance to TWAIL.

Technical assistance has often been criticized for introducing levels of IP protection that are inappropriate for the social and economic development of developing countries.³² In particular, it has been argued that the advice provided does not always fully take into account all the possible options and flexibilities to accommodate innovation, technological, and other development objectives.³³ These criticisms relate primarily to the fact that the providers of technical assistance focus mainly on the promotion of the interest of IP holders and do not integrate broader development concerns. This view of technical assistance has led to the criticism that it merely constitutes a reproduction of the dominant Western-constituted view of IP rights and is, therefore, a political project rather than a technical provision or neutral measure.³⁴

Looking at technical assistance this way resonates with the broader dialectic of TWAIL as a critical perspective to international law and policy. Historically, the Third World has viewed international law as a regime and discourse of domination and subordination, not resistance and liberation.³⁵ TWAIL problematizes and contests the dominant, historically Eurocentric accounts of the origin of international law and its claims of universality, justice, and equity.³⁶ In this regard, TWAIL doctrine and scholarship is a response to decolonization and the end of direct European colonial rule over non-Europeans. The distinguished TWAIL jurist Makau Mutua insightfully elaborates the basic objectives of TWAIL as comprising three interrelated and purposeful objectives:

The first is to understand, deconstruct, and unpack the uses of international law as a medium for the creation and perpetuation of a racialized hierarchy of international norms and institutions that subordinate non-Europeans to Europeans. Second, it seeks to construct and present an alternative normative legal edifice for international governance. Finally, TWAIL seeks through scholarship, policy, and politics to eradicate the conditions of underdevelopment in the Third World.³⁷

³² Health Action International (HAI) and *Médecins Sans Frontières* (MSF) (September 2015), "Empty gestures: The EU's commitments to safeguard access to medicines": Review of the European Union's Trade & Investment Policy," 6, available at <<https://haiweb.org/publication/empty-gestures-the-eus-commitments-to-safeguard-access-to-medicines/>>.

³³ B. N. Pandey and Prabhat Kumar Saha (2011), "Technical Cooperation under Trips Agreement: Flexibilities and Options for Developing Countries," 53 *Journal of the Indian Law Institute* 4.

³⁴ Christopher May (2004), "Capacity Building and the (Re)production of Intellectual Property Rights," 25 *Third World Quarterly* 5; Acquah, n 10.

³⁵ Makau W. Mutua (2000), "What Is TWAIL?" 94 *Proceedings of the ASIL Ann. Meeting*, p. 31, available at: <https://digitalcommons.law.buffalo.edu/articles/560>.

³⁶ Karin Mickelson, Ibironke Odumodu and Pooja Parmar (2008), "Situating Third World Approaches to International Law (TWAIL): Inspirations, Challenges and Possibilities," *International Community Law Review*, 10(4), 351–354.

³⁷ *Ibid.*

If indeed international law is the common denominator through which global protection of IP is secured, then international IP law is not immune from TWAIL inquiry – even if TWAIL scholarship in the area of IP is relatively nascent and inadequate.³⁸

C. WIPO'S TECHNICAL ASSISTANCE AND THE COMPLEX AND FRAGMENTED REGIME OF IP LAWS IN AFRICA

The timing of WIPO's technical assistance to countries in Africa immediately following their independence has particular salience. Many of the newly independent countries, burdened by the need for economic and social transformation, bought into the liberal-progressive thought about development and good governance at the time. Antony Anghie has argued that “development, just like good governance, has a very powerful and universal appeal: all peoples and societies would surely seek good governance – in much the same way that all peoples and societies were seen as desiring development.”³⁹

Nonetheless, the reception of many African countries to the above idea is rather puzzling for two reasons. First, many of the countries were only just emerging from an immediate past of colonial rule where IP laws were more of an imposition than borrowed.⁴⁰ Colonial IP laws were designed mainly to protect colonial investments and to extract raw industrial materials from the colonies for the colonizers as much as possible.⁴¹ As such, these laws were not designed for the development of the local

³⁸ In the wake of the economic liberalization processes that swept across the globe in the 1980s and 1990s, and the related mushrooming of the various IP regimes addressed in this volume – whose implications for developing countries are well studied – some commentators started looking at the role of colonialism and neo-colonialism in the pervasive international IP system and to rationalize the persistent crises of legitimacy that confront the system as applied to developing countries. See, for example, Alan H Lazar (1969), “Developing Countries and Authors' Rights in International Copyright,” 19 *Copyright Law Symposium* 1, 18; Andreas Rahmatian (2009), “Neo-Colonial Aspects of Global Intellectual Property Protection,” 12 *The Journal of World Intellectual Property* 1; Acquah, n 7; Acquah, n 10; Kongolo, n 2; Peukert, n 2; Aoki, n 8.

³⁹ Antony Anghie (2000), “Civilization and Commerce: The Concept of Governance in Historical Perspective,” 45 *Villanova Law Review*, 887.

⁴⁰ An exception to this was the South African colonies, which became a dominion in 1910, known as the Union of South Africa, some states of which had their local copyright laws by 1880. According to the *Encyclopaedia Britannica*, dominion was the status, prior to 1939, of each of the British Commonwealth countries of Canada, Australia, New Zealand, the Union of South Africa, Eire, and Newfoundland. Although there was no formal definition of dominion status, a pronouncement by the Imperial Conference of 1926 described Great Britain and the dominions as “autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations.”

⁴¹ George Sipa-Adjah Yankey (1987), *International Patents and Technology Transfer to Less Developed Countries: The Case of Ghana and Nigeria* (Gower Publishing Co.), p. 104;

communities. A cursory look at the auxiliary development of international IP law suggests that it was birthed along similar lines. Accounts of the histories of the Paris and Berne Conventions undeniably reveal their Eurocentric characteristics and vision.⁴² Considering that the international systems of patent and copyright instituted by these two conventions were developed with minimal participation of developing countries, the rules formulated were a response to the needs of developed nations.⁴³ By the time the majority of the developing countries had attained independence, the principles inherent in these treaties had been firmly established for long time. The agitations from developing countries in the 1970s for reforms in international IP regulation attest to this point. One would therefore have expected some caution on the part of newly independent African states.

Secondly, the colonial administrations did not build local expertise and institutions for IP in Africa. Thus, most of the countries emerged with weak institutions, fragile governments, and little or no expertise on IP matters. Yet, these former colonies' memberships of international organizations presented a growing need for national or regional IP laws. For many of these countries then, forging IP laws for national development post-independence was and has been an odyssey. As the then Secretary General of the United Nations, Dag Hammarskjöld, noted, the self-determination of peoples is closely linked to the process of economic development; to the extent that the United Nations could provide technical assistance to support the latter, it would also advance the former.⁴⁴ However, economic development was difficult in countries that lacked an "independent administrative tradition"⁴⁵ or local expertise in the Western construct of IP and its protection. Concerning IP, WIPO filled the gap by deploying technical assistance as an instrument to assist African countries in their economic, social, and technological development.

Today, it can be said that WIPO's intervention on matters of IP governance has contributed to a fragmented IP architecture in Africa. The patchwork of IP regimes on the continent comprises the IP instruments of the African Union, formerly the

Samuel Obeng Manteaw (2008–2010), "Patents and Development in Ghana: Proposals for Change," 24 *University of Ghana Law Journal* 111, p. 6.

⁴² For the Paris Convention, see Alfredo C. Robles, Jr. (1999), "History of the Paris Convention," 15 *World Bulletin: Bulletin of the International Studies of the Philippines*, pp. 1–75, <https://heinonline.org/HOL/PDFsearchable?handle=hein.journals/wrldbul15&collection=journals§ion=5&id=&print=section§ioncount=1&ext=.pdf&nocover=&display=0>; for the Berne Convention, see Sam Ricketson and Jane Ginsburg (2015), "The Berne Convention: Historical and Institutional Aspects," in Daniel J. Gervais (ed.), *International Intellectual Property: A Handbook of Contemporary Research* (Edward Elgar Publishing, Cheltenham, UK), pp. 5–16.

⁴³ Robles, n 42, p. 1.

⁴⁴ Sinclair, n 13, p. 54, citing Dag Hammarskjöld, "An International Administrative Service," in Dag Hammarskjöld and Wilder Foote (eds.), *Servant of Peace: A Selection of the Speeches and Statements of Dag Hammarskjöld, Secretary-General of the United Nations, 1953–1961* (New York: Harper & Row, 1962), 115.

⁴⁵ *Ibid.*

Organization of African Unity (OAU)⁴⁶ – even though the OAU Charter and the Constitutive Act of the African Union do not mention IP;⁴⁷ the OAPI and ARIPO frameworks; the eight subregional economic communities (RECs) recognized by the African Union;⁴⁸ and of course, the national laws of ARIPO (and to an extent OAPI) Member States⁴⁹ as well as the laws of countries that are not members of either OAPI or ARIPO.⁵⁰ Overall, there is a sharp disconnect between regional aspirations and subregional realities, which are also shaped by external influences such as bilateral, regional, and multilateral trade agreements.⁵¹ This combination of factors materially contributes to the policy incoherence and inconsistency of IP regimes on the continent.⁵²

A recent addition to the above mix is the ongoing negotiation of an IP Protocol as part of the continent-wide free trade zone created by the Agreement Establishing the African Continental Free Trade Area (AfCFTA). The first phase of the AfCFTA negotiations focused on the framework agreement establishing the AfCFTA and negotiations on protocols on trade in goods and services and dispute settlement. The second phase of negotiations, which was expected to end in June 2021 but was extended due to delays caused by Covid-19, is dedicated to investment, competition

⁴⁶ For consistency, African Union (AU) will be used in place of OAU, unless where its use would otherwise alter the meaning.

⁴⁷ These instruments are the AU's African Model Legislation for the Protection of the Rights of Local Communities, Farmers and Breeders, and for the Regulation of Access to Biological Resources 2000; the Continental Strategy for Geographical Indications in Africa 2018–2023; the African Union Strategic Guidelines for the Coordinated Implementation of the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation in Africa; the Science, Technology and Innovation Strategy for Africa (STISA–2024); and the Pan African Intellectual Property Organisation (PAIPO) Statute. These instruments embody the AU's positions on plant variety protection, GIs, copyright; and IP policies. The instruments also inform the African Group's submissions at the international level in fora like the WTO and WIPO. As their names suggest, they are only 'model laws' or 'non-prescriptive guidelines' and as such, non-binding on AU Member States.

⁴⁸ The Regional Economic Communities recognized by the AU are the Arab Maghreb Union (UMA); the Common Market for Eastern and Southern Africa (COMESA); the Community of Sahel-Saharan States (CEN-SAD); the East African Community (EAC); the Economic Community of Central African States (ECCAS); the Economic Community of West African States (ECOWAS); the Intergovernmental Authority on Development (IGAD); and the Southern African Development Community (SADC).

⁴⁹ ARIPO advances a flexible IP structure. Beyond the Lusaka Agreement, which confers ARIPO membership, Member States are not automatically bound to any of its protocols. ARIPO Member States can choose which protocols to sign. By contrast, the Libreville Agreement forming OAPI introduced a threefold standard for cooperation, which is still in force in the OAPI region: uniform laws, common authority/IP office for Member States, and common/centralised procedures – including the issuance of a single title of registration for all Member States.

⁵⁰ For example, countries like Algeria, Angola, Burundi, Egypt, Djibouti, Democratic Republic of Congo, Nigeria, Ethiopia and so on are not members of either organization.

⁵¹ Titilayo Adebola (2020), "Mapping Africa's Complex Regimes: Towards an African Centred AfCFTA Intellectual Property Protocol," *African Journal of International Economic Law* 1.

⁵² *Ibid.*

policy, and IP. While waiting for the final product of the negotiations, experts anticipate that the IP Protocol will not depart from the principles and objectives of the AfCFTA, which are, *inter alia*, related to sustainable and inclusive socio-economic development, resolving the challenges posed by the crow's nest of obligations arising from multiple and overlapping trade regimes – including IP regimes – that accompany the existing RECs and IP organizations such as OAPI and ARIPO and expedite regional and continental legal harmonization.⁵³

Commentators have expressed the prospect that the AfCFTA IP Protocol will fulfill the above principles and objectives by streamlining the IP regime in Africa, considering the protocol's special and historic status.⁵⁴ However, questions remain as to how this new agreement will operate relative to the eight RECs, many of which have overlapping memberships and also approach economic integration differently.⁵⁵ Indeed, the AfCFTA text acknowledges this interplay and the potential for incoherence, stating that those countries involved in “other regional economic communities, regional trading arrangements and custom unions, which have attained among themselves higher levels of regional integration than under this agreement, shall maintain such higher levels among themselves.”⁵⁶ Otherwise, the AfCFTA text is meant to take precedence, unless otherwise specified.⁵⁷ Nearly all African countries are members of the World Trade Organization (WTO) (see [Table 12.1](#)). Because of the national treatment and Most Favored Nation principles under the WTO Agreement on TRIPS, this wording will necessarily lead to providing these extra protections also to all other right holders, at least as long as the type of protection is within the ambit of the TRIPS non-discrimination clauses.

More generally, one could say that such fragmented regimes can only really be “disentangled” by harmonizing upward (to the highest common denominator, or beyond). That in itself is a highly problematic feature of the international IP system.

Questions also remain about the influence of donor support and IP technical assistance, for instance, from WIPO and the European Union for the negotiation of

⁵³ See generally, Articles 3, 4, and 5 of the Agreement Establishing the African Continental Free Trade Area (hereafter, AfCFTA Agreement). Also, see Wend Wendland, *Multilateral Matters #7: The Draft Protocol on Intellectual Property Rights to the African Continental Free Trade Agreement (AfCFTA): Annotations on Genetic Resources, Traditional Knowledge and Cultural Expressions* (Infojustice, October 7, 2020).

⁵⁴ Daniel Acquah, “The AfCFTA, Technical Assistance and the Reproduction of Western-Styled IP Norms in Africa,” *Symposium on Intellectual Property Law, Afronomics Law* (October 8, 2020); Adebola, *n* 51.

⁵⁵ Gerhard Erasmus, “What happens to the RECs once the AfCFTA is in force?” (*tralacBlog*, May 17, 2019), <https://www.tralac.org/blog/article/14051-what-happens-to-the-recs-once-the-afcfta-is-in-force.html>; Sofia Baliño, “African Continental Free Trade Area Completes First Month of Trading,” *International Institute for Sustainable Development* (February 1, 2021), <https://sdg.iisd.org/commentary/policy-briefs/african-continental-free-trade-area-completes-first-month-of-trading/>

⁵⁶ Article 19 (2), AfCFTA Agreement.

⁵⁷ Article 19 (1), AfCFTA Agreement.

the AfCFTA IP Protocol.⁵⁸ Such reservations come on the back of the long history of the relationship between WIPO, OAPI, and ARIPO and the role of WIPO in consolidating the institution of Western-style IP norms across Africa through its technical assistance program.

I. *The Formation of OAPI*

In 1962, the first regional IP organization in Africa, called *Office Africa in et Malgache de la Propriété Industrielle* (OAMPI) – the predecessor to OAPI – was formed, after twelve francophone African countries signed the Agreement Relating to the Creation of an African and Malagasy Office on Industrial Property (the Libreville Agreement).⁵⁹ The French National Industrial Property Institute (INPI) and WIPO assisted former French colonies to create OAMPI. The Libreville Agreement, which was a replica of the extant French laws, protected patents, trademarks, and industrial designs. The agreement introduced threefold criteria for cooperation, which are still in force in the OAPI region to date: (a) the adoption of a uniform system of industrial rights protection based on uniform legislation; (b) the creation of a common authority to serve as the office for the protection of industrial property for each of the Member States; and (c) the application of common and centralized procedures, such that a single title issued by OAPI would be valid in all Member States.⁶⁰

With this agreement, francophone African countries paved the way for delegating responsibility for IP administrative decisions to the regional level.⁶¹ In 1977, OAMPI was renamed OAPI, after the adoption of the Bangui Agreement on the Creation of an African Intellectual Property Organization (Bangui Agreement) and withdrawal of the Malagasy Republic.⁶² No domestic legal instrument is required to enact the Bangui Agreement as national legislation. What this means is that not only is there no need for national laws, but that national implementing laws are not conceivable, since only the regional rights may exist, which are based on regional legislation (at least for the types of IP rights covered). The only exception is in the area of

⁵⁸ Acquah, n 54.

⁵⁹ The twelve countries were Cameroon, Central African Republic, Chad, Congo, Côte d'Ivoire, Dahomey (now Benin), Upper Volta (now Burkina Faso), Gabon, Mauritania, Senegal, Niger, and Malagasy Republic. The Agreement entered into force on January 1, 1964.

⁶⁰ Carolyn Deere (2009), *The Implementation Game: The TRIPS Agreement and the Global Politics of Intellectual Property Reform in Developing Countries* (Oxford University Press), p. 250.

⁶¹ *Ibid.*

⁶² The African Intellectual Property Organization (OAPI) was created by the Bangui Agreement on March 2, 1977 and came into force on February 8, 1982. It was revised in 1999, and the revision entered into force on February 28, 2002. The current members of OAPI are Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, the Comoros, the Congo, Côte d'Ivoire, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, the Niger, Senegal, and Togo.

copyright, where the regional agreement may coexist with national laws in each Member State.⁶³ As the discussion below shows, legal and technical assistance from WIPO for the Bangui Agreement and its subsequent revision in 1999 guaranteed that this agreement was – and remains – one of the most TRIPS-plus pieces of legislation among developing countries, even though thirteen of its seventeen members are LDCs.⁶⁴

The revised Bangui Agreement provides for the protection of ten categories of IP, as follows: Patents (Annex I), Utility Models (Annex II), Trademarks and Service Marks (Annex III), Industrial Designs (Annex IV), Trade Names (Annex V), Geographical Indications (Annex VI), Literary and Artistic Property (Annex VII), Protection Against Unfair Competition (Annex VIII), Layout-Designs (Topographies) of Integrated Circuits (Annex IX), and Plant Variety Protection (Annex X). The Annexes for PVP, which came into force in January 2006⁶⁵ (discussed in Part D), and the protection of layout designs (topographies) of integrated circuits (not yet in force) are new additions that were not protectable in the OAPI countries beforehand.⁶⁶

The agreement requires members to accede to twenty-three international conventions, including the WTO and allied TRIPS Agreement. Eleven of these treaties were added during the 1999 revision, whereas no such obligations exist in TRIPS.⁶⁷ In addition, the agreement includes special protection for geographical indications (GIs) related to wines and spirits and extends the term of protection for copyright and patents. For example, regarding patents, the agreement not only has a low threshold for novelty⁶⁸ but also imposes more stringent conditions for the use of compulsory licenses by third parties or by governments than does the TRIPS Agreement, thus sacrificing the full use of flexibilities affirmed by the Doha Declaration.⁶⁹ It demands a judicial procedure in national civil courts before licenses to third parties can be granted.⁷⁰ Furthermore, the agreement expands the scope of patent protection, for instance, to pharmaceutical products – regardless

⁶³ Deere, *n* 60, p. 255.

⁶⁴ United Nations, Department of Economic and Social Affairs. Economic Analysis: LDCs at a Glance. See www.un.org/development/desa/dpad/least-developed-country-category/ldcs-at-a-glance.html. Thirty-three out of the forty-six LDCs are in Africa. Among the seventeen members of OAPI, only Cameroon, Côte d'Ivoire, Equatorial Guinea, and Gabon are developing countries; the rest are all LDCs. The purpose of the amendment was to make the Agreement consistent with the requirements of the TRIPS Agreement to simplify procedures for issuing titles, and to broaden the scope of protection, among others.

⁶⁵ Annex X of the revised Bangui Agreement 2002.

⁶⁶ Deere, *n* 60, p. 253.

⁶⁷ *Ibid.*, p. 259.

⁶⁸ Article 3(3) of Annex I of the Bangui Agreement.

⁶⁹ Deere, *n* 60, p. 257. Also, see Articles 49–52 of Annex I of the Bangui Agreement.

⁷⁰ Article 51–52 of Annex I of the Bangui Agreement. Even though Article 58 of Annex I of the Agreement provides for non-voluntary licenses in the national interest by an administrative order, it is not entirely free from related conditions and judicial review.

of the decision of the TRIPS Council to extend the general transitional period for LDCs to implement the TRIPS Agreement until July 1, 2034⁷¹ and for pharmaceutical products until January 1, 2033.⁷² To be certain, the terms of the LDC extension by WTO prevent countries from reducing or withdrawing existing protections,⁷³ thus locking countries into the revised Bangui Agreement, which otherwise states that any country can exit from their obligations under the treaty.⁷⁴

The decision to extend protection to pharmaceutical products and to increase the term of patent protection rendered LDCs of OAPI vulnerable to higher prices and licensing costs for technologies some thirty-two years earlier than TRIPS required, and thirty-one years earlier in the case of pharmaceutical products.⁷⁵ The consequences of such choices are overt. To date, African countries are net importers of medicinal and pharmaceutical products. The United Nations Economic Commission for Africa (UNECA) estimates that the continent covers 94 per cent

⁷¹ The TRIPS Agreement Article 66 obliged developed countries to create incentives for technology transfer to LDCs and to support their efforts to implement the Agreement through technical and financial cooperation, on request and on mutually agreed terms and conditions. It allowed LDCs ten years from 1995 to apply the bulk of TRIPS obligations. This transition period has been extended twice for all LDC members in response to a specific request by the LDC Group. In its decision of November 29, 2005, the TRIPS Council extended the period until July 1, 2013, and on June 11, 2013, it extended this further until July 1, 2021 – or when a particular country ceases to be in the LDC category, if that happens before 2021. At the meeting of the Council for TRIPS on October 15–16, 2020, WTO members discussed (among other issues) the proposal presented by Chad, on behalf of the LDC Group, to extend the general transitional period for LDCs to implement the TRIPS Agreement. At its meeting on June 29, 2021, the Council agreed to extend the deadline until July 1, 2034. Under the agreed decision, LDC country members shall not be required to apply the provisions of the TRIPS Agreement, other than Articles 3, 4 and 5, until July 1, 2034, or until the date when they cease to be an LDC, whichever date is earlier, www.wto.org/english/news_e/news21_e/trip_30jun21_e.htm.

⁷² The extension of the “pharmaceutical transition period” was originally set to expire on January 1, 2016 but has been further extended to January 1, 2033 (or earlier in case a particular country ceases to be in the LDC category), https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_Sooq-DP.aspx?CatalogueIdList=228924,135697,117294,75909,77445,11737,50512,1530,12953,20730&CurrentCatalogueIdIndex=1. This claim is true despite the fact that Article 46 of the Bangui Agreement on transitional provisions relating to pharmaceutical products specifically refers to this waiver for LDCs. However, its effectiveness is ambivalent because of the uniform treatment of LDC member states and non-LDCs member states by OAPI and ARIPO. This point is corroborated by research. New empirical evidence shows that LDC signatories to the Bangui Agreement and members of OAPI do not exempt pharmaceutical products from patentable subject matter. In fact, out of the thirty-three LDCs in Africa, only Angola, Madagascar, Liberia, Rwanda, and Uganda have explicitly excluded pharmaceutical products from patentability criteria in their national laws. For more on this analysis, see Marion Motari, Jean-Baptiste Nikiema, Ossy M. J. Kasilo, Stanislav Kniazkov, Andre Loua, Aissatou Sougou and Prosper Tumusiime (2021), “The Role of Intellectual Property Rights on Access to Medicines in the WHO African Region: 25 Years after the TRIPS Agreement,” 21 *BMC Public Health*, 490.

⁷³ Article 65(5) TRIPS.

⁷⁴ Article 48 Bangui Agreement.

⁷⁵ Deere, n 60, p. 257.

of its pharmaceutical needs through imports.⁷⁶ With the outbreak of COVID-19, many of the countries providing these pharmaceuticals were heavily disrupted, and in 2020, at least ninety-four countries in the world restricted their exports of medical supplies as part of their response to COVID-19.⁷⁷ This scenario placed Africa in a perilous position in accessing essential supplies.

The outcome of the revised Bangui Agreement should not be surprising. The text of the revised agreement was written by a Cameroonian national, Denis Ekani, who served for nineteen years as the first Director General of OAPI, from 1965 to 1984.⁷⁸ He worked closely with the OAPI Secretariat and the staff of WIPO, UPOV, and INPI, the latter of which also hired an external consultant to assist with legal drafting.⁷⁹ Based on their training and professional networks, elites like Ekani tend to identify more closely with a network of international IP policy experts and officials – and with the objectives of WIPO – than with national governments or regional development objectives.⁸⁰ Indeed, it should be remembered that OAPI Member States had (and still have) limited expertise on IP matters, and the few staff in their IP offices are usually the product of training by INPI, WIPO, and European or US universities – which transfer their own pro-IP views regarding the importance of strengthened IP protection.⁸¹ Hence, the perspective of staff on the technical aspects of TRIPS (and IP in general) tends to focus narrowly on compliance.⁸²

Besides, governments within the region regarded IP decision-making as a technical domain, the legal details of which could be left to experts from OAPI or donor agencies such as WIPO or INPI, rather than a policy issue worthy of explicit integration into a broader national development policy.⁸³ Thus, while accounts from the OAPI Secretariat stress that the Bangui revision went through several stages and formalities in the drafting and negotiation process,⁸⁴ Carolyn Deere contends that:

At no point in the Bangui revision process was there any formal interstate negotiation of the draft text. Within the OAPI countries, there was no substantive parliamentary discussion about the proposed revisions to the Bangui Agreement.

⁷⁶ OECD, Policy Response to Coronavirus (COVID-19), “Africa’s Response to COVID-19: What roles for trade, manufacturing and intellectual property?” (June 23, 2020).

⁷⁷ *Ibid.*

⁷⁸ Deere, n 60, p. 260.

⁷⁹ *Ibid.*

⁸⁰ Acquah, n 10.

⁸¹ *Ibid.*, n 7.

⁸² Deere, n 60, p. 262.

⁸³ *Ibid.*, p. 261.

⁸⁴ OAPI (2001), “Information Memo on the Revised Bangui Agreement,” Yaoundé, Cameroun. According to the OAPI Secretariat, the draft instruments were submitted in 1997 to governments for comments, suggestions, and further elaboration, and also to other partners, such as WIPO, UPOV, the European Patent Office, and INPI. This process was combined with meetings of experts from OAPI member states and partners in Conakry (November 1997), Abidjan (February 1998), Ouagadougou (July 1998), and Nouakchott (November 1998).

Parliamentarians had little knowledge of IP issues or the revision process and thus limited capacity to monitor or participate in matters of IP policy and decision-making.⁸⁵

This situation meant that any national participation in the Bangui revision process was left in the hands of a small group of staff at the OAPI Secretariat and national IP offices, who would bow to pressure from their financiers. The mainly agrarian-based and net technology importing OAPI countries mostly develop low-cost indigenous innovations and rely on traditional knowledge and practices for everyday activities.⁸⁶ Africa's rich agricultural resources, traditional knowledge, and cultural repositories afford it comparative advantages with GIs, PVP, traditional knowledge, and traditional cultural expressions. However, except for GIs and PVP, the OAPI IP framework does not extend to the rest. The revised Bangui Agreement, therefore, ought to have maximized the flexibilities permitted in TRIPS, for instance, by introducing IP systems that protect and promote farmers' rights, access to medicines, and access to knowledge.

II. *The Formation of ARIPO and the Reception of International Norms*

More than a decade after the formation of OAPI, anglophone African countries established the Industrial Property Association for English-speaking Africa (ESARIPO), with the assistance of WIPO and UNECA. WIPO laid the foundation in a regional seminar on patents and copyright for nine anglophone African countries in Nairobi in 1972, which recommended the establishment of a regional industrial property organization.⁸⁷ This agenda was moved forward when WIPO and UNECA responded to a formal request from anglophone African countries for assistance in establishing the regional organization in 1973. In line with this move, a series of meetings were held at the UNECA headquarters in Addis Ababa and WIPO in Geneva, which led to a draft Agreement on the Creation of the Industrial Property Organisation for English-speaking Africa.⁸⁸ This agreement was subsequently adopted in a diplomatic conference held in Lusaka, Zambia, in 1976, thus deriving the name "the Lusaka Agreement."⁸⁹ UNECA and WIPO served jointly as

⁸⁵ Deere, n 60, p. 261.

⁸⁶ Adebola, n 51, pp. 257–8.

⁸⁷ The nine countries were Ghana, Kenya, Lesotho, Liberia, Malawi, Nigeria, Tanzania, Uganda, and Zambia.

⁸⁸ ARIPO, *Our History*, 2021.

⁸⁹ See ARIPO, Agreement on the Creation of the African Regional Intellectual Property Organization as adopted by the Diplomatic Conference for the adoption of an Agreement on the Creation of an Industrial Property Organization for English-Speaking Africa at Lusaka (Zambia) on December 9, 1976, and amended by the Administrative Council of ARIPO on December 10, 1982, December 12, 1986, and November 27, 1996, and as amended by the Council of Ministers on August 13, 2004, available at www.aripo.org/wp-content/uploads/2018/12/Lusaka-Agreement1.pdf. As of December 31, 2020, ARIPO has twenty members: Botswana,

the Secretariat of ESARIPO until 1981, when the organization established an independent Secretariat.⁹⁰

The Lusaka Agreement established a regional system for the protection of industrial property, which sought to harmonize the national laws of Member States and promote cooperation.⁹¹ In 2004, almost three decades after the formation of ESARIPO, the organization was renamed ARIPO to expand its mandate from industrial property to other categories of IP.⁹² Unlike OAPI, which has a uniform IP structure outlined in the ten annexes to the Bangui Agreement, ARIPO advances a flexible IP structure. Beyond the Lusaka Agreement, which confers ARIPO membership, Member States are not automatically bound to any of its protocols. ARIPO has four protocols and Member States can choose which protocols to sign. The four protocols are the Harare Protocol on Patents and Industrial Designs (Harare Protocol), the Banjul Protocol on Marks (Banjul Protocol), the Swakopmund Protocol on the Protection of Traditional Knowledge and Expressions of Folklore (Swakopmund Protocol), and the Arusha Protocol for the Protection of New Varieties of Plants (Arusha Protocol).⁹³ ARIPO also has a Draft Policy and Legal Framework for the Protection of Geographical Indications and a Model Law on Copyright and Related Rights.

Just like OAPI, the deference and reliance on WIPO, the European Patent Office (EPO), WTO, and UPOV, among others, for technical and financial support in developing its regional IP system and capacity-building has presented ARIPO with contradictory policy positions. For example, although ARIPO adopted the commendable Swakopmund Protocol, which recognizes the significant traditional practices of its Member States, it also adopted the UPOV 1991-styled Arusha Protocol, which undermines their traditional farming practices.⁹⁴ Interestingly, while the Swakopmund Protocol protects traditional knowledge and expressions of folklore,

Eswatini, Gambia, Ghana, Kenya, Lesotho, Liberia, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sao Tome and Principe, Sierra Leone, Somalia, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe.

⁹⁰ Carolyn Deere-Birkbeck (2009), "Developing Country Perspectives on Intellectual Property in the WTO: Setting the Pre-TRIPS Context," in Carlos M. Correa (ed.), *Research Handbook on Intellectual Property Law and the WTO* (Edward Elgar: Oxford), available at SSRN: <https://ssrn.com/abstract=1405430>.

⁹¹ ARIPO, *Our History*, 2021.

⁹² Such as traditional knowledge, copyright, genetic resources, and expressions of folklore.

⁹³ The Harare Protocol on Patents was adopted on December 10, 1982. This Protocol has been amended on fourteen occasions, the latest one being on November 20, 2019. The Banjul Protocol on Marks was adopted by the Administrative Council at Banjul, The Gambia, on November 19, 1993 and amended on nine occasions, the latest being November 20, 2019. The Swakopmund Protocol was adopted by a Diplomatic Conference of ARIPO at Swakopmund, Namibia, on August 9, 2010 and amended on December 6, 2016. The Arusha Protocol was adopted by a Diplomatic Conference of ARIPO at Arusha, Tanzania, on July 6, 2015. The Arusha Protocol is not yet in force. It will enter into force twelve months after four States have deposited their instruments of ratification or accession.

⁹⁴ Adebola, n 51 p. 262.

ARIPO does not register traditional knowledge and expressions of folklore because Section 5 of the Swakopmund Protocol excises any formality for traditional knowledge.⁹⁵

Concerning PVP, however, ARIPO is earmarked to conduct a formal and substantial examination of applications for plant breeders' rights under the Arusha Protocol⁹⁶ – just as it does for patents, utility models, industrial designs (conducts only a formal examination), and trademarks. Considering the importance of traditional knowledge and expressions of folklore for African innovation and development, in contrast to the implications of a UPOV-plus PVP regime for Africa (discussed in detail in the next section), it is alarming to see that ARIPO does not register traditional knowledge but is rather assigned to register PVP.

While the regional legal regimes and institutional frameworks for francophone and anglophone Africa differed in important respects, in both cases their members delegated significant responsibilities to their respective regional secretariats, and WIPO served as their core source of financial, human, legal, and organizational support.⁹⁷ The WIPO Secretariat, for instance, hosts the websites of both ARIPO and OAPI, and it provided staff training, drafted legal texts for their respective conventions, and was involved in shaping their strategic direction through regular “tripartite meetings” of the secretariats.⁹⁸ Moreover, to increase its usefulness to the technological development efforts of their Member States, WIPO assisted in establishing a quadripartite agreement to promote cooperation between WIPO, OAPI, ARIPO, and the African Regional Centre for Technology.⁹⁹ The center is overseen by a Consultative Committee, which exercises decisive leadership and influence on IP decision-making and capacity in the region.¹⁰⁰ To further bring its assistance programs closer, WIPO in 2019 and 2020 opened two external offices in Algeria and Nigeria respectively.

⁹⁵ Section 5(2) of the Swakopmund Protocol provides that “Contracting States and ARIPO Office may maintain registers or other records of the knowledge, where appropriate and subject to relevant policies, laws and procedures.”

⁹⁶ Article 17 of the Arusha Protocol.

⁹⁷ Carolyn Deere Birkbeck (2016), “WIPO’s Development Agenda and the Push for Development-oriented Capacitybuilding on Intellectual Property: How Poor Governance, Weak Management, and Inconsistent Demand Hindered Progress,” Oxford University Global Economic Governance Programme Working Paper 105, 1, www.geg.ox.ac.uk/publication/geg-wp-2015105-wipos-development-agenda-and-push-development-oriented-capacitybuilding.

⁹⁸ *Ibid.*

⁹⁹ Deere, n 60, p. 268. The Consultative Committee meets annually, often attended by the heads of OAPI, ARIPO, and the Africa Bureau of WIPO, sometimes with additional staff or guests from OAPI and WIPO. Deere asserts that there are usually not more than nine participants at Committee meetings and no representatives of the OAPI or ARIPO member states ever attend. This further illustrates how through this Committee a relatively small group of international bureaucrats exercise decisive leadership and influence on IP decision-making and capacity in the region.

¹⁰⁰ *Ibid.*

At present, WIPO administers twenty-six treaties (including the WIPO Convention) and provides technical and legal assistance to developing countries on the ratification and implementation of these treaties. This has led to the criticism that WIPO uses its technical assistance function to help promote uncritical ratification of existing international agreements and to further the upward harmonization of IP standards in ways that work against the interest of developing countries – Africa being an example.¹⁰¹ In doing so, the development implications of proposed treaties, treaty accessions, or implementation options and alternatives are not often explored.¹⁰²

As depicted in [Table 12.1](#), OAPI is a member of UPOV, which it joined in July 2014 as its first intergovernmental member.¹⁰³ All OAPI Member States are members of the Patent Cooperation Treaty (PCT) and the Paris Convention. For each OAPI Member State also party to the PCT, Article 3(2) of the Bangui Agreement provides that OAPI shall serve as “national office, designated office, elected office or receiving office.” Except for Comoros and Equatorial Guinea, all OAPI members are also contracting parties to the WTO Agreements.

All ARIPO Member States are contracting parties to the PCT. In addition, ARIPO can be designated as an international search authority under the PCT.¹⁰⁴ Article 3bis (5) of the Harare Protocol states that the ARIPO Office shall act as elected Office under the Patent Cooperation Treaty concerning an international application where a Contracting State is elected for international preliminary examination under the Patent Cooperation Treaty. In addition, all ARIPO Member States are parties to the WIPO Convention, and all apart from Sao Tome and Principe, Somalia, and Sudan are parties to WTO TRIPS.

III. *The Continental (African Union) Level*

At the African Union level, policymakers appear eager to endorse “effective” IP systems for Africa, despite the organization churning out five instruments that set out Africa’s position in some areas of IP.¹⁰⁵ This posture makes it look as though policymakers on the continent have adopted a half-in, half-out approach to IP administration that simultaneously insists on stronger IP rights and at the same time

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ OAPI is a party to the UPOV 1991 Act. See www.upov.int/edocs/pubdocs/en/upov_pub_423.pdf.

¹⁰⁴ Article 3bis (4) of the Harare Protocol carries that the ARIPO Office “shall act as designated Office under Article 2(xiii) of the Patent Cooperation Treaty in relation to an international application referred to in Subsection (2) of this section.” Article 3bis (3) further notes that “the Office may act as receiving Office under Article 2(xv) of the Patent Cooperation Treaty in relation to an international application filed by an applicant who is a resident or national of a Contracting State which is also bound by the Patent Cooperation Treaty.”

¹⁰⁵ For a list of these instruments, see [n 47](#).

TABLE 12.1. *African countries' membership of selected WIPO Treaties and WTO*

State or intergovernmental organization	Paris Convention	Berne Convention	Patent Cooperation Treaty	Patent Law Treaty	UPOV Convention	WTO
OAPI					X	
ARIPO						
Algeria	X	X	X			
Angola	X		X			X
Benin	X	X	X			X
Botswana	X	X	X			X
Burkina Faso	X	X	X			X
Burundi	X	X				X
Cabo Verde		X				X
Cameroon	X	X	X			X
Central African Republic	X	X	X			X
Chad	X	X	X			X
Comoros	X	X	X			
Congo	X	X	X			X
Côte d'Ivoire	X	X	X			X
Democratic Republic of the Congo	X	X				X
Djibouti	X	X	X			X
Egypt	X	X	X		X	X
Equatorial Guinea	X	X	X			
Eritrea						
Eswatini	X	X	X			X
Ethiopia						
Gabon	X	X	X			X

(continued)

TABLE 12.1. (continued)

State or intergovernmental organization	Paris Convention	Berne Convention	Patent Cooperation Treaty	Patent Law Treaty	UPOV Convention	WTO
Gambia	X	X	X			X
Ghana	X	X	X			X
Guinea	X	X	X			X
Kenya	X	X	X		X	X
Lesotho	X	X	X			X
Liberia	X	X	X	X		X
Libya	X	X	X			
Madagascar	X	X	X			X
Malawi	X	X	X			X
Mali	X	X	X			X
Mauritania	X	X	X			X
Mauritius	X	X				X
Morocco	X	X	X		X	X
Mozambique	X	X	X			X
Namibia	X	X	X			X
Niger	X	X	X			X
Nigeria	X	X	X	X		X
Rwanda	X	X	X			X
Sao Tome and Principe	X	X	X			
Senegal	X	X	X			X
Seychelles	X		X			X
Sierra Leone	X		X			X
Somalia						
South Africa	X	X	X		X	X
South Sudan						
Sudan	X	X	X			

Togo	X	X	X		X
Tunisia	X	X	X	X	X
Uganda	X		X		X
United Republic of Tanzania	X	X	X	X	X
Western Sahara (Disputed)					
Zambia	X	X	X		X
Zimbabwe	X	X	X		X

Source: the author

advocates for a balance regarding access, local innovation, and creativity. Technical assistance and capacity-building measures may best explain this dilemma.

In 2015, for example, a High-Level African Ministerial Conference organized by WIPO in cooperation with others¹⁰⁶ explored ways in which IP could promote creativity and spur growth by ensuring the development of sound innovation systems. The speakers and panelists, many of whom were chosen by the WIPO Secretariat, did not include the African Group in Geneva or pro-development civil society organizations.¹⁰⁷ Among the many sessions at the conference,¹⁰⁸ there was one on food and agriculture, under the theme “Promoting Research and Development in Food and Agriculture.”¹⁰⁹ Speaking at this session was Mr Peter Button, Vice Secretary General of UPOV, who spoke on the topic “Promoting New Plant Varieties for Enhanced Agricultural Productivity and Food Security.” The content of the presentation was such that one cannot deny its partial and political tone. No wonder among the recommendations from the conference, Member States were encouraged to use all forms of IP in meeting the needs of the agricultural sector, and PVP was said to be a particularly important mechanism to promote the research and transfer of technology to farmers, thereby increasing productivity and value addition in agriculture.¹¹⁰ Furthermore, UPOV membership was recognized as a key factor in maximizing the impact of PVP.

A key outcome of the conference was the Dakar Declaration.¹¹¹ In the Declaration, the AU Ministers pledged to, among others, provide a conducive environment with dynamic IP systems that propel creativity, innovation, and inventiveness and effectively guide the promotion, acquisition, and commercialization of IP for sustainable growth and development and the well-being of African populations. They also pledged to take advantage of the opportunities available within WIPO technical assistance and capacity-building programs, and to consider joining relevant WIPO-administrated treaties to which they were not yet parties.¹¹² An

¹⁰⁶ The conference was organised by WIPO, in cooperation with the AU Commission, the Government of the Republic of Senegal, and the Japan Patent Office. The objective of the conference was to highlight the relevance of intellectual property as an engine for promoting creativity, innovation, and the scientific and technological transformation of African economies.

¹⁰⁷ Susan Isiko Štrba (2017), “Legal and Institutional Considerations for Plant Variety Protection and Food Security in African Development Agendas: Solutions from WIPO?,” 12 *Journal of Intellectual Property Law & Practice* 3, p. 195.

¹⁰⁸ African Ministerial Conference 2015: Intellectual Property for an Emerging Africa, November 3–5, 2015, Dakar, Senegal. For the full program as prepared by WIPO, see www.wipo.int/meetings/en/details.jsp?meeting_id=37206.

¹⁰⁹ *Ibid.*

¹¹⁰ African Ministerial Conference 2015, “Cluster I Report: Science, Technology and Innovation for the Transformation of African Economies,” (November 5, 2015), available at www.wipo.int/meetings/en/doc_details.jsp?doc_id=321080.

¹¹¹ WIPO, Dakar Declaration on Intellectual Property for Africa, WIPO Doc. (November 5, 2015). www.wipo.int/meetings/en/doc_details.jsp?doc_id=321041.

¹¹² *Ibid.*

account has it that this declaration was negotiated behind closed doors and that African ministers of trade were not present at the time of its adoption – which raises doubts.¹¹³ Ultimately, the event served as a forum for knowledge circulation and capacity-building in Africa, albeit lopsided toward the Western-centric corpus of IP systems that the sponsors favor.

The Science, Technology and Innovation Strategy for Africa (STISA-2024)¹¹⁴ acknowledges the lack of technology readiness of the continent, which stands in sharp contrast to what is happening at the level of policy and legislation. Policymakers of the continent may well learn from the advanced countries. The history of the development of the advanced industrialized countries shows that they did not all start with strong IP laws. Countries such as the USA, Germany, and Japan, in the early stages of their technological development and catching-up, used instruments such as imitation, reverse engineering, sheer copying, or technology transfer, among others, to develop their innovation ecosystems; only when they had achieved considerable success did they begin to regulate IP strictly.¹¹⁵ It is only when countries have accumulated sufficient indigenous capability, with an extensive science and technology infrastructure sufficient to undertake creative imitation, that IP rights become an important element in technology transfer and industrial activities.¹¹⁶ This point is not often stressed in technical assistance and capacity-building projects.

It may come as no surprise, then, that central initiatives – both the African Model Legislation for the Protection of the Rights of Local Communities, Farmers and Breeders, and for the Regulation of Access to Biological Resources 2000 (African Model Law)¹¹⁷ of the AU and the Swakopmund Protocol of ARIPO– have had little influence on the continent. Despite some criticisms against both instruments, it was expected that they would have an impact on the continent, but that has not been the

¹¹³ Štrba, n 107.

¹¹⁴ The Science, Technology and Innovation Strategy for Africa is the first phase of a ten-year strategy (2014–2024) that positions science, technology, and innovation at the core of the AU Agenda 2063 and maintains the AU's commitment to promoting IP in Africa.

¹¹⁵ Mario Cimoli, Giovanni Dosi, Keith E. Maskus, Ruth L. Okediji, Jerome H. Reichman and Joseph E. Stiglitz (eds.), *Intellectual Property Rights: Legal and Economic Challenges for Development* (Oxford University Press 2014), pp. 32–35. See also Peukert, in this volume.

¹¹⁶ Kim Linsu (2003), “Technology Transfer & Intellectual Property Rights: The Korean Experience,” UNCTAD–ICTSD Project on IPRs and Sustainable Development, Issue Paper No. 2, available at <https://unctad.org/en/PublicationsLibrary/ictsd2003ipd2_en.pdf>.

¹¹⁷ The African Model Law was designed to assist AU Members in crafting national laws that reflect their “political orientation, national objectives and level of socio-economic development” and to fulfil interconnected obligations under the WTO TRIPS Agreement and the Convention on Biological Diversity (CBD). See J. A. Ekperu (2000), *The OAU's Model Law: The Protection of the Rights of Local Communities, Farmers and Breeders, and for the Regulation of Access to Biological Resources. An Explanatory Booklet* (OAU, Scientific, Technical and Research Commission, Lagos Nigeria).

case.¹¹⁸ In practice, the African Model Law rejects the unconditional adoption of the UPOV 1991 model and patents for plant varieties,¹¹⁹ rather embracing the *sui generis* option under TRIPS. It is anchored on the principle of balanced regional, sub-regional and national laws in Africa that cater to stakeholders' divergent needs.¹²⁰ It protects the innovations, technologies and practices of local communities, including farming communities and indigenous peoples who conserve and enhance biological diversity for the benefit of present and future generations, alongside commercial plant breeders who develop new plant varieties based on farmers' varieties.¹²¹ As the next section shows, instead of this model being applied, curiously, quite the opposite is happening in Africa.

D. THE PLANT VARIETY REGIME IN AFRICA

The WIPO and UPOV are the leading international organizations in providing technical assistance and legislative advice on PVP laws, management, and enforcement in Africa. This situation further highlights WIPO's strong influence on national and regional implementation of international obligations in the area of IP. Before discussing the plant variety regime in Africa, a look at the relationship between WIPO and UPOV will shed some light and contribute to our understanding of the situation in Africa.

I. WIPO's Agreement with UPOV: An Uptick in Plant Variety Protection

In 1982, WIPO and UPOV formalized an existing arrangement on administrative and technical cooperation between the two organizations,¹²² whereby the Director

¹¹⁸ Commentators argue that the African Model Law fails to offer clear templates to facilitate the implementation of novel provisions such as community rights in Part IV and farmers' rights in Part V – considering that most African countries lack expertise on plant variety protection and are unable to carve out IP/TRIPS complaint laws from it. Further, the AU does not offer support with the design and introduction of plant variety protection laws at the subregional and national levels. The Swakopmund Protocol has been criticized for vesting “control of third-party use of expressions of folklore” in Member States and their national competent authorities rather than in the indigenous communities where those expressions originate. It has also been criticized for granting ownership rights in respect of traditional knowledge and folklore to individuals, as this approach is considered to be contrary to the practices of indigenous communities. See Adebola, n 51, p. 241; Caroline B. Neube (2018), “Three Centuries and Counting: The Emergence and Development of Intellectual Property Law in Africa,” in Rochelle Dreyfuss and Justine Pila (eds.), *The Oxford Handbook of Intellectual Property Law* (Oxford University Press), p. 422.

¹¹⁹ Ekpere, n 117.

¹²⁰ *Ibid.*

¹²¹ *Ibid.*; Adebola, n 51, p. 238.

¹²² UPOV (1982) Agreement between the World Intellectual Property Organization and the International Union for the Protection of New Varieties of Plants, signed on November 26, 1982 (UPOV/INF/8).

General of WIPO is designated as the Secretary General of UPOV, with the power to approve the appointment of the UPOV Vice Secretary General.¹²³ Under this agreement, the UPOV Office was to be located in the WIPO building in Geneva, where UPOV meetings are also held. Hence, WIPO services the UPOV Office and manages the financial administration of UPOV, among other things.¹²⁴ The agreement affirms the complete independence of the WIPO International Bureau and the UPOV Office in respect of the exercise of their functions. However, while UPOV is legally separate from WIPO, and is not part of the UN, the relationship that has ensued between UPOV and WIPO has led to the criticism that WIPO's technical assistance for developing countries and LDCs is biased toward the UPOV 1991 regime.¹²⁵ This criticism implicates the position of WIPO as a neutral voice in the area of IP.

For example, the WIPO Academy offers two advanced distance learning courses on PVP. One of them is on the "Examination of Applications for Plant Breeders' Rights" (DL-305-UPOV).¹²⁶ Additionally, WIPO frequently provides opportunities to make UPOV known. The UPOV Office has given presentations about plant variety and UPOV during the WIPO Summer Schools on IP and at conferences organized by WIPO (such as the African Ministerial Conference discussed above). Likewise, WIPO technical assistance programs often include references to UPOV and advice to UPOV non-members as to how to introduce UPOV-consistent PVP legislation.¹²⁷ Rather than assessing each country's specific needs and advising on how UPOV could best be applied to the applicant's circumstances, the advice tends to consist of providing the applicant countries with the model UPOV legislation.¹²⁸ Graham Dutfield, for example, has argued that some draft PVP legislation proposed through WIPO technical assistance contained a chapter on implementation, including provisions on enforcement and supervision that went beyond what is required under the UPOV Convention itself.¹²⁹

The methodology of WIPO for the development of national IP strategies, which was approved by the WIPO Member States under the "Development Agenda Project,"¹³⁰ has also not been without criticism. The project aimed to provide a

¹²³ Graham Dutfield (2011), "Food, Biological Diversity and Intellectual Property: The Role of the International Union for the Protection of New Varieties of Plants (UPOV)," *QUNO Intellectual Property Issues Paper* 9, p. 12.

¹²⁴ Agreement between WIPO and UPOV, n 122, Article 1.

¹²⁵ Catherine Saez (2015), "Interrelations Between Plant Treaty, UPOV, WIPO, Farmers' Rights – Do They Equate?" (Intellectual Property Watch).

¹²⁶ The other is on the "Introduction to the UPOV System of Plant Variety Protection (DL-205-UPOV)." See WIPO, *The WIPO Academy Portfolio of Education, Training & Skills Development Programs* 2021, available at www.wipo.int/publications/en/details.jsp?id=4535.

¹²⁷ Dutfield, n 123, p. 12.

¹²⁸ *Ibid.*, p. 9.

¹²⁹ *Ibid.*

¹³⁰ Committee on Development and Intellectual Property, *WIPO Methodology and Tools for the Development of National IP Strategies: Development Agenda project on Improvement of*

coherent and harmonized approach, including a set of tools and mechanisms to guide the Member States in the development of national IP strategies. The methodology has four parts: The Process,¹³¹ Baseline Questionnaire,¹³² Benchmarking Indicators,¹³³ and National IP Strategy Online Platform.¹³⁴ It also sets the benchmarking indicators relevant for promoting PVP to include: (a) Plant variety protection office: legal status, autonomy, key functions and staffing; (b) Importance of breeders' rights; (c) National agricultural policy or strategy; and (d) Plant breeding and seed associations.¹³⁵ The South Center has criticized the benchmarking indicators for not stating the contributions that farmers have made – and continue to make – in the development of varieties adapted to local evolving conditions, and for failing to give any reference to *sui generis* systems (such as those adopted in India, Malaysia, and Thailand) that do not follow the UPOV model and which recognize rights over farmers' varieties.¹³⁶ Also, the methodology has often included a recommendation to the country receiving assistance to accede to UPOV 1991 and establish a PVP office as part of legislative and institutional reform.¹³⁷

The UPOV Office has over the years been active in discouraging developing countries from adopting PVP systems that diverge from the UPOV norm, as has been documented concerning Asian countries,¹³⁸ and in the specific case of Africa, as seen in the PVP laws of OAPI and ARIPO. The African Model Law, in particular, received opposition and criticism from WIPO and UPOV, OAPI, and the African Seed Trade Association.¹³⁹ For example, WIPO rejected the principle of inalienability of community rights, which is one of the pillars of the Model Law,¹⁴⁰ and further argued that the Model Law's prohibition of patent on life forms was a violation of TRIPS Article 27.3(b), which requires patents on at least micro-

National, Sub-regional and Regional Institutional User Capacity, Development Agenda Project DA_10_05 (2014), available at www.wipo.int/ipstrategies/en/methodology/.

¹³¹ *Ibid.*, Tool 1: The Process.

¹³² *Ibid.*, Tool 2: Baseline Questionnaire.

¹³³ *Ibid.*, Tool 3: Benchmarking Indicators.

¹³⁴ *Ibid.*, Tool 4: National IP Strategies, Online Survey.

¹³⁵ *Ibid.*, Tool 3: Benchmarking Indicators, p. 63.

¹³⁶ Saez, n 125.

¹³⁷ See Committee on Development, n 130, Tool 3: Benchmarking Indicators.

¹³⁸ Rajeswari Kanniah (2005), "Plant Variety Protection in Indonesia, Malaysia, the Philippines and Thailand," 8 *Journal of World Intellectual Property* 3, p. 283.

¹³⁹ It is said that in 2001, the AU (then OAU) hosted a conference to discuss the Model Law, where UPOV and WIPO were invited to give comments. In a four-page submission to the AU, WIPO technically criticized some important issues that the Model Law addressed. The UPOV Office provided a ten-page critique, which included the redrafting of more than thirty of the model's articles, allegedly to turn the Model Legislation into UPOV 1991. This highly critical stance did not sit well with those concerned about its enthusiastic promotion of the UPOV Convention at the OAPI. See Genetic Resources Action International Network (GRAIN), "IPRs Agents Try to Derail OAU Process: UPOV and WIPO Attack Africa's Model Law on Community Rights to Biodiversity" (June 18, 2001), (hereafter, GRAIN IPR), available at <https://grain.org/article/entries/1966>.

¹⁴⁰ *Ibid.*; Ekpere, n 117.

organisms.¹⁴¹ For its part, UPOV submitted a ten-page document criticizing and reworking more than thirty articles of the Model Law, recommending, among others, that farmers' rights should be subject to or subordinate to plant breeders' rights.¹⁴² In 2001, the African Union sought to reconcile its differences with WIPO and UPOV, but to no avail.¹⁴³ Importantly, however, the text of the current Model Law shows that the African Union did not implement those recommendations. Even so, the African Model Law was overlooked by regional IP organizations, RECs, and many African countries when they enacted plant variety laws.

II. *The Protection of Plant Variety under OAPI*

As noted earlier, the revised Bangui Agreement had as one of its outstanding features the inclusion of Annex X on PVP, which establishes a regional framework applicable to the members of OAPI. The WIPO, the UPOV Office, WTO, and INPI played key roles in this agreement. It started with a series of meetings and discussions between the UPOV Secretariat and WIPO about proposals for revising the Bangui Agreement and the need to include the creation of a PVP system in the OAPI region in 1996.¹⁴⁴ In 1997, the UPOV Office consulted the French Ministry of Agriculture as well as Francois Burgaud, who was in charge of international relations within the French National Interprofessional Seed and Seedlings Grouping (GNIS), about providing technical assistance on PVP to francophone African countries, including providing a financial contribution for the organization of a regional seminar in Burkina Faso.¹⁴⁵ There was also a meeting between the Director General of OAPI, Anthioumane N'Diaye, and UPOV officials to discuss the possible inclusion of PVP in the revised Bangui Agreement in September 1997.

With funding from the French government, UPOV organized the said regional seminar in Ouagadougou, Burkina Faso, on December 17–19, 1997, in cooperation with the Government of Burkina Faso and OAPI.¹⁴⁶ The seminar focused on the nature and rationale for the protection of plant varieties and was attended by participants from Benin, Burkina Faso, Cameroon, Chad, Côte d'Ivoire, Gabon, Guinea, Mali, Mauritania, Niger, Senegal, and Togo.¹⁴⁷ The UPOV also

¹⁴¹ GRAIN, n 139; Also see Noah Zerbe (2005), "Biodiversity, Ownership, and Indigenous Knowledge: Exploring Legal Frameworks for Community, Farmers, and Intellectual Property Rights in Africa," 53 *Ecological Economics* 493.

¹⁴² GRAIN, n 139; Mohamed Coulibaly, Robert Ali Brac de la Perrière, and Sangeeta Shashikant (2019), "A Dysfunctional Plant Variety Protection System: Ten Years of UPOV Implementation in Francophone Africa" (APBEBES Working Paper), p. 13, available at www.apbrees.org/files/seeds/APBEBES_OAPI_EN_def_o.pdf.

¹⁴³ Štrba, n 107, p. 193.

¹⁴⁴ Coulibaly et al., n 142, p. 9, citing UPOV doc. C/31/2.

¹⁴⁵ *Ibid.* Citing UPOV doc. C/32/2.

¹⁴⁶ *Ibid.*

¹⁴⁷ *Ibid.*

participated in a WIPO Academy session for French-speaking countries to lecture on UPOV and PVP.¹⁴⁸ The UPOV further engaged the Head of the Seed and Plant Breeding Office in the French Ministry of Agriculture and Fisheries regarding the organization and financing of “roving seminars” in OAPI Member States. Earlier, in April 1997, the Director General of WIPO had sent to OAPI draft texts for the revision of the Bangui Agreement, which included a draft Annex relating to PVP drawn up by the UPOV Secretariat.¹⁴⁹

According to the OAPI Secretariat, the draft text was submitted to governments for comments, suggestions, and further elaboration and also to other partners, such as WIPO, UPOV, the EPO, and INPI. This process was followed by meetings of experts from OAPI Member States and partners in Conakry (November 1997), Abidjan (February 1998), Ouagadougou (July 1998), and Nouakchott (November 1998).¹⁵⁰ The definitive text was adopted by national IP officials at a further meeting in Nouakchott (Mauritania) at the end of December 1998.¹⁵¹ On February 15, 1999, ten days before the diplomatic conference where OAPI members were scheduled to sign the revised Bangui Agreement, a joint UPOV–WIPO–WTO workshop was held for developing country delegates in Geneva to convey the message that UPOV 1991 would be the best option for implementing the PVP system required by Article 27.3(b).¹⁵²

To be sure, a position paper by UPOV on the outstanding issue of the review of Article 27.3(b) before the WTO Council for TRIPS in 2002 affirmed this position when it stated that “the plant variety protection system established on the UPOV Convention meets the requirements of Article 27.3(b) of the TRIPS Agreement.”¹⁵³ The statement further noted that “the introduction of a system which differs significantly from the harmonized approach based on the UPOV Convention will raise questions with regard to the implementation of the TRIPS Agreement.” As Graham Dutfield notes, “this statement gives the impression that UPOV membership is essential for TRIPS compliance, which is false. But for countries unsure of where their interests lie concerning IP protection in the field of plant breeding and anxious to avoid being criticized for failing to meet their TRIPS commitments, this is a powerful statement.”¹⁵⁴ It appears that the TRIPS Agreement has been good for UPOV membership despite the flexibilities and special and preferential treatments for LDCs included in it. In the context of Africa, instead of advising the

¹⁴⁸ *Ibid.*

¹⁴⁹ *Ibid.*

¹⁵⁰ Deere, n 60, pp. 260–1.

¹⁵¹ *Ibid.*, p. 263.

¹⁵² *Ibid.* Also see Coulibaly et al., n 142 p. 10.

¹⁵³ UPOV (undated) “International harmonization is essential for effective plant variety protection, trade, and transfer of technology,” UPOV position based on an intervention in the Council for TRIPS, September 19, 2002, available at www.upov.int/about/en/pdf/international_harmonization.pdf.

¹⁵⁴ Dutfield, n 123, p. 9.

countries – especially the LDCs – on how to utilize the flexibilities and transitional arrangement inherent in the agreement for their economic and social development, the UPOV, WIPO, and developed nations like the European Union and the USA along with their seed industries, saw an opportunity to get these countries to join the UPOV Act 1991.

From February 22–25, 1999, the revised Bangui Agreement was opened for signature at a diplomatic conference in Bangui, with fifteen OAPI Member States signing. Before Annex X was adopted, the UPOV Council had to certify it in 2000 as complying with UPOV 1991, as required under Article 34(3) of the UPOV 1991 Convention. The UPOV Council has conducted this task over the years through a detailed examination of the legislation of would-be acceding countries, thereby strongly influencing the legal regime applicable to PVP. Countries that deviate from the rigid model established by the convention are not allowed to join.¹⁵⁵ The revised Bangui Agreement came into force in 2002 for all OAPI members. However, Annex X was delayed due to a lack of capacity to implement PVP.¹⁵⁶ Funding and technical support from the French government and the UPOV Office were directed toward capacity-building, especially regarding the establishment of the system for technical examination of plant varieties, identification of initial eligible genera and species for PVP, and the required personnel and institutional support.¹⁵⁷

In January 2006, Annex X of the Bangui Agreement became operational, paving the way for OAPI and its Member States to deposit instruments of accession to UPOV.¹⁵⁸ Key provisions of Annex X, modeled after the UPOV Act 1991, may be problematic for the region. For example, Annex X extends to “all botanical taxa” except wild species, that is, species that have been neither planted nor improved by man.¹⁵⁹ This means that any variety that fulfills the required criteria may be granted protection.¹⁶⁰ Critics contend that it is unnecessary to extend PVP to all genera and species in the OAPI region, not least because of the lack of experience and capacity concerning implementation; in addition, it may not be wise to develop procedures and extend protection to crops that offer no or limited commercial value to the country.¹⁶¹ Furthermore, Annex X of the Bangui Agreement fails to include any flexibility for its members, not even the limited transitional arrangement contained

¹⁵⁵ Carlos M. Correa et al. (2015), “Plant Variety Protection in Developing Countries: A Tool for Designing a Sui Generis Plant Variety Protection System: An Alternative to UPOV 1991,” (APBREBES), available at www.apbrebes.org/files/seeds/ToolEnglishcompleteDez15.pdf.

¹⁵⁶ Chidi Oguamanam (2015), “Breeding Apples for Oranges: Africa’s Misplaced Priorities over Plant Breeders Rights,” 18 *Journal of World Intellectual Property* 5, p. 173.

¹⁵⁷ *Ibid.*

¹⁵⁸ Coulibaly et al., n 142, p. 11, citing UPOV doc. C (Extr.)/17/6.

¹⁵⁹ Article 3 Annex X of the Bangui Agreement. For a detailed analysis and explanation of the technicalities relating to these terminologies and PVP, see Kochupillai and Köninger, in this volume.

¹⁶⁰ Coulibaly et al., n 142, p. 16.

¹⁶¹ *Ibid.*

in UPOV 1991 concerning scope and protection.¹⁶² This goes beyond the UPOV Act 1991 and further ignores the TRIPS Agreement's transitional arrangements – in essence, failing to consider the fact that OAPI member countries may need policy space in fulfilling their treaty obligations.

Concerning the duration of protection, Article 33(1) of Annex X states that a plant variety certificate shall expire twenty-five years after its date of issue. The duration of protection is more extensive than in both the UPOV 1978 and 1991 Conventions. In addition, the rights conferred by a plant variety certificate in Article 32 of Annex X are extensive as far as they cover harvested material obtained through the unauthorized use of the propagating material of the protected variety, unless the breeder has had a reasonable opportunity to exercise his right concerning the said propagating material.¹⁶³ Moreover, Article 32(4) of Annex X further applies breeders' rights to (a) varieties that are essentially derived from the protected variety, where the protected variety is not itself an essentially derived variety; (b) varieties that are not clearly distinguishable from the protected variety as provided in Article 6; and (c) varieties whose production requires repeated use of the protected variety.

The provision on essentially derived varieties (EDVs) – a concept introduced by UPOV 1991 – has become one of the most problematic provisions for interpretation and application by administrative authorities and judges.¹⁶⁴ Further, of major concern is the extensive provisions dealing with infringement and other unlawful acts, which among others stipulate injunctions, civil damages, criminal sanctions, and seizures. According to Article 54 of Annex X, any person who knowingly commits an act of infringement under subparagraph (1) of Article 48 or an act of unfair competition within the meaning of Annex VIII commits an offense and is liable to a fine of between 5,000,000 and 15,000,000 CFA francs or imprisonment of one to six months or both of these penalties, without prejudice to civil damages. Considering that criminal sanctions are not required under TRIPS except in cases of willful trademark counterfeiting or copyright piracy on a commercial scale, it is excessive to include such provisions in an agreement allegedly concluded by some of the world's most deprived countries.¹⁶⁵ In most countries, including the developed countries, no criminal sanctions are provided for in the area of PVP or other areas of IP, such as patents.¹⁶⁶

It is no wonder that, ten years after the entry into force of Annex X of the Bangui Agreement, a 2019 research paper by Coulibaly and colleagues revealed that only seven of OAPI's seventeen members had used the PVP system – and “at great cost and the expense of public funds.” The authors added that the system has neither produced a substantial increase in plant breeding activities in the OAPI Member

¹⁶² *Ibid.*

¹⁶³ Article 32(2) Annex X of the Bangui Agreement.

¹⁶⁴ See Chapter 3 of Correa et al., n 155.

¹⁶⁵ Article 61 TRIPS.

¹⁶⁶ Correa et al., n 155, p. 68.

States nor resulted in the growth of the seed industry in the subregion. On the contrary, it has raised alarms about the misappropriation of farmers' varieties.¹⁶⁷

III. *Plant Variety Protection under ARIPO and Others*

Amid the African Union's effort to promote a non-UPOV 1991 plant variety regime in Africa and its consequential call on OAPI to reconsider the provisions of Annex X of the revised Bangui Agreement, ARIPO pre-emptively announced in 1998 that it would stand by the AU position and not endorse any specific IP regime for plants.¹⁶⁸ It may therefore come as a surprise that in 2015, ARIPO adopted a PVP regime along the lines of the UPOV Act 1991. It all started in 2009 when the ARIPO Council of Ministers requested the ARIPO Office to implement its decision to develop a regional legal framework for the protection of plant varieties.¹⁶⁹ Based on this mandate, ARIPO initiated the process of developing a legal framework for plant varieties in collaboration with UPOV and WIPO. After consultations with the latter organizations, a first draft was drawn up in 2011. Further revisions to the first draft led to the release of a second draft in 2013.¹⁷⁰ After further consultations and clarifications with UPOV on specific issues, the ARIPO agreed on a final text of the "Draft Legal Framework for Plant Variety Protection" in March 2014.

The last regional workshop on the Draft ARIPO Plant Variety Protocol was co-organized by ARIPO, UPOV, and the US Patent and Trademarks Office¹⁷¹ – further showing the extent of the contribution and power of these international organizations in shaping the ARIPO development agenda through PVP. As the UPOV rules require, the draft instrument was sent to the UPOV Council for examination and approval. The UPOV Council replied, noting that:

The Draft [ARIPO] protocols incorporate the substantive provisions of the 1991 UPOV Act. Once the Draft Protocol is adopted with no changes and the Protocol is in force, the Contracting States of the Protocol and ARIPO itself, in relation to the territories of the Contracting States to the Protocol, would be in a position to "give effect" to the provisions of the 1991 Act, as required by Article 30(2).¹⁷²

¹⁶⁷ Coulibaly et al., n 142, p. 30.

¹⁶⁸ Deere, n 60, p. 266.

¹⁶⁹ Oguamanam, n 156, p. 174.

¹⁷⁰ See Draft Regional Policy and Legal Framework for Plant Variety Protection, ARIPO/CM/ XIII/o (September 30, 2013).

¹⁷¹ Regional Workshop on the Draft ARIPO Protocol for the Protection of New Varieties of Plants, organized by ARIPO in Cooperation with UPOV and with the Assistance of USPTO, October 29–31, 2014, Harare, Zimbabwe, Doc No ARIPO/HRE/2014/INF/1 (September 1, 2014), available at www.ip-watch.org/weblog/wp-content/uploads/2014/11/aripo_upov_Harare_14_inf_1_01_09_2014.pdf.

¹⁷² UPOV Council, Thirty-First Extraordinary Session, "Examination of the Conformity of the Draft ARIPO Protocol for the Protection of New Varieties of Plants with the 1991 Act of the UPOV Convention," Geneva, April 11, 2014, UPOV (Extr.)/31/2 p. 7 (dated March 14, 2014).

Technically, this response qualified ARIPO to join UPOV. However, during the meeting of the Administrative Council to adopt the Arusha Protocol, ARIPO Member States opposed and rejected Article 4 of the Draft Plant Variety Protocol, which empowered ARIPO to grant PVP rights on behalf of its members without their consent.¹⁷³ The amendment of this article meant that ARIPO could not become a member of UPOV 1991.¹⁷⁴ However, according to the “Status in Relation to UPOV Report 2021,”¹⁷⁵ ARIPO is still in the process of becoming a party to UPOV 1991. Attending the meeting of the ARIPO Administrative Council that adopted the Arusha Protocol were intergovernmental organizations and cooperating partners, including WIPO and UPOV.¹⁷⁶ Similar to the case of OAPI, stakeholders – including representatives of farmer groups in Africa – were not invited to the processes and discussions leading to the draft legislation and the subsequent adoption of the Arusha Protocol.¹⁷⁷

As it turns out, most of the concerns expressed about the Bangui Agreement, Annex X, of the OAPI apply here too. Article 3 of the Arusha Protocol extend the scope of protection under PVP to all plant genera and species. While its preamble acknowledges the need to fulfill the TRIPS Agreement Article 27.3(b), the protocol falls short of including the flexibilities inherent in the TRIPS Agreement or its transitional arrangements. Concerning the duration of protection for PVP, the protocol follows the UPOV 1991 order of twenty years from the date of the grant of the breeder’s right, excluding trees and vines, for which a breeder’s right shall be granted for a period of twenty-five years from the said date.¹⁷⁸ The following Article 26(2) of the protocol, however, states that “[n]otwithstanding sub-paragraph (1), the term of protection may be extended for an additional five years by a notice in writing to the ARIPO Office in respect of specific genera and species.” The conditions for such an extension are not spelled out, thus making it possible to go beyond the UPOV standard.

Furthermore, Article 21.3(a) of the protocol, on the scope of a breeder’s right, extends to harvested material obtained through unauthorized use of the propagating material of the protected variety, unless the breeder has had a reasonable opportunity to exercise his right concerning the said propagating material. And just as in the

¹⁷³ Štrba, n 107, p. 197, citing ARIPO, Administrative Council, 9th Extra-Ordinary Session, Arusha,

United Republic of Tanzania, July 2–3, 2016, Doc No ARIPO/AC/IXEX/8 (July 3, 2015), para 3.

¹⁷⁴ *Ibid.*

¹⁷⁵ UPOV: Status in Relation to the International Union for the Protection of New Varieties of Plants (UPOV) as of February 22, 2021, available at www.upov.int/members/en/pdf/status.pdf.

¹⁷⁶ Štrba, n 107, p.196. (Emphasis added), citing ARIPO, Administrative Council, 9th Extra-Ordinary Session, Arusha, United Republic of Tanzania, July 2–3, 2016, Doc No ARIPO/AC/IXEX/8 (July 3, 2015).

¹⁷⁷ Štrba, n 107, p. 197.

¹⁷⁸ Article 26(1) of the Arusha Protocol.

case of OAPI, Article 21.4(a) of the Arusha Protocol stipulates that the breeder's right extends to varieties that are essentially derived from the protected variety, where the protected variety is not itself an essentially derived variety. Finally, Article 22.1(a) of the protocol – on “Exception to Breeder's rights” – allows farmers to use protected material only for “private and non-commercial use.” As there is no further definition, it is unclear which acts are covered by this exception. Disturbingly, a similar exception has been defined by UPOV as prohibiting the regular exchange and sale of seeds or propagating material of protected varieties, even in small amounts, among farmers. Article 22(2) of the protocol allows, in certain circumstances, for farmers to save protected seed for propagating purposes on their holdings, but this appears to be subject to payment of royalties, which many smallholder farmers will not be able to afford.

It is such concerns about the Arusha Protocol and the non-transparent and non-inclusive process by which the protocol was adopted that led the UN Special Rapporteur on the right to food, Hilal Elver, to write a special “Open Letter”¹⁷⁹ to the Member States of ARIPO, expressing her concerns about the adoption of the Arusha Protocol in November 2016. The Arusha Protocol has not yet entered into force. It will do so once four states have ratified or acceded to it. It is said that because the ARIPO IP framework serves a harmonizing function, its protocols have a potentially less devastating effect as they might not be domesticated by the Member States.¹⁸⁰

Similar to OAPI, thirteen of ARIPO's twenty Member States are LDCs. With the benefit of hindsight, one would have thought that ARIPO would stick to the AU Model Law when developing its PVP regime. However, ARIPO did not, and that should not come as a surprise. Throughout Africa, to borrow from Hong Xue's words, the West Wind has been blowing.¹⁸¹ Xue, referring to poet Shelley's masterpiece “Ode to the West Wind,”¹⁸² argues that “in international political circles, anyone with basic knowledge of IP law knows that the West Wind is sweeping through the world. Namely, the developed countries are leading the trend toward greater IP protections and are aggressively pushing the developing countries to follow.” She worries that the developing countries are internally surrendering to the West Wind. Under the power of the West Wind, the developing countries are educated to believe that the West leads the way, by default, and that they should not only proceed along its prescribed path but should even go further than the West. As

¹⁷⁹ Hilal Elver, “Open Letter to the Member States of the African Regional Protocol for the Protection of New Varieties of Plants” (November 24, 2016), available at www.ohchr.org/Documents/Issues/Food/OpenLettertoARIPOMemberStates_24.11.2016.docx.

¹⁸⁰ Ncube, n 118, p. 422.

¹⁸¹ Hong Xue (2008), “What Direction Is the Wind Blowing? Protection of DRM in China,” in Neil Weinstock Netanel (ed.), *The Development Agenda: Global Intellectual Property and Developing Countries* (Oxford University Press).

¹⁸² Percy Bysshe Shelley (1880), “Ode to the West Wind,” in Harry Buxton Forman (ed.), *The Poetical Works of Percy Bysshe Shelley* (London: Reeves & Turner).

a result, the developing countries are losing, step by step, their internal capacity for normative innovation.

As demonstrated throughout the chapter, this seems to be the case in Africa. Besides OAPI and its Member States – who are all members of UPOV, currently Egypt, Ethiopia, Kenya, Morocco, Rwanda, South Africa, Tanzania, Tunisia, Zambia, and Zimbabwe all have national plant variety laws and offices.¹⁸³ Moreover, Ghana recently adopted a PVP law after its parliament approved the Plant Variety Protection Bill 2020.¹⁸⁴ The bill has, since December 29, 2020, received presidential assent. As of February 22, 2021, Ghana, Nigeria, Mauritius, and Zimbabwe are among the list of countries that have initiated procedures for acceding to the UPOV Convention.¹⁸⁵

Finally, it bears mentioning that in May 2014, the Southern African Development Community (SADC)¹⁸⁶ adopted a Protocol for the Protection of New Varieties of Plants, based primarily on the UPOV 1991.¹⁸⁷ According to Article 44 of the protocol, it will come into force thirty days after signature by two-thirds (ten) of the SADC Member States. On June 29, 2020, Botswana became the ninth Member State to sign the SADC Protocol. Once it comes into force, the protocol will provide a regional system for PVP rights in the signatory states. Each Member State will need to have a national PVP for the protection to be effective. South Africa, arguably one of the most developed economies in Africa, is not a member of either ARIPO or OAPI but is a member of SADC. It is also a party to the 1978 UPOV Convention. If the SADC Protocol comes into force, it will effectively upgrade South Africa to UPOV 1991.¹⁸⁸

E. CONCLUSION

By relying on TWAIL scholarship and doctrine, this chapter has looked critically at the role of technical assistance in the institution and implementation of international IP treaty obligations in Africa, using the protection of plant variety as an

¹⁸³ See CIOFORA, “Five Facts to Note about PBR Status Quo in Africa” (January 22, 2021).

¹⁸⁴ See www.parliament.gh/news?CO=97.

¹⁸⁵ See n 175.

¹⁸⁶ Southern African Development Community (SADC), established in 1992, is a Regional Economic Community comprising sixteen member states. Its goal is to further regional socio-economic cooperation and integration as well as political and security cooperation among its members. The SADC member states are Angola, Botswana, Comoros, Congo (DR), Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe.

¹⁸⁷ Protocol for the Protection of New Varieties of Plants (Plant Breeders’ Rights) in the Southern African Development Community Region (May 6, 2014), available at <http://acbio.org.za/wp-content/uploads/2015/02/SADC-PVP-2014.pdf>.

¹⁸⁸ Štrba, n 107, p. 197.

illustrative example. I first examined the contribution of WIPO to the development of IP laws in Africa through the technical assistance program of that organization from the post-war period to the present, elaborating on the relationship that has evolved between WIPO and the two regional IP organizations – OAPI and ARIPO – in a way that sheds light on WIPO’s influence on IP law and administration in Africa (both regionally and nationally). Not only were the IP laws instituted post-independence unbefitting to the development needs, priorities, and situations of African countries, but the wave of economic liberalization processes that swept across the globe in the 1980s and 1990s – and the related mushrooming of the various IP and investment regimes addressed in this volume – have often forced African countries to agree to adopt UPOV 1991 compatible legislation, as well as occasional “UPOV-plus” protections, regardless of the implications.

In this regard, the TRIPS Agreement has been good for UPOV membership despite the flexibilities and the special and preferential treatments for LDCs included in it. Instead of advising countries – especially the LDCs – on how to utilize the flexibilities and transitional arrangement integral to the TRIPS Agreement for their economic and social development, the UPOV, WIPO, and developed nations (such as the European Union and the USA along with their seed industries saw an opportunity to get African countries to join the UPOV Act 1991. The WIPO and UPOV cooperated and spearheaded that move. Today, we have a system of PVP laws in Africa that can be described as TRIPS-plus or even UPOV-plus. As seen in the analysis of a few of the provisions of Annex X of the Bangui Agreement and the Arusha Protocol, these agreements have been criticized as unfavorable for the continent’s social and economic development because they are based on the 1991 Act of the UPOV Convention. The UPOV Convention is deemed inappropriate for Africa because it potentially facilitates biopiracy, does not support farmer’s rights, and includes PVP eligibility criteria that are ill-suited to the continent.

Despite opposition and criticism from WIPO and UPOV, the African Union adopted an African Model Law designed specifically to fit the African context by protecting the innovations, technologies, and practices of local communities, including farming communities and indigenous peoples who conserve and enhance biological diversity for the benefit of present and future generations –alongside commercial plant breeders who develop new plant varieties based on farmers’ varieties. Curiously, the African Model Law was overlooked by OAPI, ARIPO, and even SADC when designing their PVP laws. And while it may be difficult to rationalize the adoption by OAPI, ARIPO, and SADC of the UPOV Act 1991 when there is an alternative home-grown model, in a way this point substantiates the argument that in areas where the African countries might be poised to derive some benefits from improved and properly tailored IP protections, there are shortcomings

in the drafting of the rules, or their implementation efforts have been least effective. It also validates the notion that technical assistance can (and should) be seen as a vector of ideas and practices that have progressively led to the systemic integration of African countries into the global protection of IP beyond borders, as designed, nurtured, and developed by the Global North. This scenario has led to the curious case of African countries inadvertently neglecting the flexibilities inherent in the international IP system when formulating their national IP laws and policies.

How External Factors Shaped Domestic Intellectual Property Law in Latin America

Juan I. Correa

ABSTRACT

This chapter aims to examine how diverse external factors have influenced the implementation of intellectual property (IP) standards in Latin America. To this end, it first refers to adopting TRIPS-consistent legislation in the region during the transition period granted to developing countries. Second, it examines the influence of the interpretation of domestic IP legislation under the WTO Dispute Settlement Understanding and provides an overview of TRIPS-plus provisions included in some of the free trade agreements signed in the region, among them the most recent ones, the USMCA and the Agreement between the European Union and MERCOSUR (which is not yet in force). Third, it analyzes other external factors which also affect the implementation of national IP regulations, such as the reports regarding the enforcement of IP provisions produced by the United States or the European Union. Fourth, it analyzes situations in which IP rules are deemed directly applicable by national courts – following the constitutional provisions and practices – thereby reducing the room for maneuver to shape domestic legislation. This analysis shows how the recent evolution of IP policy and legislation in Latin America can only be understood based on the external factors that influenced or determined them.

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A. INTRODUCTION

Significant changes have taken place in intellectual property (IP) rights – known as IPRs – in the last decades. These changes have notably been the result of the implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights¹ (hereinafter “the TRIPS Agreement”) and more recently of free trade agreements (FTAs) entered into by a number of Latin American countries that provide for TRIPS-plus standards.² Such changes have also been induced in some cases by other international instruments with IP-related provisions³ and the threat of unilateral trade sanctions, such as those that may be imposed under the Special Section 301 of the US Trade Act.⁴ Thus, the IP landscape in Latin America became far more reflective of the interests of right holders as the legislation expanded the scope of protection and the set of conferred exclusive rights. In many cases the beneficiaries of this protection are foreign right holders who seek registration of their

¹ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994; Marrakesh Agreement Establishing the World Trade Organizations, Annex 1C, 1869 UNTS 299, 33 ILM 1197.

² See, for example, FTA between United States and Peru; FTA between United States and Colombia; FTA between the EU and Chile; FTA between Australia and Chile; FTA between EFTA and Peru.

³ See Convention on Biological Diversity, 1760 UNTS 79, 31 ILM 818 (1992); FAO, International Treaty on Plant Genetic Resources for Food and Agriculture, ITPGRFA (2001); Paris Agreement to the United Nations Framework Convention on Climate Change, Dec. 12, 2015, T.I.A.S. No. 16-1104.

⁴ See in general Carlos M. Correa, “Special Section 301: US Interference with the Design and Implementation of National Patent Laws” (South Centre 2020) 115 <https://www.southcentre.int/wp-content/uploads/2020/07/RP-115.pdf> accessed October 9, 2020.

titles but do not invest or otherwise contribute to the socio-economic development of the Latin American countries where the protection is conferred.

Although a number of flexibilities are allowed by the TRIPS Agreement that may potentially mitigate certain unbalances between right holders' and public interests,⁵ such flexibilities are potentially subject to interpretation by WTO panels and the Appellate Body (AB). In addition, as new multilateral, regional or bilateral agreements are signed up and domestically implemented by Latin American countries, new layers of normative requirements are added to the already existing and complex grid of IPRs. In particular, FTAs have narrowed down the room for the domestic implementation of the TRIPS Agreement through the inclusion of IP chapters that contain TRIPS-plus provisions.⁶ The ensuing strengthening and expansion of IPRs has come into tension with other international and domestic legal regimes, such as in the field of human rights.⁷ As IPRs are constitutionally protected in Latin

- ⁵ See in general Frederick M. Abbott, "The Doha Declaration on the TRIPS Agreement and Public Health: Lighting a Dark Corner at the WTO" (2002) 5 *Journal of International Economic Law* 469; Robin Wright, "The 'Three-Step Test' and the Wider Public Interest: Towards a More Inclusive Interpretation" (2009) 12 *The Journal of World Intellectual Property* 600; Henning Grosse Ruse-Khan, "Assessing the Need for a General Public Interest Exception in the TRIPS Agreement," in Annette Kur (ed.), *Intellectual Property Rights in a Fair World Trade System: Proposals for Reform of TRIPS* (Edward Elgar 2011), pp. 167–207.
- ⁶ Henning Grosse Ruse-Khan et al., "Principles for Intellectual Property Provisions in Bilateral and Regional Agreements" (2013) 44 *IIC – International Review of Intellectual Property and Competition Law* 878; Carlos M. Correa, "TRIPS and TRIPS-Plus Protection and Impacts in Latin America," in Daniel Gervais (ed.), *Intellectual Property, Trade and Development* (Oxford University Press 2014) <https://oxford.universitypressscholarship.com/view/10.1093/acprof:oso/9780199684700.001.0001/acprof-9780199684700-chapter-6> accessed October 13, 2020; Carlos M. Correa and Juan I. Correa, "20 Años de La OMC: La Instrumentación del Acuerdo sobre los Aspectos de los Derechos de Propiedad Intelectual Relacionados con el comercio en América Latina," in Valentina Delich and Dorotea López (eds.), *20 Años de la OMC una perspectiva desde Latinoamérica* (FLACSO Argentina, 2016) <https://www.flacso.org.ar/wp-content/uploads/2016/07/Libro-20-Anos-de-la-OMC.pdf> accessed October 10, 2020.
- ⁷ See in general Laurence R. Helfer and Graeme W. Austin, *Human Rights and Intellectual Property: Mapping the Global Interface* (Cambridge University Press 2011); Christophe Geiger, "Reconceptualizing the Constitutional Dimension of Intellectual Property – An Update" (2019) SSRN Electronic Journal <https://www.ssrn.com/abstract=3496779> accessed October 12, 2020; Christophe Geiger, *Research Handbook on Human Rights and Intellectual Property* (Edward Elgar Publishing 2015) <http://www.elgaronline.com/view/9781783472413.xml> accessed October 12, 2020; Paul L. C. Torremans, *Intellectual Property and Human Rights* (2020) 4th ed., Kluwer Law International <http://www.kluweriplaw.com/book-toc?title=Intellectual%20Property%20and%20Human%20Rights%2C%20Fourth%20Edition> accessed October 31, 2020; World Intellectual Property Organization, United Nations and Office of the High Commissioner for Human Rights (eds.), "Intellectual Property and Human Rights: A Panel Discussion to Commemorate the 50th Anniversary of the Universal Declaration of Human Rights, Geneva, November 9, 1998" (World Intellectual Property Organization, 2000); OHCHR, "Copyright Policy and the Right to Science and Culture" (Human Rights Council, 2015) A/HRC/28/57 <https://undocs.org/en/A/HRC/28/57> accessed 10 October 2020; OHCHR, "Patent Policy and the Right to Science and Culture" (Human Rights Council 2015) A/70/279 <https://undocs.org/en/A/70/279> accessed October 10, 2020; OHCHR, "Intellectual Property Rights and Human Rights: Sub-Commission on Human Rights resolution 2000/7"

America,⁸ their compatibility with other constitutional principles and goals – such as those that mandate the respect of the human right to health, education or culture – has also become problematic.⁹

The FTAs have been one of the main channels for erosion of the TRIPS flexibilities. They had distinctive effects on the national landscape. While TRIPS sought to set out minimum standards in most areas of IP regulations, FTAs sought to implement TRIPS-plus provisions that reduced countries' room for maneuver in national implementation otherwise guaranteed under Articles 1, 7¹⁰ and 8¹¹ of the Agreement.¹²

Latin American countries usually are driven toward the inclusion of IP chapters by developed countries as condition *sine qua non* for negotiations.¹³ There are few instances of prior studies on the potential impact of the obligations contained in the

(Human Rights Council 2007) 2000/07 https://ap.ohchr.org/documents/E/SUBCOM/resolutions/E-CN_4-SUB_2-RES-2000-7.doc accessed October 10, 2020; General Assembly, “The Right to Food. Seed Policies and the Right to Food: Enhancing Agrobiodiversity and Encouraging Innovation” (United Nations 2009) A/64/170 <https://digitallibrary.un.org/record/663241>.

⁸ Constitutional clauses referring to IP rights can currently be found in most Latin American countries, as shown by the following examples: The Argentine Constitution as adopted in 1853, Article 1 in Brazil, the Federal Constitution establishes in its (Article 5) XXVII and Article XXIX, the Political Constitution of Chile Article 19.25, Colombia's Constitution Article 61, Ecuador, Article 322, the Mexican Constitution Article 73 and Article 73 XXV, the Political Constitution of Peru, Article 2.8, and Uruguay's Constitution, Article 33.

⁹ See in general Gustavo Ghidini, *Rethinking Intellectual Property: Balancing Conflicts of Interests in the Constitutional Paradigm* (Edward Elgar Publishing 2018).

¹⁰ Importantly, Articles 7 and 8 of the TRIPS Agreement make it clear that IP should serve to achieve socio-economic welfare and not just the right holders' interests as interpreted by WTO case law. Therefore, when implementing policies related to IPRs, WTO Members can take these articles into consideration in order to safeguard the public interest and adapt as far as possible the IP regime to their particular circumstances and needs.

¹¹ In the WTO's *Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging*, the Panel noted that

the principles reflected in Article 8.1 express the intention of the drafters of the TRIPS Agreement to preserve the ability for WTO Members to pursue certain legitimate societal interests, at the same time as it confirms their recognition that certain measures adopted by WTO Members for such purposes may have an impact on IP rights, and requires that such measures be “consistent with the provisions of the [TRIPS] Agreement.”

¹² Josef Drexler, Henning Grosse Ruse-Khan and Souheir Nadde-Phlix (eds.), *EU Bilateral Trade Agreements and Intellectual Property: For Better or Worse?* vol. 20 (Springer Berlin, Heidelberg, 2014), p. 37 <http://link.springer.com/10.1007/978-3-642-39097-5> accessed October 24, 2020.

¹³ When negotiating among themselves, Latin American countries generally do not include IP chapters with TRIPS-plus provisions. See, for example, FTA between Chile and Colombia, available at: http://www.sice.oas.org/Trade/CHL_COL_FTA/CHL_COL_ind_s.asp; see FTA between Chile and Peru, Article 19.7, available at: http://www.sice.oas.org/Trade/CHL_PER_FTA/Text_s.asp#Art19.7; FTA between Mercosur and Peru Title XVII, available at: <http://www.sice.oas.org/Trade/MRCSRPerACE58/acuerdo.ASP#T%C3%8DTULO%20XVII>.

FTAs and entered into in negotiations, with no clear assessment of the possible implications of the new IP¹⁴ commitments. Hence, these agreements usually lead to international IP rules that do not adequately address the interests of both parties. Until now, the Latin American countries that have subscribed to FTAs have experienced difficulties in reconciling the more stringent and wide-ranging obligations¹⁵ included in these agreements with the need to build up balanced IP protection and enforcement regimes that respond to the overall fundamentals of the system and their national interests.

Several FTAs signed up by Latin American countries include detailed IP chapters,¹⁶ which are regularly requested as part of the negotiated agreements by the United States and the European Union (EU) – but not exclusively by them¹⁷ – while other FTAs include general provisions regarding IP.¹⁸ More recently two FTAs were concluded: the USMCA¹⁹ and the EU–MERCOSUR Agreement (concluded but not ratified yet). Although both agreements contain TRIPS-plus provisions, they focus on different aspects of IPRs. The MERCOSUR Agreement reflects the EU's strong interest in geographical indications (GIs), while the USMCA reflects the US interests in patent law and test data protection.

The purpose of this paper is to analyze how external factors affected the design and implementation of IP legislation in Latin America. To this end, it first refers to the process of adoption of TRIPS-consistent legislation in the region during the transition period granted to developing countries. Second, it examines the possible influence of the interpretation of domestic IP legislation under the WTO Dispute Settlement Understanding (DSU) and provides an overview of TRIPS-plus provisions included in some of the FTAs signed in the region. Third, it analyzes other external factors, such as the reports produced under the Special Section 301 of the

¹⁴ Generally IP serves as a trade-off in the universe of subject areas covered by the agreements (e.g. tariff concessions, services, foreign direct investment and public procurement). See Henning Grosse Ruse-Khan et al., “Principles for Intellectual Property Provisions in Bilateral and Regional Agreements” (2013) 44 *IIC – International Review of Intellectual Property and Competition Law* 878.

¹⁵ See Pedro Roffe, “Free Trade Agreements and the Americas” (2013) *IIC – International Review of Intellectual Property and Competition Law*, 44(8), pp. 932–942.

¹⁶ See, for example, USA–Chile, USA–Colombia, USA–Peru, EU–Peru, EU–Colombia, DR–CAFTA among others, available at: http://www.sice.oas.org/agreements_e.asp.

¹⁷ See, for example, FTA between Colombia–EFTA, Article 6.11 regarding data exclusivity for pharmaceutical products, available at: http://www.sice.oas.org/Trade/COL_EFTA/Final_Texts_e/Text_e.asp#a69.

¹⁸ See, for example, the FTA between Chile and China, Article 111, Intellectual Property. http://www.sice.oas.org/Trade/CHL_CHN/CHL_CHN_e/Text_e.asp#111; Canada–Peru FTA, available at: http://www.sice.oas.org/Trade/CAN_PER/CAN_PER_e/CAN_PER_index_e.asp#FullDoc; see Chile–EFTA Article 46, available at: http://www.sice.oas.org/Trade/Chi-EFTA_e/Text_e.asp#ARTICLE%2046.

¹⁹ United States–Mexico–Canada Agreement, Office of the United States Trade Representative (Nov. 30, 2018), <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement> [hereinafter USMCA].

US Trade Acts and pursuant to the similar mechanism put in place by the EU. Fourth, it analyzes situations in which IP rules are deemed to be directly applicable by national courts – in accordance with the constitutional provisions and practices – thereby reducing the room for maneuver to shape national legislation. Finally, some case law by domestic courts relating to IP standards induced by the TRIPS Agreement or FTAs is summarily mentioned.

B. ADOPTION OF NATIONAL LEGISLATION FOR TRIPS AGREEMENT IMPLEMENTATION

The adoption of the TRIPS Agreement²⁰ marked a paradigm shift in IP law at the global scale. It required the Members of the World Trade Organization (currently numbering 164) to establish minimum standards on patent law as well as on other areas of IP, thereby significantly limiting the flexibilities available to design national policies on the matter and to determine how to balance right holders' and public interests.²¹ While it has been argued that changes to patent laws aiming at strengthening and expanding the scope of IPRs would have taken place anyway – because both the United States and the EU could have used bilateral and regional agreements to increase the levels of protection to the benefit of their industries²² – the TRIPS Agreement enormously simplified that process. It does so by addressing most areas of IP and because it is associated with a mechanism of enforcement that may lead to trade retaliations in case of non-compliance with the minimum standards set forth in the Agreement.²³ The TRIPS Agreement has had a decisive influence in shaping the IP regimes in Latin American countries.²⁴

The developing countries considered that the concessions granted in the TRIPS Agreement would be sufficient to satisfy the demands of developed countries regarding the expansion of IPRs.²⁵ However, immediately after the entry into force of the Agreement, such countries – in particular the United States and the

²⁰ TRIPS (n 1).

²¹ See generally Ruth L. Okediji and Margo A. Bagley (eds.), *Patent Law in Global Perspective* (Oxford University Press 2014) <http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199334278.001.0001/acprof-9780199334278> accessed May 20, 2020.

²² Frederick Abbott, "Rethinking Patents: From 'Intellectual Property' to 'Private Taxation Scheme'," in Peter Drahos, Gustavo Ghidini and Hanns Ullrich (eds.), *Kritika, Essays on Intellectual Property*, vol. 1 (Edward Elgar Publishing Limited 2015), pp. 2–7.

²³ See Part III of the TRIPS Agreement.

²⁴ Correa and Correa (n 6), pp. 239–306.

²⁵ Bryan Mercurio, "TRIPS-Plus Provisions in Ftas: Recent Trends," in Lorand Bartels and Federico Ortino (eds.), *Regional Trade Agreements and the WTO Legal System* (Oxford University Press 2006) <http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199206995.001.0001/acprof-9780199206995-chapter-10> accessed July 17, 2020. See in general Peter K. Yu, "Currents and Crosscurrents in the International Intellectual Property Regime" (2004) 38 *Loyola of Los Angeles Law Review* <https://digitalcommons.lmu.edu/llr/vol38/iss1/7>.

EU – undertook bilateral or regional negotiations aimed at strengthening IPRs with higher standards than those in the TRIPS Agreement.²⁶ Therefore, while developing countries were struggling to internalize the Agreement’s standards, developed countries started to deploy a bilateral or regional strategy that would allow them to increase the protection standards. In particular, they were successful in incorporating new disciplines and in weakening the “flexibilities” allowed by the Agreement, particularly in relation to patents and undisclosed information.²⁷

The expansion of IPRs generated concern among developing countries’ governments, civil society and academics, particularly in relation to the impact on access to medicines – and more broadly, access to knowledge.²⁸ Thus, it was noted that the “[c]ontinuous extension of IP protection and enforcement increases the potential for law and policy conflicts with other rules of international law that aim to protect public health, the environment, biological diversity, food security, access to knowledge and human rights.”²⁹

Given the “developing country” status of Latin American countries, they were allowed, under the transition periods provided for in Article 65 of the TRIPS Agreement, to comply with their obligations as of January 1, 2000, and many developing countries passed TRIPS related legislation only weeks before their January 2000 deadline for its implementation. They were also allowed to delay the granting of product patent protection to areas of technology that were not protectable in their territory until that date, for an additional period of five years. However, no Latin American country made full use of this possibility.³⁰ A number of laws

²⁶ See in general Maximiliano Santa Cruz S., “Intellectual Property Provisions in European Union Trade Agreements: Implications for Developing Countries” (ICTSD 2007) Issue Paper No. 20; Grosse Ruse-Khan et al. (n 6); Pedro Roffe and Luis Mariano Genovesi, “Implementación y administración de los capítulos de propiedad intelectual en los acuerdos de libre comercio con Estados Unidos: La experiencia de cuatro países de América Latina” (BID 2011) BID-PB-129 <https://publications.iadb.org/publications/spanish/document/Implementaci%C3%B3n-y-administraci%C3%B3n-de-los-cap%C3%ADtulos-de-propiedad-intelectual-en-los-acuerdos-de-libre-comercio-con-Estados-Unidos-La-experiencia-de-cuatro-pa%C3%ADses-de-Am%C3%Agrica-Latina.pdf> accessed June 10, 2020.

²⁷ *Op. cit.* Mercurio (n 25).

²⁸ See in general Mercurio (n 25); Carlos M. Correa, “TRIPS and TRIPS-Plus Protection and Impacts in Latin America,” in Daniel Gervais (ed.) (n 6) <https://oxford.universitypressscholarship.com/view/10.1093/acprof:oso/9780199684700.001.0001/acprof-9780199684700-chapter-6> accessed October 14, 2020; Josef Drexl, “The Concept of Trade-Relatedness of Intellectual Property Rights in Times of Post-TRIPS Bilateralism,” in Hanns Ullrich et al. (eds.), *TRIPS plus 20* (Springer Berlin, Heidelberg, 2016) http://link.springer.com/10.1007/978-3-662-48107-3_2 accessed March 24, 2020; Josef Drexl, Henning Grosse Ruse-Khan and Souheir Nadde-Phlix (eds.) (n 12); Okediji and Bagley (n 21).

²⁹ Grosse Ruse-Khan et al. (n 6).

³⁰ Carlos M. Correa, “Implementing the TRIPs Agreement in the Patents Field: Options for Developing Countries” (1998) *The Journal of World Intellectual Property* 1, no. 1, pp. 75–99, <https://doi.org/10.1111/j.1747-1796.1998.tb00004.x>; Maria Auxiliadora Oliveira et al., “Has the implementation of the TRIPS Agreement in Latin America and the Caribbean produced intellectual property legislation that favours public health?” *Bulletin of the World Health*

were, in fact, enacted between 1995 and 2000 in some Latin American countries to comply with the TRIPS Agreement.³¹

Despite the rush to introduce domestic standards consistent with WTO obligations, a few countries in the region were the subject of disputes before the WTO's Dispute Settlement Body (DSB). Both Argentina and Brazil were the subject of actions by the United States. Specifically, the United States attempted to promote a broad interpretation of some provisions in the Agreement, notably in relation to test data and some aspects of patent law.³²

For instance, in the case of Argentina, in 2000 the United States questioned the consistency of the country's Patent Law with Article 31 of the TRIPS Agreement, in particular, the provisions of the Argentine Patent Law No. 24,481 on the availability and grant of compulsory licenses to remedy anti-competitive practices. The objection of the United States concerned the process of granting such licenses, as it wanted to make it clear that there should be an intervention and decision by the competition authority. The United States and Argentina reached an agreement that confirmed that "to justify the granting of a compulsory license the National Commission for the Defense of Competition (or the body that could replace it in the future) must have analyzed the practice in question and issued a decision, based on Law No. 25,156 (Competition Law)."³³

Organization, no. 11 (November 2004), pp. 811–890, <http://www.who.int/bulletin/volumes/82/11/en/815.pdf> accessed October 24, 2020; Carolyn Deere, "The Implementation Game: The TRIPS Agreement and the Global Politics of Intellectual Property Reform in Developing Countries" (Oxford University Press, 2008).

³¹ See, for example, Argentina: Law No. 24,766, passed on December 18, 1998, and published in the *Boletín Oficial* on December 20, 1996, enacts the Law on Confidential Information; Law No. 24,376 on the Protection of New Varieties of Plants, published in the *Boletín Oficial* on October 25, 1994, enacts the International Convention for the Protection of New Varieties of Plants, adopted in Paris on December 2, 1961, and revised in Geneva in 1972 and 1978; Ratification of the Rome Convention of 1961, Law No. 23,921 of March 2, 1993, and the Berne Convention (Paris Act of 1971; Law No. 25,140 of September 24, 1999; regarding copyright, several laws were introduced to comply with TRIPS obligations: Law No. 25,036 of November 11, 1998; Law No. 24,780 of September 16, 1997, Law No. 25,006 of July 15, 1998); geographical indications were enacted by Law No. 25,163; finally, regarding patents, Decree No. 260/96, which was published in the *Boletín Oficial* on March 22, 1996. Annex I of the Decree contains the harmonized text of Law No. 24,481 on Patents and Utility Models, as amended by Law No. 24,572. Brazil: regarding industrial property rights, TRIPS was implemented in May 1996 by the Law on Industrial Property (Law 9,279 of 1996, which covers patents, trademarks and GIs, among others); regarding copyright, the Law No. 9,610 was enacted in 1998. In Mexico, regarding Plant Varieties, the Federal Law on Plant Varieties was published in the *Diario Oficial de la Federación* (Official Journal) on October 25, 1996. A new Federal Law on copyright was enacted in 1997. Regarding industrial property, the Industrial Property Law entered into force in 1994, product of the NAFTA, which already was considered to be in accordance with TRIPS standards.

³² Jean-Frédéric Morin, "Multilateralising TRIPS-Plus Agreements: Is the US Strategy a Failure?" (2009) 12 *The Journal of World Intellectual Property* 175, pp. 185–187.

³³ See WTO documents WT/DS171/3, WT/DS196/4, IP/D/18/Add.1, IP/D/22/Add.1.

The United States requested consultations with Brazil regarding the provisions of Brazil's 1996 industrial property law and other related measures that established a "local working" requirement for the enjoyability of exclusive patent rights. The United States asserted that the "local working" requirement could only be satisfied by the local production – and not the importation – of the patented subject-matter.³⁴ More specifically, the United States noted that Brazil's "local working" requirement stipulated that a patent shall be subject to compulsory licensing if the subject-matter of the patent was not "worked" in the territory of Brazil.³⁵ The United States further noted that Brazil explicitly defined "failure to be worked" as "failure to manufacture or incomplete manufacture of the product" or "failure to make full use of the patented process"; the United States considered that such a requirement was inconsistent with Brazil's obligations under Articles 27 and 28 of the TRIPS Agreement as well as Article III of the GATT 1994.³⁶ As in the Argentinian process, the United States and Brazil reached a compromise before the establishment of a panel, as the Brazilian Government agreed that, in the event it was deemed necessary to apply Article 68 to grant compulsory license on patents held by the US companies, prior talks on the matter would be held with the US Government.³⁷

While both disputes were settled between the parties, they demonstrate the intention of the United States to use the DSU as a mechanism to restrict countries' space in the interpretation of the TRIPS Agreement's provisions, while ensuring consistency of national provisions with the Agreement, which had already resulted in considerable reduction of the room for maneuver in the implementation of IP in the light of other public policies.

The rush to implement the obligations under the Agreement may be one of the reasons why some countries did not develop a balanced IP policy, as shown years later – for instance, in relation to patentability of pharmaceutical products or patentable subject-matter³⁸ or the extension of the term of copyright protection.³⁹

³⁴ See DS199: Brazil – Measures Affecting Patent Protection, https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds199_e.htm.

³⁵ *Ibid.*

³⁶ *Ibid.*

³⁷ See G/L/454 IP/D/23/Add.1 Brazil – Measures Affecting Patent Protection – Notification of Mutually Agreed Solution of July 19, 2001

³⁸ Carlos M. Correa and Abdulqawi Yusuf (eds.), *Intellectual Property and International Trade: The TRIPS Agreement* (3rd ed., Wolters Kluwer 2016), pp. 265–274.

³⁹ Christophe Geiger, *Droit d'auteur et droit du public à l'information: approche de droit comparé* (Litec, 2004); Ruth Dreifuss and Festus Gontebanye Mogae, "High-Level Panel on Access to Medicines Report: Promoting Innovation and Access to Health Technologies" (UN Secretary General 2016) <http://www.unsgaccessmeds.org/final-report> accessed October 10, 2020; Satish Verma, "TRIPS Agreement and Access to Medicines" <https://www.kansai-u.ac.jp/ILS/publication/asset/nomos/29/nomos29-06.pdf> accessed June 10, 2020; Jeroen Van Wijk, "How Does Stronger Protection of Intellectual Property Rights Affect Seed Supply? Early Evidence of Impact" (1996) Overseas Development Institute, London <http://hdl.handle.net/10535/4379> accessed November 2, 2020.

The effects of stronger IP rights in developing countries had a direct effect on the procurement of HIV drugs.⁴⁰ For example, in Brazil, by the late 1990s, the annual per-patient cost of HIV treatment was nearly US\$5,000 – at a time when treatment featured almost exclusively unpatented drugs. As more people began treatment and as patients migrated to expensive second-line regimens based on drugs that were patented under Brazil's new IP law, the program would become unsustainable. Hence, Brazil undertook several modifications of its patent policy in order to improve local capacity and to acquire less expensive generic versions of newer drugs from both foreign and local suppliers, including (for instance) the reform of the compulsory licenses regime.⁴¹

Not only was the implementation of the TRIPS Agreement by many Latin American countries premature. In addition, despite knowing the implications of such implementation, as noted above, several countries in the region entered into negotiations of a number of trade agreements that would end up reducing the margin provided for in TRIPS Agreement even further. Another important aspect to analyze in the implementation of national regulations is the threat of potential claims under the DSU, as discussed below.

C. MULTILATERAL AND BILATERAL FACTORS IN DOMESTIC IMPLEMENTATION

I. *Analysis of Domestic Legislation under WTO Rules*

Another factor that can influence the design and implementation of domestic IP regulations is the way in which panels and the AB of the WTO interpret the TRIPS provisions. Narrow interpretations, in particular, may expose WTO Members to complaints and eventually trade retaliations by other Members. Although no direct evidence exists how this might have influenced the implementation of the TRIPS Agreement in Latin America, it can be presumed that it is a factor that regulators have considered in adopting the implementing regulations. One possible example is the fact that, except Brazil and Argentina, other Latin American countries have not maintained or introduced compulsory licenses on the grounds of lack of working of a patent, which may be attributed to the ambiguity of the TRIPS Agreement in this regard⁴² and the risk of complaints under the DSU. As pointed out by Gazzini, the obligations deriving from Membership in the WTO

⁴⁰ Kenneth C. Shadlen, "The Politics of Patents and Drugs in Brazil and Mexico: The Industrial Bases of Health Policies" (2009) 42 *Comparative Politics* 41, pp. 47–50.

⁴¹ *Ibid.*, pp. 4–7.

⁴² Carlos M. Correa, *Trade Related Aspects of Intellectual Property Rights: A Commentary* (2nd ed., Oxford University Press 2020), p. 309.

are never inherently indivisible or *erga omnes* in the sense elaborated by the International Court of Justice in the field of human rights. As a rule, remedies for violations of WTO obligations remain available only to the Member(s) whose international trade interests have been affected, in actual or potential terms. Nonetheless, contracting parties have decided to extend to a limited number of WTO obligations the legal regime of indivisible obligation and to consider immaterial for the purpose of resorting to the dispute settlement system the effects of their violations. WTO obligations, therefore, are not a monolithic bloc.⁴³

Hence, the violation of a WTO rule may affect or threaten to affect the legally protected interests of one or more – but not necessarily all – Members. As a rule, resort to the WTO dispute settlement system is open to Members whose trade has suffered, in actual or potential terms, from the violation of WTO obligations.⁴⁴ However, Article 3(8) of the DSU introduces the presumption that violations of WTO obligations cause nullification or impairment of the benefits of the Members. The respondent can challenge such a presumption, and if the challenge is successful then adjudication is precluded.⁴⁵

The possibility, and admissibility, of differences in the implementation of the provisions of the TRIPS Agreement are expressly recognized in Article 1.1 of the Agreement: “Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice.” But such possible differences are subject to limits, as this provision only allows for choices regarding the “method of implementation” but not the substantive or enforcement standard as such.

In many cases, the space for different interpretations derives from general expressions or ambiguities in the text resulting from compromises reached in the negotiation of the Agreement. The room for different interpretations may also result from the absence of definitions. An example is the lack of one definition of the concept of “invention,”⁴⁶ which differs among countries and allows WTO Members not to grant patents, for instance, on developments without a technical effect (such as under European law), or to grant or not grant patents on genetic materials as found in nature.⁴⁷ Thus, the Brazilian patent law expressly excludes from the concept of

⁴³ Tarcisio Gazzini, “The Legal Nature of WTO Obligations and the Consequences of their Violation” (2006) 17 *European Journal of International Law* 723.

⁴⁴ *Ibid.*

⁴⁵ See EC – Regime for the Importation, Sale and Distribution of Bananas, Appellate Body, WT/DS27/AB/R.

⁴⁶ For example, it is possible to find distinctions in the interpretation of Article 27 of TRIPS Agreement made by Latin-American countries of the requirement of invention in patent law. In the case of Argentina, Chile, Costa Rica and Mexico, their legislation includes express references to the concept of invention, while Decision 486, which governs the countries of the Andean Community, in particular Colombia and Peru, does not establish a concept of invention. The same occurs in the cases of Brazil and Uruguay.

⁴⁷ Mari Minn, “Patenting of Genetic Research in Europe and the U.S.: A Questionable Future for Diagnostic Methods and Personalized Medicines,” *Biotechnology Law Report*, vol. 38, No.

invention the area of isolated genes,⁴⁸ a provision that is absent from other laws in the region.

WTO jurisprudence has already established, through several decisions, the degree of scrutiny available to the DSB over a Member country's domestic legislation. In particular, it has established that in order to determine whether the implementation of legislation is contrary to TRIPS Agreement, the DSB must analyze such provisions to determine the extent of a country's violation.

A first significant distinction is whether the legislation that is the object of a complaint is mandatory or discretionary – meaning the law as such or the application of that law. Only legislation that mandates a violation of WTO obligations can be found as such to be inconsistent with those obligations. By contrast, legislation that merely gives discretion to the executive authority of a Member to act inconsistently with the WTO Agreement cannot be challenged as such. Thus, where discretionary authority is vested in the executive branch of a WTO Member, it cannot be assumed that the Member will fail to implement its obligations under the WTO Agreement in good faith. According to this approach, the test is whether or not the legislation in question allows the administrative authorities to abide by that Member's WTO obligations.⁴⁹

Another important issue, which may influence domestic implementation, is the extent to which WTO panels or the AB may interpret domestic law in order to establish a violation of the TRIPS Agreement (and other WTO agreements). In the *India – Patents (US)* case, the AB stated that “[i]t is clear that an examination of the relevant aspects of Indian municipal law . . . is essential to determining whether India has complied with its obligations under Article 70.8(a) [of the TRIPS Agreement]. There was simply no way for the Panel to make this determination without engaging in an examination of Indian law.”⁵⁰ This was further developed in the US Section 301 case, where the AB indicated that:

Our mandate is to examine Sections 301–310 solely for the purpose of determining whether the US meets its WTO obligations. In doing so, we do not, as noted by the

2 (2019) <https://www.liebertpub.com/doi/10.1089/blr.2019.29108.mm> accessed November 10, 2020.

⁴⁸ Presidency of the Republic, Law on Industrial Property Law No. 10.196 that modifies and adds provisions to Law No. 9.279 of May 14, 1996 (2001). Chapter II, Section 1 Article 10.IX excludes from patentability “all or part of natural living beings and biological materials found in nature, even if isolated therefrom, including the genome or germoplasm of any natural living being, and the natural biological processes.”

⁴⁹ WT/DS152/R United States – Sections 301–310 of the Trade Act of 1974 – Report of the Panel, p. 305. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds152_e.htm accessed November 5, 2020.

⁵⁰ Appellate Body Report on *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products* (“*India – Patents (US)*”), WT/DS50/AB/R, para 66.

Appellate Body in India – Patents (US)⁶³⁴, interpret US law “as such”, the way we would, say, interpret provisions of the covered agreements. We are, instead, called upon to establish the meaning of Sections 301–310 as factual elements and to check whether these factual elements constitute conduct by the US contrary to its WTO obligations.⁵¹

It may be noted that in the US case against India on TRIPS, the United States had complained that the Indian law did not provide specifically the so-called “mailbox” provisions for the patent authority to receive applications for process or product patents in the pharmaceutical and chemical sector. The panel and the AB found that India had not complied with its obligations under Article 70.8 and 70.9, thus India was in violation of its WTO obligations over its failure to enact a specific law in terms of its WTO obligations.

In the case of the US Section 301 laws, the EC indicated that “Section 301 provides uncertainty about the possible use by the United States of unilateral measures ‘inconsistent with the Uruguay Round dispute settlement rules.’” This defeats the purpose pursued by the Uruguay Round participants when they agreed to adopt the DSU, namely, to provide security and predictability to the multilateral trading system (Article 3.2 of the DSU)⁵² and Article 23 of the DSU, which prohibits unilateralism in the framework of the WTO dispute settlement procedures. Members must await the adoption of a panel or AB report by the DSB or the rendering of an arbitration decision under Article 22.

At issue in the case were the interpretation of these provisions of US law, how far they comply with the requirements of the WTO and its dispute settlement understandings, and whether the US law was discretionary or mandatory on the administration. Contrary to the Indian case, the panel found that the challenged sections of the US Trade Act of 1974 were not inconsistent with Article 23.2(a) or (c) of the DSU or with any of the GATT 1994 provisions cited. In particular, the panel noted that the language provided in the US Statement of Administrative Action approved by the US Congress at the time it implemented the Uruguay Round agreements and confirmed in the statements by the United States to the panel was enough to comply with US obligations under the WTO.⁵³

This jurisprudence limits the degree of interference that WTO panels and the AB may have in influencing national or regional IP regulations, but does not prevent them from providing “clarifications” of the TRIPS Agreement that may narrow down the flexibilities available to WTO Members. It is worth recalling that Latin

⁵¹ United States – Sections 301–310 of the Trade Act of 1974, WT/DS152/R, adopted January 27, 2000, para. 7.18.

⁵² *Ibid.*, para 4.40.

⁵³ *Ibid.*, para. 8.1.

American countries were bound to implement the TRIPS Agreement's obligations by January 1, 2000, before any significant case law on the interpretation of some of its key provisions⁵⁴ and, importantly, before the adoption of the Doha Declaration on the TRIPS Agreement and Public Health – which confirmed some of the flexibilities allowed under the Agreement and the interpretive value of its Articles 7 and 8.⁵⁵ As shown by the limited recognition of such flexibilities in most Latin American IP laws,⁵⁶ governments in the region in general adopted a cautious approach in the interpretation of the Agreement's provisions.

II. IP Provisions in FTAs

Since the 1990s, more than seventy FTAs have been signed by Latin American countries, with other developing or developed countries. In particular, FTAs signed between Latin American and developed countries have introduced TRIPS-plus standards on patents, test data, copyright, trademarks, plant varieties protection and other IP categories.

Interestingly, the EU did not pursue agreements with ambitious IP provisions until 2006. Prior to that, IP clauses were general and had a greater focus on GIs. Since 2006, the level of protection asked for by the EU has increased considerably. The EU's new external IP policy seems to follow, in many respects, the aggressive stance taken by the United States on IP in its own FTAs.⁵⁷ The following subsections present an overview of such TRIPS-plus provisions in both FTAs signed by the United States and the EU.

⁵⁴ The jurisprudence of the WTO regarding implementation of domestic policies and IP shows that when a Member State has to address a policy objective, such as public health, the TRIPS Agreement provides for some policy space to establish a balance between public interests and the right-holders' exclusive rights. It also reaffirms the rights of the Members to establish policies in conformity with Articles 7 and 8 of TRIPS. See for example *EC – Trademarks and Geographical Indications WT/DS290*, *Canada – Patent Protection of Pharmaceutical Products WT/DS114/13*; *Australia – Certain Measures Concerning Trademarks, Geographical Indications and Other Plain Packaging Requirements Applicable to Tobacco Products and Packaging WT/DS435/28 WT/DS441/29*.

⁵⁵ See Peter Yu, "The Objectives and Principles of the TRIPS Agreement" (2009) 46 *Houston law Review* 797.

⁵⁶ For example, not many countries have granted or clear procedures for compulsory licenses. See Carlos M. Correa (2015), "The Use of Compulsory Licences in Latin America" in Hilty R. and Liu K. C. (eds.), *Compulsory Licensing: MPI Studies on Intellectual Property and Competition Law*, vol 22., Springer Berlin, Heidelberg https://doi.org/10.1007/978-3-642-54704-1_3 accessed November 10, 2020.

⁵⁷ Anke Moerland, "Do Developing Countries Have a Say? Bilateral and Regional Intellectual Property Negotiations with the EU" (2017) 48 *IIC – International Review of Intellectual Property and Competition Law* 760, p. 763.

In the area of patents, the FTAs negotiated by the United States with Chile,⁵⁸ Colombia⁵⁹ and Peru,⁶⁰ as well as the DR–CAFTA⁶¹ regarding the Andean Community with the EU,⁶² state that the contracting parties shall extend the term of protection a patent “to compensate the patent owner for unreasonable curtailment of the effective patent term resulting from the first marketing approval of that product in that party.”

For instance, the FTAs with the United States require each party, at the request of the patent owner, to adjust the duration of a patent “to compensate for unreasonable delays in the granting of the patent” (Chile–US Article 17.9.6; DR–CAFTA, Article 15.9 o.5). The FTAs with the United States – namely Chile (Article 17.10.2 (a)) and DR–CAFTA (Article 15.9.6 (b)) – also contain a provision requiring an extension of the patent term to compensate the patent holder for an “unreasonable” delay in approving the marketing of pharmaceutical or agricultural chemical products. In the EU–Colombia/Perú/Ecuador FTA, Article 231 includes a “best efforts” obligation to process the corresponding application expeditiously with a view to avoiding unreasonable delays.⁶³

Regarding copyright, several FTAs extended the duration of protection to the life of the author plus seventy years from his or her death for most works (including photographic works). The term of protection of sound recordings and audiovisual works was also extended to seventy years from their publication.⁶⁴ Other rules

⁵⁸ Free Trade Agreement Chile–United States in force since 2004. Chapter 17, available at: http://www.sice.oas.org/Trade/chiusa_s/Text_s.asp#Chap17s.

⁵⁹ FTA between United States and Colombia, entry into force 2012, Chapter 16 – Intellectual Property, available at: http://www.sice.oas.org/Trade/COL_USA_TPA_e/Index_e.asp.

⁶⁰ FTA between United States and Peru, entry into force 2009, Chapter 16 – Intellectual Property, available at: http://www.sice.oas.org/Trade/PER_USA/PER_USA_e/Index_e.asp.

⁶¹ DR–CAFTA, Free Trade Agreement between United States, Central-America and Dominican Republic, in force for Costa Rica since January 2009, available at: http://www.sice.oas.org/Trade/CAFTA/CAFTADR/CAFTADRin_s.asp#IPR.

⁶² See, for example, Free Trade Agreement between the EU and Colombia and Peru, Article 230. Patents, in force since 2013, available at: https://www.sice.oas.org/Trade/COL_PER_EU_FTA/COL_EU_Accord_e.pdf; DR–CAFTA, Free Trade Agreement between United States, Central-America and Dominican Republic, in force for Costa Rica since January 2009, available at:

http://www.sice.oas.org/Trade/CAFTA/CAFTADR/CAFTADRin_s.asp#IPR; USMCA (Agreement between United States, Mexico and Canada), in force since 2020, available at: <https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/20%20Intellectual%20Property%20Rights.pdf>.

⁶³ See FTA between the EU and Colombia and Peru, Article 231.

⁶⁴ See, for example, Free Trade Agreement between the United States and Chile, Article 17.5. Obligations Common to Copyright and related Rights, in force since 2004, available at: http://www.sice.oas.org/Trade/chiusa_e/chiusa_ind_e.asp; Free Trade Agreement between the United States and Colombia, Article 16.5. Obligations Common to Copyright and related Rights, in force since 2012, available at: http://www.sice.oas.org/Trade/COL_USA_TPA_e/Index_e.asp; Free Trade Agreement between the EU and Colombia and Peru, Article 218. Patents, in force since 2013, available at: http://www.sice.oas.org/Trade/COL_PER_EU_FTA/COL_EU_Accord_e.pdf.

introduced by FTAs include the reproduction rights of transitory copies; the right to control any technological form of transmission of works, including interactive transmissions over electronic networks such as the Internet, with minor exceptions for analog reproductions and transmissions of sound recordings and performances; technological protection measures (TPMs), with limited exceptions;⁶⁵ and the prohibition of the removal or alteration of electronic rights management information.⁶⁶

Concerning plant varieties protection, the FTAs signed by the United States and the EU forced some Latin American countries to join UPOV 1991,⁶⁷ a less flexible regime compared to UPOV 1978, particularly in relation to the “farmer’s privilege.” As a result, Costa Rica, Chile, Dominican Republic, Panama and Peru are now parties to UPOV 1991.⁶⁸

Regarding trademarks, several FTAs in Latin America integrate sound marks as a mandatory subject-matter, and scent as an optional one.⁶⁹ Many US FTAs prohibit the denial of trademark registration solely on the grounds that the sign of which it is composed is a sound or a scent. An enhanced protection of well-known marks is also provided for in all US and EU FTAs. Internet-related IP referred to in the US FTAs includes domain names. In order to address the problems of trademark cyberpiracy, the US FTAs require that a party’s country-code top level domain (ccTLD) provides

⁶⁵ See, for example, Free Trade Agreement between the United States and Chile, Article 17.7.4. Obligations Common to Copyright and related Rights, in force since 2004, available at: http://www.sice.oas.org/Trade/chiusa_e/chiusaind_e.asp; Free Trade Agreement between the United States and Colombia, Article 16.7.4. Obligations Common to Copyright and related Rights, in force since 2012, available at: http://www.sice.oas.org/Trade/COL_USA_TPA_e/Index_e.asp; Free Trade Agreement between the EU and Colombia and Peru, Article 221–222. Patents, in force since 2013, available at: http://www.sice.oas.org/Trade/COL_PER_EU_FTA/COL_EU_Accord_e.pdf.

⁶⁶ See, for example, Free Trade Agreement between the EU and Colombia and Peru, Article 230. Patents, in force since 2013, available at: http://www.sice.oas.org/Trade/COL_PER_EU_FTA/COL_EU_Accord_e.pdf.

⁶⁷ See, for example, USMCA (Agreement between United States, Mexico and Canada), in force since 2020, available at: <https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/20%20Intellectual%20Property%20Rights.pdf>; Free Trade Agreement between the EU and Colombia and Peru, Article 230. Patents, in force since 2013, available at: http://www.sice.oas.org/Trade/COL_PER_EU_FTA/COL_EU_Accord_e.pdf.

⁶⁸ UPOV, “Members of the International Union for the Protection of New Varieties of Plants” (UPOV 2020) <https://www.upov.int/export/sites/upov/members/en/pdf/pub423.pdf> accessed October 10, 2020.

⁶⁹ See, for example, Free Trade Agreement between the United States and Chile, Article 17.2.1 Obligations Common to Copyright and related Rights, in force since 2004, available at: http://www.sice.oas.org/Trade/chiusa_e/chiusaind_e.asp; DR-CAFTA, Article 15.2.1, Free Trade Agreement between United States, Central-America and Dominican Republic, in force for Costa Rica since January 2009, available at:

http://www.sice.oas.org/Trade/CAFTA/CAFTADR/CAFTADRin_s.asp#IPRz.

a dispute procedure based on the uniform domain-name policy (UDP) as well as online public access to a database of contact information.⁷⁰

Finally, regarding GIs, the FTA signed between the EU and Colombia and Peru shows the profound asymmetry in the economic interests of the parties with respect to the protection of these indications. While the EU obtained the recognition of a list of several pages of GIs, only two Colombian and four Peruvian indications are recognized.⁷¹ While the European approach in the FTA has been the *sui generis* form of protection for GIs as applied in European countries, the FTAs signed with the United States provide for the protection of GIs through trademarks or a *sui generis* system or other legal means.⁷² The GI protection has been significantly enhanced in FTAs with the EU but not in FTAs with other countries. For instance, in the FTA between South Korea and Chile, while the protection of GIs is included, the list consists of only three GIs from Chile (other than for wines, for which the number is larger), and the same number from South Korea,⁷³ while the FTA between Korea and the EU includes a greater number of South Korean GIs.⁷⁴

The bilateral and regional approaches used by the United States and the EU in Latin America – as well as in other regions⁷⁵ – increased the tension between IPRs and constitutionally guaranteed human rights. In effect, by using regional or bilateral processes, in which developing countries have limited negotiating capacity, the FTAs introduced obligations that may undermine the realization of human rights.⁷⁶

⁷⁰ See, for example, Free Trade Agreement between the United States and Chile, Article 17.3.2 Obligations Common to Copyright and related Rights, in force since 2004, available at: http://www.sice.oas.org/Trade/chiusa_e/chiusaing_e.asp; Free Trade Agreement between the United States and Colombia, Article 16.4.2 Obligations Common to Copyright and related Rights, in force since 2012, available at: http://www.sice.oas.org/Trade/COL_USA_TPA_e/Index_e.asp; DR-CAFTA, Article 15.4.2, Free Trade Agreement between the United States, Central America and Dominican Republic, in force for Costa Rica since January 2009, available at: http://www.sice.oas.org/Trade/CAFTA/CAFTADR/CAFTADRin_s.asp#IPR; Free Trade Agreement between the United States and Peru, Article 16.4.2, in force since 2004, available at: http://www.sice.oas.org/Trade/PER_USA/PER_USA_e/PER_USA_text_e.asp#a168.

⁷¹ Free Trade Agreement between the EU and Colombia and Peru, Article 230. Patents, in force since 2013, available at: http://www.sice.oas.org/Trade/COL_PER_EU_FTA/COL_EU_Accord_e.pdf.

⁷² See USMCA (Agreement between the United States, Mexico and Canada), Article 20.29, in force since 2020, available at: <https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/20%20Intellectual%20Property%20Rights.pdf>.

⁷³ See Free Trade Agreement Chile–Korea, Annex 16.4.3, 16.4.4, 16.4.5, in force since April 2004, available at: http://www.sice.oas.org/Trade/Chi-SKorea_e/ChiKoreaing_e.asp.

⁷⁴ See Annex 10-A, PART B, GEOGRAPHICAL INDICATIONS FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS ORIGINATING IN SOUTH KOREA, available at: https://publications.europa.eu/resource/cellar/09667d5d-f987-4dc5-82d7-69260c796508.0006.03/DOC_1#ntri-L_2011127EN.01131901-E0001.

⁷⁵ See, for example, Christoph Antons and Reto M. Hilty (eds.), *Intellectual Property and Free Trade Agreements in the Asia-Pacific Region* (1st ed., Springer Berlin, Heidelberg, 2015).

⁷⁶ Peter Yu, “EU Economic Partnership Agreements and International Human Rights,” in Drexler, Grosse Ruse-Khan and Nadde-Phlix (n 12), pp. 123–125.

As noted in a set of principles issued by the Max Planck Institute for Intellectual Property and Competition Law,

[c]ontinuous extension of IP protection and enforcement increases the potential for law and policy conflicts with other rules of international law that aim to protect public health, the environment, biological diversity, food security, access to knowledge and human rights. At the same time, such extension often counters, rather than facilitates, the core IP goal of promoting innovation and creativity.⁷⁷

The above-mentioned TRIPS-plus provisions in accordance with the European and US standards on IPRs, as transplanted through FTAs, are not generally adapted to the situation and needs of the receiving jurisdictions. As the prescriptive language used does not leave much policy space for adaptations during the implementation phase,⁷⁸ the effect is that the provisions may stay extraneous to the system. Also, it is important to note that the exceptions, limitations and other checks and balances present in the EU domestic system are mostly not transcribed into the FTAs. The effect is that the partner country is left with a higher level of IP protection and enforcement than the EU in its domestic law.⁷⁹

The most recent FTAs signed by Latin American countries present specific features that are briefly described below. It is, in particular, interesting to note what may be seen as a change in EU policy regarding TRIPS-plus provisions on patents and data protection, which is somehow reminiscent of the EU position in the CARIFORUM Agreement.⁸⁰

III. *Trends in the Most Recent FTAs Involving Latin American Countries*

1. The USMCA Free Trade Agreement

In late 2018, the United States, Canada and Mexico signed a new trade agreement, known as the United States–Mexico–Canada Agreement or USMCA. It updates and replaces the old North American Free Trade Agreement (NAFTA) and introduces new provisions regarding IPRs. In particular, the United States was able to introduce IP provisions included in the draft Trans–Pacific Partnership (TPP), from which the

⁷⁷ Grosse Ruse-Khan et al. (n 6).

⁷⁸ See, however, Carlos M. Correa, “Mitigating the Regulatory Constraints Imposed by Intellectual Property Rules under Free Trade Agreements” (South Centre 2017) Research Paper 57, p. 27, https://www.southcentre.int/wp-content/uploads/2017/02/RP74_Mitigating-the-Regulatory-Constraints-Imposed-by-Intellectual-Property-Rules-under-Free-Trade-Agreements_EN-1.pdf accessed February 2, 2021.

⁷⁹ Moerland (n 57), 765.

⁸⁰ See Economic Partnership Agreement between the CARIFORUM States and the European Community, Provisional application since December 29, 2008, Chapter 2 http://www.sice.oas.org/Trade/CAR_EU_EPA_e/careu_in_e.ASP.

United States withdrew in January 2017,⁸¹ and which were subsequently suspended in the Comprehensive and Progressive Agreement for Trans–Pacific Partnership (CPTPP).⁸²

It is interesting to note that the NAFTA largely reflects the TRIPS Agreement, as several of its provisions were taken by the United States from the text under negotiation in GATT. In this respect, NAFTA represents the first major agreement, modeled on the TRIPS Agreement but going beyond it in a number of areas, such as regulated products and enforcement issues.⁸³

In the field of patent law, the USMCA goes beyond the level of protection seen in previous FTAs, as it introduces most of the provisions negotiated in the failed TPP Agreement. This is particularly the case in the area of “secondary” patents. The USMCA text indicates that patents have to be available for “new uses of a known product, new methods of using a known product, or new processes of using a known product.”⁸⁴ This provision requires the patentability of second indication patents, which facilitates “evergreening” of pharmaceutical patents.⁸⁵ Under Mexican law, before the USMCA, patents cannot be granted for new uses, which was fully consistent with TRIPS, hence in order to implement the new provision the industrial property law was amended.⁸⁶

⁸¹ See USTR, Press release: The United States Officially Withdraws from the Trans-Pacific Partnership (USTR 2017), <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2017/january/US-Withdraws-From-TPP> accessed January 23, 2021.

⁸² In 2017, then-US President Donald Trump signed an executive order withdrawing the United States from the TPP. Although it was thought that the TPP would not enter into force, the Asia-Pacific Economic Cooperation (APEC) summit gave new life to the TPP agreement by renaming it the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The new text regarding IP limits the scope of provisions and suspensions of some of the provisions in TPP Agreement; see Pratyush Nath Upreti, “From TPP to CPTPP: Why Intellectual Property Matters” (2018) 13 *Journal of Intellectual Property Law & Practice*, p. 100.

⁸³ Drexler, Grosse Ruse-Khan and Nadde-Phlix (n 12); Susy Frankel, “The Trademark Provisions in Post-TRIPS Mega-Regional Trade Agreements,” in Irene Calboli and Jane C. Ginsburg (eds.), *The Cambridge Handbook of International and Comparative Trademark Law* (1st ed., Cambridge University Press 2020) https://www.cambridge.org/core/product/identifier/9781108399456%23CN-bp-4/type/book_part accessed May 13, 2021; “NAFTA Is Renegotiated and Signed by the United States” (2019) 113 *American Journal of International Law* 150; Peter K. Yu, “Data Exclusivities and the Limits to TRIPS Harmonization” (2019) 46 *Fla. St. U. L. Rev.* 641 available at: <https://scholarship.law.tamu.edu/facscholar/1342>.

⁸⁴ USMCA (n 19), Article 20.36 paragraph 2.

⁸⁵ See in general Bhaven N. Sampat and Kenneth C. Shadlen, “TRIPS Implementation and Secondary Pharmaceutical Patenting in Brazil and India,” (2015) 50 *Studies in Comparative International Development* 228; Gaurav Dwivedi, Sharanabasava Hallihosur and Latha Rangan, “Evergreening: A Deceptive Device in Patent Rights” (2010) 32 *Technology in Society* 324.

⁸⁶ Article 45 of the New Industrial Property Law of Mexico established that any substance, compound or composition included in the prior art shall not be excluded from patentability, provided that its use is new. Translated by the author. See México, *Ley Federal de Protección a la Propiedad Industrial*, DOF-01-07-2020, published July 1, 2020, available at: http://www.diputados.gob.mx/LeyesBiblio/pdf/LFPPI_010720.pdf.

Another TRIPS-plus commitment relates to the patent term adjustment (i.e. extension) for “unreasonable” delays by a granting authority, which sets out a period of five years from the date of filing of an application, or three years from the request of examination, as the periods “reasonable” for the granting of a patent.⁸⁷ The text also includes a patent term extension for “unreasonable or unnecessary” delays in the marketing approval of pharmaceutical patents.⁸⁸ This provision evokes the patent term extension available under the 1984 Drug Price Competition and Patent Restoration Act, also known as the Hatch–Waxman Act in the United States and the Supplementary Protection Certificates established in the EU.⁸⁹ This provision – also included in several FTAs as seen in the previous section – may bring about major difficulties to the health sector and economies of the partner countries.⁹⁰ However, contrary to the United States and EU regulations, the FTA does not provide for a limit to the length of the patent term extension.⁹¹

The USMCA also provides TRIPS-plus commitments regarding the protection of undisclosed test or other data submitted to regulatory authorities, which prevent regulators from using the clinical trial data submitted by the originator company to assess an application from a generic company for a period of time (at least five years for new pharmaceutical products, and either an additional three years for test data submitted to support a new use or formulation, or five years for combination products including a drug that has not previously been approved).⁹² It further provides a ten-year period of “effective market protection” for biologicals (medicines produced from living cells and other biological materials via biotechnology processes),⁹³ the longest period of market protection for such drugs negotiated in a trade agreement to date.⁹⁴

⁸⁷ USMCA (n 19) Article 20.44., para. 4.

⁸⁸ *Ibid.*, Article 20.46.

⁸⁹ See in general John Miles, “Supplementary Protection Certificates for Medicinal Products: Where Are We Now and What Challenges Lay Ahead?” (2012) 1 *Pharmaceutical Patent Analyst* 275; “Explanatory Memorandum to the Proposal for a European Parliament and Council Regulation (EC), of 9 December 1994, Concerning the Creation of a Supplementary Protection Certificate for Plant Protection Products” (European Commission 1994) (COM (94) 579 final) <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:1994:0579:FIN:EN:PDF>.

⁹⁰ See in general Daniel Acquah, “Extending the Limits of Protection of Pharmaceutical Patents and Data Outside the EU – Is There a Need to Rebalance?” (2014) 45 *IIC – International Review of Intellectual Property and Competition Law* 256.

⁹¹ Carlos M. Correa, “Implications of Bilateral Free Trade Agreements on Access to Medicines” (2006) 84 *Public Health reviews*, <https://www.who.int/bulletin/volumes/84/5/399.pdf?ua=1> accessed February 3, 2021.

⁹² USMCA (n 19), at Article 20.48.

⁹³ *Ibid.*, at Article 20.49.

⁹⁴ Ronald Labonté et al., “USMCA (NAFTA 2.0): Tightening the Constraints on the Right to Regulate for Public Health” (2019) 15 *Globalization and Health* 35.

The USMCA also includes the “patent linkage”⁹⁵ obligation found in other FTAs, which establishes a linkage between the patent status of medicines and the marketing approval process, potentially delaying the market entry of generics while disputes over possible patent infringement are resolved.⁹⁶

Regarding trademarks, the USMCA established that a sign does not need to be visually perceptible as a condition of registration. This indicates that parties cannot deny a registration of a trademark solely on the ground that the proposed mark is a sound. Hence, it limits the grounds for denying registration.⁹⁷ That is not all: the USMCA also broadened the scope of protection on the use of identical or similar signs. In both agreements, it is prohibited to use similar or identical trademarks, including subsequent GIs, without consent from the owner for goods or services that are “related” to those goods and services in respect of which the owner’s trademark is registered. The TRIPS uses the wording “identical and similar,” which is a tighter definition than “related.” The USMCA also requires that Article 6bis of the Paris Convention apply *mutatis mutandis*, which means that countries may make necessary alterations to adapt their laws to the required protection.⁹⁸

In addition, the USMCA has included several grounds on which the parties cannot refuse to provide protection for well-known marks. These grounds include that the mark must be registered in the party providing the protection or in another jurisdiction; or that it is given recognition as a well-known trademark. Although “well-known” is not fully defined, the parties agree to “recognize the importance” of WIPO’s Joint Recommendations Concerning Provisions on the Protection of Well-Known Marks.⁹⁹ Well-known mark protection in a global setting is controversial because such protection tends to favor the multinational businesses of large and developed nations, whose cultures dominate much of the globe. This problem is not just a small market economy problem; it is even true for large economies whose global presence may be limited because of language barriers.¹⁰⁰

⁹⁵ USMCA (n 19), at Article 20.51.

⁹⁶ See Kyung-Bok Son et al., “Moderating the Impact of Patent Linkage on Access to Medicines: Lessons from Variations in South Korea, Australia, Canada, and the United States” (2018) 14 *Globalization and Health* 101.

⁹⁷ USMCA (n 19), at Article 20.21.

⁹⁸ The relevant substantive obligation of the Paris Convention requires Member States to refuse or to cancel the registration, and to prohibit the use of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith. See TRIPS (n 1).

⁹⁹ See Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, Article 2, World Intellectual Property Organization, WIPO Doc. 833(E) (Sep. 29, 1999), <https://wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>. The Joint Recommendation details criteria that are applicable to determining matters such as what is well-known.

¹⁰⁰ Frankel (n 83).

In the field of GIs, the Agreement establishes (Article 20(31)) that the protection of GIs may be denied, opposed or cancelled, namely on the ground that it is considered “a term customary in common language as the common name for the relevant good in the territory of the Party.” In addition, Article 20(32) establishes guidelines for determining whether a term is customary in the common language as the common name for the relevant good in a party’s territory.¹⁰¹

Finally, one of the most controversial provisions in the Agreement has been Mexico’s obligation to accede to UPOV 91, which is opposed by farmers and farmers’ organizations¹⁰² as it tightens the protection of breeders’ rights, particularly in relation to what is known as the “farmers’ privilege.”¹⁰³

The USMCA establishes clear timelines for each party to introduce the required changes in its legislation in order to fully comply with the FTA for different categories of IP. The United States, however, does not have to introduce further modifications to its legislation.¹⁰⁴

Some of the obligations have already been implemented by the Mexican legislation. Thus, the *Ley Federal de Protección a la Propiedad Industrial* in 2020 introduced the patent term extensions through complementary patent certificates. Articles 126 through 136 of the law established that certificates can be granted in case of “unreasonable” delays in the granting of a patent. On the other hand, the *Ley Federal de Derecho de Autor*, enacted in 2020, introduced most of the required reforms regarding copyright and internet service providers. The amendments to these IP regimes show that Mexico has not fully used the transition periods available under the USMCA in respect of certain topics. But this does not apply to other topics, such as the accession to UPOV 1991, which confronts a lot of internal opposition.¹⁰⁵

¹⁰¹ Alberto Ribeiro de Almeida and Suelen Carls, “The Criteria to Qualify a Geographical Term as Generic: Are We Moving from a European to a US Perspective?” (2021) 52 *IIC – International Review of Intellectual Property and Competition Law* 444, p. 452.

¹⁰² Gerardo Suarez, “La Privatización De Las Semillas Representaría Un Golpe Para Las Familias Y Las Economías Campesinas. Atentaría Gravemente Contra Sus Derechos – Consejo Civil Mexicano Para La Sivilcultura Sotenible” (*Consejo Civil Mexicano para la Sivilcultura Sotenible* 2021) <https://www.ccmss.org.mx/aprobar-la-privatizacion-de-semillas-seria-un-golpe-tremendo-para-las-familias-y-la-economia-campesinas/> accessed May 16, 2021; “la Vía Campesina México: Carta En Defensa De Las Semillas Y La Agricultura Campesina E Indígena – Via Campesina” (*Via Campesina Español* 2021) <https://viacampesina.org/es/mexico-carta-en-defensa-de-las-semillas-y-la-agricultura-campesina-e-indigena/> accessed May 16, 2021.

¹⁰³ Jonathan Curci, *The Protection of Biodiversity and Traditional Knowledge in International Law of Intellectual Property* (Cambridge University Press 2010), p. 62, <http://proxy.cegepat.qc.ca/login?url=http://search.ebscohost.com/login.aspx?direct=true&scope=site&db=nlebk&AN=323965> accessed May 16, 2021.

¹⁰⁴ See USMCA (n 19), at Article 20.90.

¹⁰⁵ See, for example, CCMSS, “La privatización de las semillas representaría un golpe para las familias y las economías campesinas. Atentaría gravemente contra sus derechos” (CCMSS, 2020), <https://www.ccmss.org.mx/aprobar-la-privatizacion-de-semillas-seria-un-golpe-tremendo->

2. The EU–MERCOSUR FTA¹⁰⁶

The negotiation of the FTA between the Member States of MERCOSUR and the EU has a long history. It began in 1999, when the First Summit of Presidents and Heads of State of MERCOSUR and the EU was held. Since then, the negotiations have been suspended and restarted several times.¹⁰⁷ The last round started in 2016.¹⁰⁸ Since the earliest biregional meetings of the MERCOSUR–EU Working Group on Intellectual Property, MERCOSUR had rejected the EU demand to incorporate a specific chapter on IP into the FTA, on the assumption that the EU would aim at imposing TRIPS-plus obligations as a trade-off for agricultural market access. Instead, MERCOSUR proposed a “biregional dialogue” on the subject. The rationale for MERCOSUR’s refusal was to avoid the standards set out in the IP chapters negotiated by EU with other developing countries, which had included many TRIPS-plus obligations.¹⁰⁹ Despite these concerns, the outcome of the negotiation is a text with balanced commitments, with the sole exception of the disciplines on GIs.

There are no significant commitments in the field of patent law. The patent section includes a “best efforts” provision regarding the Patent Cooperation Treaty (PCT); this is the only provision regarding patents. This is highly significant, as it is the first time that the EU has made such a concession in an FTA. By not establishing provisions regarding patents, the FTA preserves room for maneuver with respect to the domestic implementation of patent policies, for instance, in relation to access to medicines. It is important to point out that Argentina, Paraguay and Uruguay are

para-las-familias-y-la-economia-campesinas/; Sputnik News, “*Por qué la privatización de las semillas rompería la cohesión social y cultural de México*” (2020), https://mundo.sputniknews.com/20200622/por-que-la-privatizacion-de-las-semillas-romperia-la-cohesion-social-y-cultural-de-mexico-1091830301.html?utm_source=push&utm_medium=browser_notification&utm_campaign=sputnik_inter.es.

¹⁰⁶ See European Commission, EU-MERCOSUR Trade Agreement, Intellectual Property Chapter, published June 18, 2019, https://trade.ec.europa.eu/doclib/docs/2019/september/tradoc_158329.pdf.

¹⁰⁷ See European Commission, MERCOSUR (EU 2021), <https://ec.europa.eu/trade/policy/countries-and-regions/regions/MERCOSUR/>.

¹⁰⁸ In June 2019, the EU and MERCOSUR reached a political agreement and concluded the text-based negotiations. Until May 2021, there was no news regarding the ratification of the Agreement by the Parties. In March 2021, the EU Commission published a paper regarding the impact of the FTA on the Parties, which concluded “that the agreement will have a positive impact on the economies of both the EU and the MERCOSUR countries.” See EU Commission, European Commission Services’ position paper on the sustainability impact assessment in support of negotiations for the trade part of the European Union–MERCOSUR association agreement (DG TRADE, 2021) p. 21, https://trade.ec.europa.eu/doclib/docs/2021/march/tradoc_159515.pdf accessed May 2, 2021.

¹⁰⁹ Roxana Blasetti, in collaboration with Juan I. Correa, “Intellectual Property in the EU–MERCOSUR FTA: A Brief Review of the Negotiating Outcomes of a Long-Awaited Agreement” (South Centre 2021) Research Paper 128, p. 5, <https://www.southcentre.int/wp-content/uploads/2021/02/RP-128.pdf> accessed May 2, 2021.

not Members of the PCT, while Brazil has been a Member since 1978.¹¹⁰ The available evidence on the impact of the PCT on the Latin American countries that – as a result of FTAs – were forced to join it shows that the main beneficiaries of the operation of the Treaty have been foreign applicants, particularly in intensive-patenting technology fields such as pharmaceuticals.¹¹¹

Unlike other FTAs signed by the EU, the plant varieties section allows the parties to comply with UPOV 78 or 91 indistinctly,¹¹² thereby preserving the choice of most of MERCOSUR countries that adopted UPOV 78 (only Brazil has ratified the UPOV 1991 Act).¹¹³

It is possible to identify several TRIPS-plus provisions in the field of copyright. They incorporate legal remedies against the circumvention of technological measures.¹¹⁴ Civil liability is established when an act is done deliberately and for commercial purposes. Regarding the terms of protection, the FTA allows MERCOSUR Members to maintain the terms provided for literary and artistic works, anonymous works, performers' rights and broadcasting organizations¹¹⁵ by the Berne Convention and, if higher, by their domestic laws. It also introduces the resale right or *droit de suite*,¹¹⁶ although the provision is not mandatory for the parties. All MERCOSUR countries except Argentina have introduced this right in their domestic legislation.¹¹⁷

In the field of trademarks, like in the USMCA, the text indicates that parties cannot refuse to provide protection for well-known marks. The grounds for such a protection include that the mark must be registered in the party providing the protection or registered in another jurisdiction. Differently to the USMCA, the parties “shall take into due consideration the principles established” by WIPO's Joint Recommendations Concerning Provisions on the Protection of Well-Known

¹¹⁰ WIPO, The PCT now has 153 Contracting States (WIPO 2021), https://www.wipo.int/pct/en/pct_contracting_states.html, accessed May 2, 2021.

¹¹¹ See in general Juan I. Correa and Carlos M. Correa, “Impact of the Patent Cooperation Treaty in Latin America” (2020) 69 *GRUR International* 803; Juan de la Cruz Toledo, “Impacto de La Adhesión Del Perú al Tratado de Cooperación En Materia de Patentes,” in Santiago Roca T., *Propiedad Intelectual y Comercio en el Perú: Impacto y Agenda Pendiente* (Surco 2007).

¹¹² See EU–MERCOSUR Agreement (n 106), at Article X.41.

¹¹³ See UPOV, Members of the International Union for the Protection of New Varieties of Plants.

¹¹⁴ See EU–MERCOSUR Agreement (n 106), at Article X.19.

¹¹⁵ Blasetti (n 109), p. 12.

¹¹⁶ Understood as the right held in many legislations by visual artists, such as painters, sculptors, draftsmen and photographers, to participate in a percentage of the price obtained in each resale of their works. See Catherine Jewell, “The artist's resale right: a fair deal for visual artists,” WIPO Magazine June 2017, https://www.wipo.int/wipo_magazine/en/2017/03/article_0001.html#:~:text=At%20present%2C%20the%20artist's%20resale,cannot%20be%20sold%20or%20awaived, accessed May 2, 2021.

¹¹⁷ ADAGP, Indicative list of countries whose legislation provides for the resale right, <https://www.adagp.fr/en/indicative-list-countries-whose-legislation-provides-resale-right> accessed May 2, 2021.

Marks.¹¹⁸ The trademark section of the IP chapter also includes the “coexistence” between trademarks and GIs.¹¹⁹

Finally, the general rules concerning the protection afforded to GIs are found in Articles 33 to 39. MERCOSUR agreed to extend the higher protection for wines and spirits provided for in TRIPS Article 23 to all agricultural products. Hence, it enhanced the TRIPS protection standards by incorporating evocation as an infringement of the holder’s rights and the renouncement of invoking exceptions allowed under the TRIPS Agreement’s Article 24. A crucial component of the FTA is Annex II, which contains the list of the mutually accepted GIs. Those in the list have the level of protection given by the FTA, which substitutes that accorded by national laws – which means that the rules governing in the field of (mutually) recognized GIs are the rules of the FTA.¹²⁰

A distinctive feature of the GI section is Article 35.9, which lists the “particular cases” where a specific level of protection is defined for MERCOSUR countries that does not amount to full protection of the respective GIs. This provision allows for what are known as “grandfather” clauses. The continued use of terms by prior users is guaranteed but is “subject to certain conditions.” The conditions are specified for each GI, but basically they require the term having been used in good faith and in a continuous manner without using references to the actual origin of the GI in the label. It is also remarkable that the continued use is only to the benefit of those prior users that are included in a list for each MERCOSUR country.¹²¹

If approved, the implementation of the GI section could be cumbersome as it will require addressing conflicts of interests between prior users in MERCOSUR countries and European GI rightsholders. The prior user’s right is weaker than that of the GI holder as it is subject to proof that the prescribed conditions are met. Therefore, concerns may arise regarding whether prior users may be subject to litigation with the aim of excluding them from the market.

The FTA also has rules on generic terms. Article 35.10 states that protected GIs shall not become generic in the territories of the parties. This is the main rule. However, it is also foreseen that a GI protected in a contracting party may not be protected in another contracting party if the term (identical to the GI) is considered a common name of the goods concerned in the territory of the latter party (Article 35.6). Nevertheless, the FTA does not establish the criteria to consider a GI as “generic” in another contracting party: the national rules will determine whether the term is generic or not.¹²²

¹¹⁸ EU-MERCOSUR (n 106), at Article X.24.

¹¹⁹ *Ibid.*, at Article X.25.

¹²⁰ Blasetti (n 109), p. 14.

¹²¹ See Roxana Blasetti, “Geographical Indications: A Major Challenge for Mercosur” (2020) 69 *GRUR International* 113.

¹²² De Almeida and Carls (n 101), p. 452.

In a recent decision, an Argentinian court rejected the registration of a trademark based on the preeminence of a GI in Europe. In this case, the court rejected the application for the registry of “Gorgonzola” as a trademark by the Italian consortium Gorgonzola (manager of the Gorgonzola GI), based on the reasoning that “Gorgonzola” is not sufficiently distinctive vis-à-vis the generic term that identifies this particular type of cheese. The court also held that under Argentine trademark law, national or foreign GIs cannot be registered.¹²³

In conclusion, the IP chapters of USMCA and the EU–MERCOSUR FTAs show a significant difference with respect to parties’ concessions related to IP provisions. While there is some commonality with respect to trademarks and copyrights, in the field of patents, test data and plant variety rights, considerable room for maneuver is found in the EU–MERCOSUR FTA, while the USMCA goes even further with TRIPS-plus provisions.

D. STRENGTHENING AND EXPANSION OF IP PROTECTION BEYOND FTAS

I. *Domestic Implementation Process*

As discussed, the inclusion of comprehensive chapters on IPR protection in FTAs has become an important feature of the international trade policy of the EU and the United States. Not surprisingly, developing countries – and in particular Latin American ones – generally have a defensive position regarding the introduction of IP provisions in bilateral and regional FTAs that may further limit their policy space to address current systemic problems, such as access to health, food and knowledge.¹²⁴ The introduction of TRIPS-plus provisions entails adopting IP standards from developed countries,¹²⁵ thus shaping a complex network of provisions, which may not be harmoniously designed or aligned with the domestic needs and conditions. As pointed out by Seuba,

the exportation of IP standards concerns the postimplementation of the IP system of countries that have negotiated with the United States, the EU and EFTA. The resulting legal framework resembles a patchwork, since it is the outcome of a mix of obligations that collect some of the strongest though not necessarily harmonious

¹²³ “CONSORZIO PER LA TUTELA DEL FORMAGGIO GORGONZOLA c/USDEC s/ CESE DE OPOSICION AL REGISTRO DE MARCA”, Expte. n° 1.901/2018.

¹²⁴ Dreifuss and Mogae (n 39); Mercurio (n 25); Frankel (n 83); Santa Cruz (n 26); Correa, “Implications of Bilateral Free Trade Agreements on Access to Medicines” (n 91); Drexel, Grosse Ruse-Khan and Nadde-Phlix (n 12).

¹²⁵ Some provisions may also have to be implemented in those countries, as Drexel points out. See Josef Drexel, “Intellectual Property and Implementation of Recent Bilateral Trade Agreements in the EU,” in Drexel, Grosse Ruse-Khan and Nadde-Phlix (n 12), pp. 266–270.

provisions originating from OECD partners, which moreover are added to an already existing national and regional legal acquis.¹²⁶

Once an FTA is finalized and signed, the domestic procedures for its implementation need to be initiated. There is a significant difference in the EU and US requirements for an agreement to enter into force domestically. On the EU side, the agreement enters into force once it is internalized and approved by the European Parliament, known as a “*saisine*.” For “EU-only” agreements, the EU can notify its consent to the depository, and the agreement will apply in full (“enter into force”) once the other party notifies its ratification. For “mixed” agreements, the EU now requires the ratification of all EU Member States.¹²⁷ In the meantime, the EU can only apply the agreement provisionally in full or otherwise in part.¹²⁸

In the case of the United States, on the other hand, once an agreement is concluded, it must go through a “certification” process under the US law. This process is explained by the US International Trade Administration as follows:

Before an FTA enters into force, US legislation approving the Agreement requires that the President determine that the FTA partner has taken measures to bring it into compliance with its FTA obligations as of day one of the agreement. The Office of the US Trade Representative (USTR) and other agencies . . . review the relevant laws, regulations, and administrative practices (measures) of the FTA partner. The FTA partner is advised of any shortcomings in its laws and other measures, and the Administration consults with the FTA partner on the issue. If requested, assistance is provided to help a trading partner implement its commitments.¹²⁹

This process, which is meant only to ensure the implementation of the agreed commitments by the US partner, has been used to further narrow down the partner’s flexibilities, as in some cases additional obligations are imposed on the FTA counterpart. For instance, in the case of the US–Peru FTA, it was noted that during the “certification” many of the amendments aiming to reduce the negative impact of

¹²⁶ *Ibid.*, p. 294.

¹²⁷ Before the Lisbon Treaty, IPRs were one of the so-called mixed competences, which meant that agreements on trade-related aspects of IP rights came into force only after all the EU Member States (national Parliaments) ratified them. The process of mixed agreements gave the Member States an opportunity to influence such agreements more significantly, in the stage of negotiations and during the national procedure of ratification. Since December 1, 2009, the last possibility to influence agreements with trade-related aspects has been open in the Council and European Parliament procedures. See Ludmila Štěrbová, *Concept of IPRs International Protection and Enforcement in EU Trade Agreements* (University of Economics, Prague, 2011), <http://g-casa.com/conferences/zagreb/papers/Sterbova.pdf>, accessed April 12, 2021.

¹²⁸ EU Commission, “Negotiating EU Trade Agreements: Who Does What and How We Reach a Final Deal” (DG TRADE, 2012) https://trade.ec.europa.eu/doclib/docs/2012/june/tradoc_149616.pdf, accessed April 20, 2021.

¹²⁹ International Trade Administration, Free Trade Agreement Compliance, <https://legacy.trade.gov/fta/compliance.asp>, accessed May 3, 2021.

IP rights were disregarded.¹³⁰ Significantly, there is no similar procedure applied to check the US implementation of its obligations under the FTA and, in fact, many of them are never implemented, such as in the case of the patent linkage provisions that go beyond the US legislation.¹³¹

Once an FTA enters into force, then the United States also observes the enforcement of IP provisions and notes any alleged deviation through bilateral committees and the reports produced in accordance with the Special Section 301 of the US Trade Act.

II. *Special Section 301*

The United States interferes in the domestic design and implementation of IP rules through a unilateral mechanism that aims to “identify third countries in which the state of IPR protection and enforcement gives rise to the greatest level of concern.” The Special Section 301 was introduced in 1988 into the US Trade Act by the Omnibus Trade and Competitiveness Act, signed by President Ronald Reagan. This section was an elaboration – specifically for IP – upon Section 301, which was incorporated into the US Trade Act of 1974 granting the USTR a range of responsibilities and authorities “to investigate and take action to enforce US rights under trade agreements and respond to certain foreign trade practices.”

Under the Special Section 301, the USTR is authorized to adopt, at its discretion, various measures to remedy foreign trade practices that affect US exports. It authorizes the USTR to (1) impose duties or other import restrictions, (2) withdraw or suspend trade agreement concessions or (3) enter into a binding agreement with the foreign government to either eliminate the conduct in question (or the burden to US commerce) or compensate the United States with satisfactory trade benefits. The USTR must give preference to duties (i.e. tariffs) if action is taken in the form of import restrictions.

Several Latin American countries are under the “inspection of the USTR’s Special Section 301.” In particular, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru and Venezuela were mentioned in the latest Special Section 301 Report.¹³² In general, the United States complains regarding the following: the implementation of patent policies, such as limitations to the protection of patent subject-matter and delays in the examination process of patent

¹³⁰ See Santiago Roca, “*Demócratas, Salud Pública y Propiedad Intelectual En El APC Perú-EE.UU.*” (2009) X *Puentes* 5, pp. 5–7.

¹³¹ F. M. Abbott, “Intellectual Property Provisions of Bilateral and Regional Trade Agreements in Light of U.S. Federal Law” (ICTSD 2006) 12, pp. 9–11, https://unctad.org/system/files/official-document/icts2006ipd12_en.pdf, accessed May 3, 2021.

¹³² USTR, 2021 Special 301 Report (USTR 2021) Report [https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20\(final\).pdf](https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20(final).pdf) accessed May 3, 2021.

applications;¹³³ copyright enforcement measures in relation to broadcasting and digital platforms for distribution of copyrighted content¹³⁴ and test data protection.¹³⁵ Regarding GIs, the United States notes the negative effect of the expansion of GI protection through FTAs between the EU and third countries. Therefore, it includes, in the “watch list,” those countries that are negotiating with the EU bilateral or regional agreements that include commitments to expand GIs protection.¹³⁶

The main objective of Special Section 301 has been to allow the US Administration to exert pressure on other countries by threatening (and eventually implementing) trade retaliatory measures. As noted by one commentator, it “was shaped quite deliberately to give the Executive the tools to use diplomatic and economic pressure to achieve a more ‘equitable’ world trading system, to the benefit of US commerce.”¹³⁷

A clear example of the problems raised by the application of Special Section 301 is shown in the case of Chile, which entered into an FTA with the United States in 2004, but only in 2010 put in place a system for copyright content takedown. Under this system, unlike under the US Digital Millennium Copyright Act,¹³⁸ removal of content by intermediaries requires a court order to comply with Chile’s constitution and its obligations under the American Convention on Human Rights. The FTA permits this interpretation, but the USTR has strongly criticized it, urging Chile “to amend its Internet service provider liability regime to permit effective action against any act of infringement of copyright and related rights.” Chile remains on the Priority Watch List in the most recent Special 301 Report published by the USTR, for “the serious concerns regarding longstanding implementation issues with a

¹³³ The USTR’s Special 301 Report of 2021 claims that Argentina, Brazil, Chile and Ecuador present several deficiencies regarding the legal protection for patents, in particular for pharmaceuticals. See USTR, Special Section 301. Countries under the Priority Watch List and Watch List.

¹³⁴ Along the same line, the USTR report claims that Argentina, Chile, Colombia, the Dominican Republic and Mexico, among others, have high levels of online piracy and lack effective enforcement.

¹³⁵ USTR (n 132). The USTR claims that pharmaceutical stakeholders remain concerned that law and regulations do not provide for a similar level of protection against unfair commercial use, as well as unauthorized disclosure of undisclosed test and other data generated to obtain marketing approval for pharmaceutical products in Argentina, Brazil and Chile.

¹³⁶ In response to the EU’s aggressive promotion of its exclusionary GI policies, the United States engages bilaterally to address concerns resulting from the GI provisions in existing EU trade agreements, agreements under negotiation and other initiatives, including with Argentina, Brazil, Chile, Ecuador, Mexico, Paraguay and Uruguay. *Idem.*, p. 26.

¹³⁷ Shirley A. Coffield, “Using Section 301 of the Trade Act of 1974 as a Response to Foreign Government Trade Actions: When, Why, and How,” 6 *North Carolina Journal of International Law and Commercial Regulation*, No. 3 (1981), p. 381.

¹³⁸ United States Congress, Senate, Committee on the Judiciary, “The Digital Millennium Copyright Act of 1998: Report Together with Additional Views [to Accompany S. 2037]” ([Washington, DC?]: [US GPO.], [1998] 1998) <https://search.library.wisc.edu/catalog/999840447102121> accessed May 4, 2021.

number of intellectual property (IP) provisions of the United States–Chile Free Trade Agreement (Chile FTA).¹³⁹

III. *EU Report on the Protection and Enforcement of Intellectual Property Rights in Third Countries*

A mechanism similar to the US Special Section 301 has been adopted in the EU. The report on the protection and enforcement of IPRs in third countries identifies third countries in which the state of IPR protection and enforcement (both online and offline) raises concerns for the EU.¹⁴⁰ Like in the case of the United States, the EU Commission unilaterally determines which countries do not, in its view, comply with the desirable IP standards. For this purpose, it determines three priority levels, in which several Latin American countries are included.

Argentina, Brazil and Ecuador are classified as “Priority 3 countries.” Priority 3, according to the EU, presents serious problems in the area of IP, causing considerable harm to EU businesses¹⁴¹ In particular, the EU complains regarding the following: restrictive patentability criteria (Argentina); backlog for registration of patents and trademarks (Argentina, Brazil); copyright piracy (Brazil, Mexico); border measures for IP-protected goods (Argentina, Brazil, Mexico); test data to obtain marketing approval (Argentina, Brazil) and non-compliance with UPOV 1991 standards (Argentina, Brazil, Ecuador, Mexico).¹⁴²

Additionally, in contrast to the United States, the EU pressures for the enforcement and strengthening of GI protection in Latin America. In the 2021 report, for instance, it noted that:

The provisions on the protection of geographical indications contained in the EU–Colombia, Peru and Ecuador Trade Agreement and in the EU–Central America Association Agreement also need to be closely monitored with regard to issues related to the recognition of EU GIs as well as concerns regarding their effective protection, in order to make sure that any observed usurpation is addressed in an efficient manner. There are also concerns as regards proofs of prior users entitled to use protected terms and effective protection of individual terms of compound names.¹⁴³

In conclusion, both the United States and the EU pursue policies that seek to dissuade Latin American and other developing countries from strengthening their

¹³⁹ USTR (n 132), p. 39.

¹⁴⁰ EU COMMISSION, “Report on the Protection and Enforcement of Intellectual Property Rights in Third Countries” (European Commission 2021), Commission Staff Working Document SWD97(final) https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159553.pdf accessed May 1, 2021.

¹⁴¹ *Ibid.*, p. 11.

¹⁴² *Ibid.*

¹⁴³ *Ibid.*

national IP regimes. A central difference between the two policies is the potential impact that Special Section 301 has on the trade in goods, since it allows the United States to impose trade sanctions on countries that it considers are not implementing an “effective IP policy.” The approach applied by the EU is different insofar as it does not involve the imposition of trade sanctions, but rather pushes for modifications through “cooperation” clauses included in the FTAs. However, this is not possible in those countries with which no FTAs have been concluded.

E. DIRECT APPLICABILITY OF INTERNATIONAL IP RULES

Many Latin American countries have a long-settled tradition of enforcing international treaties, including trade agreements, in their domestic systems through the direct application of their provisions by courts.¹⁴⁴ Treaty provisions can be invoked before and applied by national judges where they are deemed self-executing.¹⁴⁵

There is substantial variation among monist states¹⁴⁶ as to which treaties require (or do not) implementing legislation.¹⁴⁷ While most Latin American countries follow a monist approach, there are differences regarding how the international treaties are incorporated into their national legal systems.

In Argentina, a binding treaty becomes part of the state’s legal system.¹⁴⁸ This implies that it may be applied by judges and invoked by private parties once it is approved in accordance with the prescribed constitutional procedure.¹⁴⁹ In Brazil,

¹⁴⁴ Maria Angela Jardim de Santa Cruz Oliveira, *International Trade Agreements before Domestic Courts* (Springer International Publishing 2015) <http://link.springer.com/10.1007/978-3-319-13902-9> accessed June 1, 2021, p. 195.

¹⁴⁵ Cottier and Schafer indicate that “direct effect” is used to mean that a private person in a state (or Union, respectively) may base a claim in, and be granted relief from, the domestic courts of that state against another private person or the state on the basis of the state’s obligations under an international treaty. Such claims can be made without a transformation of the obligation by national or regional rule-makers. They may equally be made against implementing legislation on grounds that such legislation is not compatible with international law. See T. Cottier, “The Relationship between World Trade Organization Law, National and Regional Law” (1998) 1 *Journal of International Economic Law* 83. In most Latin-American countries, the Human Rights Treaties are self-executory. This is a common feature of Latin-American countries, the openness of the domestic legal system to international human rights law, including by giving primacy to human rights treaties over national laws. In Argentina, for instance, the approach used was the direct and explicit constitutionalization of numerous human rights treaties.

¹⁴⁶ See, for example, Jean-Marie Henckaerts, “Self-Executing Treaties and the Impact of International Law on National Legal Systems: A Research Guide” (1998) 26 *International Journal of Legal Information* 56.

¹⁴⁷ See, for example, David Sloss, “Domestic Application of Treaties” (2020) *Santa Clara Law Digital Commons* 1, p. 4.

¹⁴⁸ Pfizer Inc. c/ Instituto Nacional de la Propiedad Industrial s/ denegatoria de patente 21/05/2002 – Fallos: 325:1056.

¹⁴⁹ *Ibid.*, see in general André Luis Ribeiro Barbosa, “‘Direct Effect’ of International Agreements within the Brazilian Legal System: The Case of the TRIPS Agreement”, https://www.wti.org/media/filer_public/da/83/da83bb7a-ed20-4c39-8fcb-bb2ba3ffa03b/andre_barbosa_thesis.pdf accessed February 2, 2021; José Dobovšek, “Inclusion of Treaties in Argentine Law” (2012) 6

international treaties, once incorporated, have the same validity and efficacy as federal law.¹⁵⁰ Paraguay has also established the direct applicability of international treaties¹⁵¹ In Mexico, once an international treaty is ratified by the Senate, it becomes domestic law with self-executing character.¹⁵²

The self-executing character of treaty provisions becomes an important element in the field of IP, because the parties lose the room they may have to define the way in which the treaty obligations will be applied at the national level and right holders can directly invoke them against third parties, even in the absence of domestic regulations incorporating the treaty provisions.¹⁵³ Interestingly, in order to avoid the self-executing character of the IP provisions in the EU–MERCOSUR FTA, a provision in the final negotiated text states that:

Nothing in this Chapter shall be construed as conferring rights or imposing obligations on persons other than those created between the Parties under public international law, nor as permitting this Chapter to be directly invoked in the domestic legal systems of the Parties. A Party shall not provide for a right of action under its domestic law against the other Party on the ground that a measure of the other Party is inconsistent with this Chapter.¹⁵⁴

This provision is of great interest for Argentina, since the issue of the direct application of the TRIPS Agreement was debated in the courts notably in relation to the grant of precautionary measures provided for by Article 50 of the TRIPS Agreement.¹⁵⁵ While this particular provision is highly relevant to preserve the margin of maneuver in Argentina and Paraguay, the situation in Brazil and

AEQUITAS-Virtual <https://p3.usal.edu.ar/index.php/aequitasvirtual/article/view/1157/1401#:~:text=CONCLUSIONES,a.,los%20jueces%20y%20los%20particulares>.

¹⁵⁰ Jardim de Santa Cruz Oliveira (n 144), p. 68.

¹⁵¹ Regarding IP, the decisions on *Tabacalera Boqueron I* and *Tabacalera Boqueron II* have established the direct applicability of the Paris Convention for the Protection of Industrial Property. See CSJ (Supreme Court of Justice of Paraguay), *Acuerdo y Sentencia 22/2001*, sala Penal, “*Tabacalera Boquerón S.A. c/ Res. N 98, 2001*, Paraguay; and CSJ (Supreme Court of Justice of Paraguay), *Acuerdo y Sentencia 23/2001*, sala Penal, “*Tabacalera Boquerón S.A. c/ Res. N 48, 2001*.”

¹⁵² Miranda J. and Partida J. C. “Mexico: Quasi-Judicial Review of Trade Remedy Measures by NAFTA Panels,” in Yilmaz M. (ed.), *Domestic Judicial Review of Trade Remedies*, (Cambridge University Press, 2013).

¹⁵³ The judicial doctrines in monist states distinguish between treaty provisions that are directly applicable and those that are not directly applicable. Many states use the terms “self-executing and non-self-executing” to distinguish between these two classes of treaty provisions. See Miranda J. and Partida J. C. (2013), *op. cit.*

¹⁵⁴ EU–MERCOSUR (n 106), Article X.1.3.

¹⁵⁵ “*Informe Preliminar N° 1 Del Observatorio Del Acuerdo de La Unión Europea y MERCOSUR; Documento 3: Propiedad Intelectual*” (OBSERVATORIO DEL ACUERDO UNIÓN EUROPEA – MERCOSUR 2020) <http://www.derecho.uba.ar/institucional/observatorio-acuerdo-MERCOSUR-ue/documentos/informe-preliminar-propiedad-intelectual.pdf> accessed May 15, 2021, p. 6.

Uruguay¹⁵⁶ is different, since in any case in these countries parties cannot directly invoke international treaties in local courts.

In the Andean Community, the Cartagena Agreement¹⁵⁷ is self-executing and of immediate application. It does not require the Member States to adopt rules for its transposition to make effective its rules and those adopted pursuant to the Agreement; that is, the Community rules are directly integrated into the internal order of each country without the need of being approved by the legislative or executive bodies of any of the Member States.¹⁵⁸ Regarding international agreements, most Andean Members have recognized in their Constitutions the direct effect of international treaties including trade-related agreements, although they have no direct effect for the Community as a whole.¹⁵⁹

Paradoxically, neither the United States nor the EU grant direct effects to trade agreements. In the United States, this was made explicit in the case of CAFTA, where it is stated that nothing in the FTA shall be construed to amend or modify any law of the United States or to limit any authority conferred under any law of the United States (Section 102 of the US implementation Act).¹⁶⁰ Furthermore, in the Uruguay Round Agreements Act, the US clarifies that: “No provision of any of the Uruguay Round Agreements, nor the application of any such provision to any person or circumstance, that is inconsistent with any law of the United States shall have effect.”¹⁶¹ The provision specifically indicates that in case of contradiction between a WTO rule and domestic law, the latter will prevail. Although it has been argued that US courts could nonetheless apply the WTO agreements, including their authoritative interpretations and the decisions taken by the dispute settlement bodies, to interpret statutes on the basis of the theory of consistent interpretation

¹⁵⁶ In Uruguay, the Constitution is silent regarding the domestic implementation of treaties. According to Courts International, treaties have the same hierarchy as laws and have to be domestically implemented by laws. See Herber Arbuet Vignali, “¿QUIÉN PRIMA? El lastre de una teoría heredada, sobre un problema real del derecho en la posmodernidad”, CURI, Estudio 08/13, 2013, available at: <http://curi.org.uy/archivos/estudiocurio8del13arbueta.pdf> accessed May 15, 2021.

¹⁵⁷ The Cartagena Agreement signed in 1969 establishes the Andean Community through a subregional integration agreement. See Codification of the Andean Subregional Integration Agreement, http://www.sice.oas.org/Trade/Junac/Carta_Ag/cartagie.asp.

¹⁵⁸ TJCA, *Proceso N° 07-AI-99 del 12 de noviembre de 1999, publicado en la Gaceta Oficial del Acuerdo de Cartagena N° 520 de fecha 20 de diciembre de 1999.*

¹⁵⁹ TJCA, PROCESO 01-AI-2001 *Acción de Incumplimiento interpuesta por la Secretaría General de la Comunidad Andina contra la República Bolivariana de Venezuela, alegando incumplimiento de los artículos 4 del Tratado de Creación del Tribunal y 16 de la Decisión 344 de la Comisión; así como de las Resoluciones Nos. 424 y 457 de la Secretaría General* 23 July 2002, <https://www.tribunalandino.org.ec/decisiones/AI/01-AI-2001.pdf>, accessed May 15, 2021.

¹⁶⁰ Dominican Republic–Central America–United States Free Trade Agreement Implementation Act, Law 109-53, 109th Cong., 1st sess. (2005)

¹⁶¹ See “United States, The Uruguay Round Agreements Act” (URAA; Pub.L. 103-465, 108 Stat. 4809), enacted December 8, 1994, Sec. 102 regarding the Relationship of the Agreements to United States law and state law.

(Charming Betsy), nothing indicates that this has ever been the case in US courts' decisions.¹⁶²

In the EU, the WTO agreements share the status of a "mixed agreement" because their subject-matter "falls in part within the competence of the Union and part with that of the Member States." The European Court of Justice (ECJ) has held that the GATT, although being an integral part of the Community and legal order and having binding effect, did not generate subjective rights for individuals that they could invoke.¹⁶³ And although the WTO is rule-based and its dispute settlement mechanism is juridical, the ECJ has denied the direct invocation of WTO agreements at the EC level, in *Portugal v. Council*.¹⁶⁴ This leads to a certain imbalance in the implementation of bilateral or regional treaties, since the United States and the EU preserve some room for adapting the agreed-upon rules to their respective legal systems, an option that many Latin American countries cannot exercise due to their constitutional approaches toward international treaties.

F. CONCLUSION

Ideally, IP policy should be defined in accordance with the level of technological and economic development and the particular conditions and needs of the country where IP protection is conferred. However, WTO Members are subject to the rules of the TRIPS Agreement that set out minimum standards that are to be interpreted by external bodies. While the Agreement provides for certain flexibilities, WTO case law and the Doha Declaration on the TRIPS Agreement and Public Health only confirmed some of them after Latin American countries were bound to adapt their legislations to comply with the Agreement. This temporal factor and the threat of trade retaliations under the DSU rules may explain why Latin American countries did not make full use of the policy space they had to establish IP rules more suitable to their national contexts and levels of technological and economic development.

Such room for action was further eroded by the negotiation and adoption of FTAs containing TRIPS-plus provisions and by committees created to discuss IP issues bilaterally, which restrict even more the margin of maneuver in IP policy. In addition, the pressure exerted through instruments such as Special Section 301 and its EU equivalent are likely to have discouraged the implementation of policies better adapted to the context of Latin American countries. While the

¹⁶² H. R. Fabri, "Is There a Case – Legally and Politically – for Direct Effect of WTO Obligations?" (2014) 25 *European Journal of International Law* 151.

¹⁶³ Case 21/72, *International Fruit Company NV and others v. Produktschap voor Groenten en Fruit*, [1972] ECR 1219, at para. 21. See also Case C-280/93, *Germany v. Council (the Bananas case)*, [1994] ECR I-4973, at para. 105, where the ECJ applies a test based on "the spirit, the general scheme and the terms of the GATT" to exclude direct effect.

¹⁶⁴ Case C-149/96, *Portuguese Republic v. Council of the European Union*, [1999] ECR I-8395, at paras 34–46.

interests of the developed countries promoting TRIPS-plus provisions have been generally the same, some divergences – especially in relation to the protection of GI issues – have become apparent, as the EU and the United States have conflicting interests in this field. This has put Latin American countries in a complex position while negotiating and implementing FTAs.

The impact of external rules in shaping Latin American IP regimes has been amplified in some countries by the fact that, unlike in the United States and the EU, constitutional rules accord direct effect to international treaties, including the TRIPS Agreement. This removes even further the room for maneuver of such countries for the implementation of their treaty obligations. National courts have played a still limited but important role in the process of interpretation and enforcement of IP rules adopted pursuant to the countries' international obligations and other external pressures.

In summary, the recent evolution of IP policy and legislation in Latin America can only be understood on the basis of the external factors that influenced or determined them, in the light of the particular features of the legal systems applied in the region.

Creating Statutory Remuneration Rights in Copyright Law

What Policy Options under the International Legal Framework?

Christophe Geiger and Oleksandr Bulayenko

ABSTRACT

Remuneration rights have the potential to realise the delicate balance between access to and protection of copyrighted works, while at the same time potentially safeguarding the interests of all parties involved in the process of cultural production. The creation of statutory remuneration rights also has some constraints as they need to comply with obligations resulting from international copyright law. Therefore, it is crucial that legislators know exactly what their room for manoeuvre is when using this tool to regulate copyright law. Surprisingly, this policy space remains quite blurry to date. This article attempts to bring clarity to the discussion: it analyses possible ways of creating remuneration rights in the light of international treaty obligations and maps all the options. It argues that international copyright law provides far more policy space than often assumed to create statutory remuneration rights, offers a classification of remuneration rights based on their relationship with the exclusive rights, and invites legislators in the future for better usage of the full range of possibilities when reforming their copyright laws in order to reach more balanced solutions and to enhance the acceptance of the system among citizens.

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A. INTRODUCTION

International treaty norms shape essential elements of national and regional copyright systems around the world. Modern policymakers interested in developing new legal tools for the benefit of creators while at the same time pursuing important public interest goals are thus confronted with copyright treaty norms that frame their action, without always knowing their room to manoeuvre. Indeed, international copyright norms often reflect difficult political compromises and therefore inevitably tend to use vague language and open concepts. Also, in contrast to national or regional norms, they often are less scrutinised by scholars and benefit from less exposure to judicial applications, as they are mainly addressed at legislators. Therefore, it is essential to determine with more precision the policy space available for the legislator in particular when it comes to imagining new or better copyright norms. As an illustration, this chapter looks at the international copyright framework for the creation of statutory remuneration as a tool for achieving a balance between the different interests involved in copyright law. It also proposes a taxonomy for remuneration rights and advocates using this legal construction more frequently in the future.

In recent times, legislators have shown an increasing interest in statutory remuneration rights as a policy solution to safeguard access to copyrighted works and secure fair remuneration for creators. Scholars have underlined the advantages of this legal construction to fulfil the rationales of copyright, thus helping to bridge the continental ‘author’s right’ with the Anglo-Saxon ‘copyright’ tradition and create a framework of universal acceptance to reach balanced solutions respectful of the many interests involved in copyright law.¹ To advance this option for legislators, several arguments are put forward, mainly based on the fact that the existing copyright system based on exclusive rights has not ‘done the job’ it has been assigned, namely securing protection over and access to copyrighted works, while at the same time remunerating creators in a satisfying manner.² In fact, the current legislative framework seems particularly creator-unfriendly: creators can even be considered the losers of the copyright system, as they are (most of the time) not remunerated well

¹ C. Geiger (2016), ‘Copyright as an Access Right, Securing Cultural Participation through the Protection of Creators’ Interests’, in R. Giblin and K. G. Weatherall (eds.), *What if we Could Reimagine Copyright?*, Acton, Australian National University (ANU) Press, p. 106 sq.; C. Geiger (2010), ‘Promoting Creativity through Copyright Limitations, Reflections on the Concept of Exclusivity in Copyright Law’, *Vanderbilt Journal of Entertainment & Technology Law*, 12(3), p. 515; J. C. Ginsburg (2014), ‘Fair Use for Free, or Permitted-but-Paid?’, *Berkeley Technology Law Journal*, 29, p. 1446; A. Kur, M. Levin and J. Schovsbo (2011), ‘Expropriation or Fair Game for All? The Gradual Dismantling of the IP Exclusivity Paradigm’, in A. Kur and M. Levin (eds.), *Intellectual Property in a Fair World Trade System – Proposals for reforming TRIPS*, Cheltenham, UK: Edward Elgar, 408 sq.

² C. Geiger (2019), *Empowering Remuneration Rights in Copyright Law*, paper presented at the conference ‘Innovation, Justice, and Globalization – A Celebration of J. H. Reichman’, Harvard Law School, Cambridge, USA, 27 September 2019.

for their creations and often face hurdles in their creative process, in particular when they want to reuse creatively existing copyrighted material.³ In short, this is a ‘lose-lose situation’ for creators, as the copyright system does not reward them appropriately for what they have done, and at the same time does not create the right framework for them to be creative and to enrich society through their cultural production.

On the remuneration side, several empirical studies have underlined that the current system of exclusive rights only rewards top-selling authors; other remuneration avenues have to be found for the rest of them. As demonstrated in a recent study about the earnings of writers, all surveys consistently revealed the presence of ‘winner takes all’ markets: ‘There is a large gap between the earnings of successful writers and the rest. . . . The top 10% of writers still earn about 70% of total earnings in the profession.’⁴ Similar results have been found for music creators:

Composers and musicians in the top income brackets depend heavily on revenue that is directly related to copyright protection. But the vast majority of other musicians do not For most musicians, copyright does not provide much of a direct financial reward for what they are producing currently. The survey findings are instead consistent with a winner-takes-all or superstar model in which copyright motivates musicians through the promise of large rewards in the future in the rare event of wide popularity.⁵

³ See detailed on this issue C. Geiger (2018), ‘Freedom of Artistic Creativity and Copyright Law: A Compatible Combination?’, *UC Irvine Law Review*, 8/3, p. 413.

⁴ M. Kretschmer, A. Azqueta Gavaldon, J. Miettinen and S. Singh (2019), ‘UK Authors’ Earnings and Contracts 2018: A survey of 50,000 writers’, CREATE, study commissioned by ALCs, pp. 19 and 20. See also in this sense the very interesting study examining empirically the amount of royalties authors and screenplay writers usually receive from the exploitation of their copyrights in Germany and UK (see M. Kretschmer and P. Hardwick (2007), *Authors’ Earnings from Copyright and Non-Copyright Sources: A Survey of 25,000 British and German Writers*, Center for Intellectual Property Policy & Management, Boumemouth University). The authors of the study come to the following conclusion:

This study shows quite conclusively that current copyright law has empirically failed to meet the aim of producing the necessary resources and safeguarding the independence and dignity of artistic creators and performers (Recital 11, Directive 1001/29/EC). The rewards of best-selling writers are indeed high but as a profession, writing has remained resolutely unprosperous. For less than half of the 25,000 surveyed authors in Germany and the UK, writing is the main source of income. Typical earnings of professional authors are less than half of the national median wage in Germany, and one third below the national median wage in the UK. 60% of professional writers hold a second job of some kind.

Danish CMO managing rights to musical works, KODA, reported that ‘While 354 members received more than DKK 150,000 (EUR 20,000) in 2018, some 20,000 members – an 89% share – received less than DKK 10,000 (EUR 1,340)’, CISAC Global Collections Report 2019, p. 38.

⁵ P. C. DiCola (2013), ‘Money from Music: Survey Evidence on Musicians’ Revenue and Lessons About Copyright Incentives’, *Arizona Law Review*, 55, p. 301. See more generally on

Based on these findings, several authors have emphasised the interesting potential for creators in terms of statutory remuneration rights vis-à-vis exclusive rights.⁶ It was in particular underlined that the earnings resulting from these rights can in many cases be much more interesting for authors than the royalty payments they receive from contracting parties resulting from their exclusive entitlements.⁷ This reasoning was explicitly endorsed by some courts in Europe in order to justify the extensions of certain statutory remunerations from the analogue to the digital world through an extensive reading of certain copyright limitations.⁸ Furthermore, these remuneration rights are sometimes considered inalienable for creators,⁹ in contrast to the

the issue G. Lunney (2018), *Copyright's Excess: Money and Music in the US Recording Industry*, Cambridge, UK: Cambridge University Press.

- ⁶ See e.g. C. Geiger (2017), 'Statutory Licenses as Enabler of Creative Uses', in K.-C. Liu and R. M. Hilty (eds.), *Remuneration of Copyright Owners, Regulatory Challenges of New Business Models*, Berlin, Germany: Springer, p. 305, and with further references; C. Geiger (2018), *supra* n 3, p. 444 sq.; G. Frosio (2020), 'Reforming the C-DSM Reform: A User-Based Copyright Theory for Commonplace Creativity', *International Review of Intellectual Property and Competition Law*, 51, pp. 709–750.
- ⁷ See R. M. Hilty (2005), 'Verbotsrecht vs. Vergütungsanspruch: Suche nach Konsequenzen der tripolaren Interessenlage im Urheberrecht', in A. Ohly, M. Lehmann, T. Bodewig and T. Dreier (eds.), *Perspektiven des Geistigen Eigentums und Wettbewerbsrechts. Festschrift für Gerhard Schrickler zum 70. Geburtstag*, Munich, Germany: Beck, p. 325 ff. The argument that remuneration rights can be very beneficial for creators has been made on several occasions in the context of the debates on the future of private copying in the digital environment, see A. Dietz (2003), 'Continuation of the Levy System for Private Copying also in the Digital Era in Germany', *A&M*, 5, pp. 348–350; C. Geiger (2008), 'The Answer to the Machine should not be the Machine: Safeguarding the Private Copy Exception in the Digital Environment', *European Intellectual Property Review*, 4, pp. 121–129; S. Dusollier and C. Ker (2009), 'Private copy levies and technical protection of copyright: the uneasy accommodation of two conflicting logics', in E. Derclaye (ed.), *Research Handbook on the Future of EU Copyright*, Cheltenham, UK: EE, p. 352, stating that

from an economic point of view, the establishment of a levy system has permitted the creation of revenue for authors and other right holders for such private copies, whereas the reproduction right was revealed to be totally fruitless. Private copies remuneration now amounts to a significant part of the revenues of some authors and, particularly, of performers, whereas this remuneration should normally be only additional to their primary sources of copyright revenues.

K. Koelman (2005), 'The Levitation of Copyright: An Economic View of Digital Home Copying, Levies and DRM', in F. W. Grosheide and J. J. Brinkhof, *Intellectual Property Law 2004*, Oxford, UK: Intersentia, p. 437.

- ⁸ German Federal Supreme Court, '*Elektronischer Pressespiegel*', 11 July 2002, (2003) JZ 473 (extensive interpretation of limitation for press review as extending to electronic press reviews made by companies for internal use, on the grounds that a considerable part of the received payment would flow to the authors themselves and that a narrow interpretation of the limitation would thus not improve the author's position); and Swiss Supreme Court, 1st Civil Division, 26 June 2007, (2008). For a comment, see C. Geiger (2008), 'Rethinking Copyright Limitations in the Information Society: The Swiss Supreme Court Leads the Way', *International Review of Intellectual Property and Competition Law*, 39, pp. 943–950.
- ⁹ See e.g. Section 63a of the German Copyright Act (Urheberrechtsgesetz). The limitation-based remuneration claims can only be transferred in advance to a collective management

exclusive right which is most of the time systematically transferred to exploiters. Finally, scholars have highlighted the interest for creators to set up statutory remuneration rights when the enforcement of exclusive rights is hardly achievable, in particular with regard to infringing mass uses in the digital environment, such as streaming or peer-to-peer file sharing. In these cases, the statutory model could mirror the model of the private copy exception in the analogue world, which secures considerable earnings for creators when their works are copied.¹⁰

On the creativity side, it has further been underlined that the exclusive right is hardly compatible with the fact that copyright law was originally meant to be ‘the engine of free expression’,¹¹ aimed at protecting creators from the interference of others and from all risk of censorship.¹² In effect, the need to ask for a licence might not be compatible with freedom of expression and freedom of artistic creativity for a creator of derivative works, as asking for authorisation introduces the possibility to say ‘no’ and thus of private censorship; this option leaves private entities deciding on what can (or cannot) be created. In addition to this uncertain compatibility with fundamental rights,¹³ submitting derivative creations to the exclusive right is also problematic for a number of practical and economic reasons (high transaction costs

organisation (CMO). See also Article 5(2) of Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version) [2006] OJ L 376/28: ‘The right to obtain an equitable remuneration for rental cannot be waived by authors or performers’.

¹⁰ See e.g. C. Geiger (2014), ‘Challenges for the Enforcement of Copyright in the Online World: Time for a New Approach’, in P. Torremans (ed.), *Research Handbook on the Cross-Border Enforcement of Intellectual Property*, Cheltenham, UK: EE, p. 704; P. B. Hugenholtz and J. P. Quintais (2018), ‘Towards a Universal Right of Remuneration: Legalizing the Non-commercial Online Use of Works’, in P. B. Hugenholtz (ed.), *Copyright Reconstructed: Rethinking Copyright’s Economic Rights in a Time of Highly Dynamic Technological and Economic Change*, Amsterdam, NL: Wolters Kluwer, p. 241sq; J. P. Quintais (2017), *Copyright in the Age of Online Access: Alternative Compensation Systems in EU Law*, Amsterdam, NL: Wolters Kluwer.

¹¹ *Harper & Row Publishers Inc. v. Nation Enters.*, 471 U.S. 539, 559 (1985). More detailed on the freedom of expression foundations of copyright law from a philosophical and comparative law perspective, see C. Geiger (2004), *Droit d’auteur et droit du public à l’information, approche de droit comparé*, Paris, France: Litec, p. 27 sq.; and from a human rights perspective C. Geiger (2015), ‘Implementing Intellectual Property Provisions in Human Rights Instruments: Towards a New Social Contract for the Protection of Intangibles’, in C. Geiger (ed.), *Research Handbook on Human Rights and Intellectual Property*, Cheltenham, UK: Edward Elgar, p. 676.

¹² C. Geiger (2018), *supra* n 3, p. 413; C. Geiger (2021), ‘Fair Use’ through Fundamental Rights in Europe, When Freedom of Artistic Expression allows Creative Appropriations and Opens up Statutory Copyright Limitations’, in W. L. Ng-Loy, H. Sun and S. Balganes (eds.), *The Cambridge Handbook of Copyright Limitations and Exceptions*, Cambridge, UK: Cambridge University Press, p. 174.

¹³ According to the European Court on Human Rights, there is an obligation on the state not to encroach unduly on the author’s freedom of artistic expression (ECtHR, *Almak v. Turkey*, no. 40287/98, 29 March 2005, § 42).

to get a licence and uncertainty with regard to who owns the right, etc.). Therefore, it is not surprising that derivative works have always been the subject of a lot of litigation on both sides of the Atlantic. To address this issue, proposals have increasingly been advanced to submit creative uses to a statutory remuneration right,¹⁴ in particular in the context of user-generated content (UGC) online.¹⁵ Furthermore, the potential of carving out certain uses from the veto power of rightholders has been analysed with regard to the incentive function of the copyright system, with interesting results. Recent empirical studies have established that these limitations to the exclusive right are incentivising follow-up creativity and that many very innovative industries are based on the free spaces left by copyright law.¹⁶

For all these reasons, statutory remunerations can have beneficial consequences for innovation and creativity, while also readjusting the copyright balance in favour of creators. Thus, they constitute precious tools in the hands of policymakers to design effective and balanced copyright legislation. However, national and regional legislators are not entirely free to design their copyright system according to their

¹⁴ C. Geiger (2017), *supra* n 6; G. Frosio (2014), 'Rediscovering Cumulative Creativity from the Oral-Formulaic Tradition to Digital Remix: Can I Get a Witness?', *John Marshall Review of Intellectual Property Law*, 13(2), pp. 390–393.

¹⁵ See M. Senfleben (2019), 'User-Generated Content – Towards a New Use Privilege in EU Copyright Law', in T. Aplin (ed.), *Research Handbook on Intellectual Property and Digital Technologies*, pp. 136–162; J. P. Quintais (2017), *Copyright in the Age of Online Access, Alternative Compensation System in EU Law*, Kluwer Law International (in particular Chapter 6, pp. 365–406); and J. P. Quintais (2017), 'Rethinking Normal Exploitation: Enabling Online Limitations in EU Copyright Law', *Tijdschrift voor Auteurs-, Media- & Informatierecht*, 6, pp. 197–205. In the US, several scholars have argued in favour of compulsory licensing to be applied to derivative works: P. Menel (2016), 'Adapting Copyright for the Mash-up Generation', *University of Pennsylvania Law Review*, 164, pp. 441–512; A. Kozinski and C. Newman (1999), 'What's So Fair about Fair Use? The 1999 Donald C. Brace Memorial Lecture', *Journal of the Copyright Society of the U.S.A.*, 46(4), pp. 512–530; D. Lange and J. Powell (2009), *No Law: Intellectual Property in the Image of an Absolute First Amendment*, Stanford University Press, pp. 179 and 384 (fn. 37); J. Rubinfeld (2002), 'The Freedom of Imagination: Copyright's Constitutionality', *Yale Law Journal*, 112, pp. 1–60.

¹⁶ B. Gibert (2015), *The 2015 Intellectual Property and Economic Growth Index: Measuring the Impact of Exceptions and Limitations in Copyright on Growth, Jobs and Prosperity*, report for The Lisbon Council, p. 3: 'countries that employ a broadly "flexible" regime of exceptions in copyright saw higher rates of growth in value-added output throughout their economies'; Computer & Communications Industry Association (2017), *Fair Use in the U.S. Economy: Economic Contribution of Industries Relying on Fair Use*: 'Value added by fair use industries was 16% of the U.S. economy, employing 1 in 8 U.S. workers, and contributing \$2.8 trillion to U.S. GDP; the combined value added by industries that are the most reliant on fair use and other limitations and exceptions to copyright protections has more than tripled in size over 2002'. S. Flynn and M. Palmedo (2018), *The User Rights Database: Measuring the Impact of Copyright Balance*, InfoJustice working paper, demonstrating the economic benefits of the 'flexible' systems of copyright exceptions and strong user's right: 'More open user rights environments are associated with *higher firm revenues in information industries*, including software and computer systems design. More open user rights environments are *not associated with harm to industries* known to rely upon copyright protection, such as publishing and entertainment' (emphasis added).

wishes and needs, as their laws have to comply with the international treaties they have ratified. For this reason, this chapter aims to analyse possible ways of creating remuneration rights in the light of international treaty obligations and to map all options.¹⁷ In order to do so, the relationship between ‘remuneration rights’ and ‘exclusive rights’ was chosen as the decisive criterion of classification because of the way in which the copyright system is conventionally understood.¹⁸ It needs however to be stressed from the outset that different theoretical and legislative approaches can be taken to conceptualise the role of ‘remuneration rights’ and their place in the copyright system. There is, for example, no universally agreed upon legal definition of ‘remuneration rights’. Various other terms are used in scholarship to refer to mechanisms providing for remuneration to rightholders other than through ‘exclusive rights’, including terms such as ‘legal licence’, ‘compulsory licence’, ‘obligatory licence’, ‘non-voluntary licence’, ‘statutory licence’, ‘right for compensation of remuneration’, ‘liability rule’, and ‘limitation-based remuneration rights’.¹⁹

Conceptually, as discussed elsewhere,²⁰ the terminology used of course matters and can potentially carry important nuances in the understanding of this legal

¹⁷ The expression ‘international treaties’ is used in this article to refer to the major international multilateral treaties regulating copyright, administered by WIPO, ILO, UNESCO and WTO, as well as to bilateral and plurilateral trade agreements with intellectual property provisions concluded by the EU and its member states.

¹⁸ As there is no unique master plan for international and national copyright systems, developing an alternative means of classification of rights can be a tricky exercise and may include some overlaps, such as by grouping a particular statutory entitlement to remuneration into one category and not in the other. Nevertheless, the proposed classification should serve as a useful mapping tool in light of international treaty obligations. It could be of use for informing decision-makers about available policy options for developing the copyright system with the aim of remunerating creators.

¹⁹ M. Ficsor (2003), *Guide to the Copyright and Related Rights Treaties Administered by WIPO and Glossary of Copyright and Related Rights Terms*, WIPO Publication No. 891(E), pp. 277, 298 and 312; A. F. Christie (2011), ‘Maximising permissible exceptions to intellectual property rights’, in A. Kur and V. Mizaras (eds.), *The Structure of Intellectual Property Law: Can One Size Fit All?*, Cheltenham, UK: EE, p. 125; C. Geiger and F. Schön herr (2012), ‘Defining the Scope of Protection of Copyright in the EU: The Need to Reconsider the Acquis regarding Limitations and Exceptions’, in T.-E. Synodinou (ed.), *Codification of European Copyright Law: Challenges and Perspectives*, Alphen aan den Rijn, the Netherlands: Kluwer Law, International, pp. 166–167; Z. Adamová and M. Husovec (2014), ‘Slovakia’, in H. Vanhees (ed.), *International Encyclopaedia of Laws for Intellectual Property Law*, the Netherlands: Kluwer Law International, pp. 53, 54 and 82; and C. Geiger (2010), ‘Promoting Creativity through Copyright Limitations, Reflections on the Concept of Exclusivity in Copyright Law’, *Vanderbilt Journal of Entertainment & Technology Law*, 12(3), pp. 515–548.

²⁰ See C. Geiger (2010), *supra* n 19, pp. 528 sq:

“Compensation” or “indemnity” terminology seems to imply some kind of damage which has to be redressed The same can be said about the economically-oriented term “liability rule”, often used to describe these kinds of legal situations where, instead of a possibility to forbid, the right owner only gets some monetary reward for the use of his works, as the notion of liability implies a prejudice that needs to be compensated. The term “statutory license”, which is often used for limitations coupled with a right to

technique to design non-exclusive uses. For the purpose of inclusiveness, this chapter employs the term ‘remuneration rights’ to refer to statutory entitlements providing holders of copyright or related rights with a claim of remuneration *without* the ability to authorise or prohibit the use of copyrighted works or subject-matter covered by related rights.²¹ In short, the use is ‘permitted-but-paid’, as Jane Ginsburg has put it in a foundational article on the matter.²² This definition covers two broad categories of rights: remuneration rights created as such (‘remuneration rights per se’), created either outside the scope of exclusive rights or coexisting and overlapping with them (section B); and remuneration rights created through exceptions and limitations to exclusive rights (‘limitation-based remuneration rights’, section C).²³

B. REMUNERATION RIGHTS PER SE

For the purpose of this article, ‘remuneration rights per se’ are rights to remuneration provided as such by international treaties, regional norm or national legislation adopted outside the scope of those treaties. Enactment of such rights does not result

receive fair remuneration, seems more suitable to express the concept of remuneration for the use of a copyrighted work.

The term ‘statutory remuneration rights’ seems to be a better way to express that the remuneration for the use is granted by law as measure of public policy, independent from the potential scope of the exclusive right.

²¹ The questions of moral rights, contractual entitlements to remuneration, collective negotiations of tariffs and non-voluntary collective management of exclusive rights are being put aside. According to many scholars, mandatory and extended collective management of exclusive rights are in fact only a form of exercise of these rights. See more detailed on this issue C. Geiger (2007), ‘The Role of the Three-Step Test in the Adaptation of Copyright Law to the Information Society’, *UNESCO e-Copyright Bulletin*, January–March, p. 10 (‘mandatory collective management does not deal with the existence of an exclusive right, which remains intact and is not questioned. It only intends to solve the question of the exercise of rights, of modalities of implementation: the exclusive right can only be exercised through the collective management society. It is in fact clearly the substance of Community case law, which specifies that collective management deals only with the exercise of rights and not with their existence’). For an exhaustive overview of extended collective licensing mechanisms in the EEA, see O. Bulayenko, S. van Gompel, C. Handke et al. (2021), *Study on emerging issues on collective licensing practices in the digital environment*, ECORYS/IViR, for DG CNECT, European Commission, SMART 2018/0069.

²² See in this sense J. C. Ginsburg (2014), ‘Fair Use for Free, or Permitted-but-Paid?’, *Berkeley Technology Law Journal*, 29, pp. 1383–1446, stating that statutory licenses or privately negotiated accords within a statutory framework can ensure that ‘uses the legislator perceives to be in the public interest proceed free of the copyright owner’s veto, but with compensation – in other words: permitted-but-paid’; and T. Riis (2020), ‘Remuneration Rights in EU Copyright Law’, *International Review of Intellectual Property and Competition Law*, 51(4), p. 464: ‘The nature of a remuneration right implies that the copyright holder cannot exclude others from using the protected work but is solely entitled to remuneration for other’s use of the work’.

²³ Of course, the classification advanced by this article is a result of a conceptualising exercise, and it necessarily implies some approximation. By choosing a different criterion, another classification could be imagined.

in the creation of exceptions or limitations to exclusive rights provided by the international treaties, since the international copyright framework does not provide for an obligation to create corresponding exclusive rights, or, when it does, the exclusive rights coexist and overlap with the remuneration rights granted on the top of them.

I. Remuneration Rights Created outside the Scope of Exclusive Rights Provided by the International Treaties

1. Remuneration Rights Provided by the International Treaties outside the Scope of Exclusive Rights

This category of remuneration rights refers to the rights provided by the international treaties either *without corresponding exclusive rights* (the right to an equitable remuneration for broadcasting and communication to the public of commercial phonograms, and the resale right) or as *an alternative to the provision of an exclusive right* (the right to equitable remuneration for broadcasting and communication to the public of fixations of audio visual performances, and the right to an equitable remuneration for rental).

A. RIGHTS TO AN EQUITABLE REMUNERATION FOR BROADCASTING AND COMMUNICATION TO THE PUBLIC A right to a *single equitable remuneration* for the use of commercial phonograms for broadcasting or for any communication to the public is provided by Article 12 of the Rome Convention²⁴ and Article 15(1) of the WIPO Performances and Phonograms Treaty (WPPT).²⁵ While this provision is often referred to as a ‘non-voluntary licence’²⁶ or ‘compulsory licence’²⁷ (connoting

²⁴ ‘If a phonogram published for commercial purposes, 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* by the user to the performers, or to the producers of the phonograms, or to both’ (emphasis added). International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, adopted in Rome on 26 October 1961.

²⁵ ‘Performers and producers of phonograms shall enjoy *the right to a single equitable remuneration* for the direct or indirect use of phonograms published for commercial purposes for broadcasting or for any communication to the public’ (emphasis added). WIPO Performances and Phonograms Treaty, adopted in Geneva on 20 December 1996.

²⁶ WIPO (2000), Overview of Collective Management of Copyright and Related Rights. (A) Establishment and Functioning of Collective Management Organizations: The Main Features, WIPO Doc. No. WIPO/CCM/APA/00/1(a), p. 29; and C. Rodrigues (1997), ‘The Impact of Digital Technology on the Exercise and Collective Administration of Neighbouring Rights under the Rome Convention’, *UNESCO Copyright Bulletin*, 31(4), pp. 15–23.

²⁷ S. Ricketson (2003), *WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment*, WIPO Doc. No. SCCR/9/7, p. 45; and Media Consulting Group, A. Modot, H. Fontanel et al. (2011), *The ‘Content Flat-Rate’: A Solution to Illegal File-Sharing*, p. 84 (rightsholders ‘lose the right to authorise In exchange they get the right to a

a limitation of an exclusive right), it is important to clarify that this right to remuneration is provided as such for the sake of balancing the interests of rightholders and users, and is not an exception or limitation to the corresponding exclusive right of communication to the public.²⁸ This remuneration right is generally considered to be one of the central norms of these treaties, although contracting parties may decide to limit their application.²⁹ Payment of remuneration by users is paramount in case of remuneration rights, and it is the main condition for respect of these rights,³⁰ which cannot be exercised before a commercial phonogram is used for broadcasting or communication to the public. According to the Rome Convention, contracting parties have a choice of whether to provide remuneration to performers, producers of phonograms or both,³¹ while under the WPPT parties retain only the

fair compensation'). In French, '*licence légale*', G. Vercken (2005), '*La gestion collective dans la tourmente : L'exemple de la reprographie*', *Revue Lamy Droit de l'immatériel*, février, 2, pp. 47, 48 and 53 (footnote 2); and N. Kaleski (2009), *Sociétés de perception et de répartition des droits : Société pour la perception de la rémunération équitable de la communication au public des phonogrammes du commerce (SPRE)*, *JurisClasseur Propriété littéraire et artistique*, Fasc. 1586, para. 1.

²⁸ C. Masouyé (1981), *Guide to the Rome Convention and the Phonograms Convention*, WIPO Publication No. 617(E), pp. 46–52; A. H. Olsson (1980), 'Administration of Neighboring Rights: Experience in the Nordic Countries', *Copyright*, 5, p. 192; M. Ficsor (2002), *Collective Management of Copyright and Related Rights*, WIPO Publication No. 855, pp. 24, 79, 138 and 139; and X. Blanc (2003), *Legal Frameworks for the Protection of Performers' Rights and Performers' Rights Management Systems*, WIPO Doc. No. WIPO/CCM/ADD/03/9, p. 9. For an opinion to the contrary, T. Holzmüller (2017), '*Rapport général : mécanismes visant à garantir une rémunération appropriée des auteurs et des artistes*', in S. von Lewinski (ed.), *Remuneration for the use of works – Exclusivity vs Other Approaches*, Berlin, Germany: de Gruyter, p. 185.

²⁹ Complex negotiations leading to the conclusion of these two treaties led to the inclusion in Article 16(1) of the Rome Convention and Article 15(3) of the WPPT dispositions, allowing contracting parties limitation of the scope of the right to remuneration or its non-application. For example, by notification deposited with the Director General of WIPO, pursuant to Article 15(3) of the WPPT, governments of the following countries declared that they would limit the scope of Article 15(1): Australia (WPPT Notification No. 67, made in 2007), Canada (WPPT Notification No. 86, made in 2014), Chile (WPPT Notification No. 44, made in 2003), Japan (WPPT Notifications No. 38 and 68, made in 2002 and 2008), Korea (WPPT Notification No. 75, made in 2008), Singapore (WPPT Notification No. 52, made in 2005) and USA (WPPT Notification No. 8, made in 1999). The following governments declared that they would not apply the provisions of Article 15(1) at all: China (the People's Republic of), including Hong Kong and Macao (WPPT Notifications No. 66, 73 and 84, made in 2007, 2008 and 2013) and North Macedonia (WPPT Notification 46, made in 2004). On some reservations made with regard to Article 12 of the Rome Convention, see Commentary to Section 5 of the ILO/UNESCO/WIPO, Intergovernmental Committee of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations done at Rome in 1961, Model Law concerning Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted at 2nd Extraordinary Session, 6–10 May 1974.

³⁰ G. B. Dinwoodie, W. O. Hennessey and S. Perlmutter (2001), *International Intellectual Property Law and Policy*, Newark, NJ, USA: LexisNexis, pp. 552–553.

³¹ For authoritative analysis of different implementation options, see Commentary to Section 5 of the ILO/UNESCO/WIPO, Intergovernmental Committee of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations done

possibility to determine the share of remuneration between the performers and producers if they do not reach an agreement.³² Another important difference between the two treaties is that the Rome Convention requires the use to be ‘direct’ in order to trigger the application of the provision, whereas the conditions of the WPPT are satisfied when the use is ‘direct or indirect’. The WPPT also defines and extends the notion of ‘phonograms published for commercial purposes’,³³ further encompassing phonograms made available to the public without production of copies.³⁴

Regional copyright norms provide for some statutory remuneration rights in addition to the international treaties. Contracting parties to the Rome Convention and the WPPT may not adopt the right of performers and phonogram producers to a single equitable remuneration for broadcasting or for any communication to the public of commercial phonograms if they wish so.³⁵ Nevertheless, the twenty-eight member states of the European Union (EU)³⁶ and seventeen member states of the African Intellectual Property Organisation (OAPI) have to provide for this remuneration right by virtue of Article 8(2) of the EU Rental and Lending Directive³⁷ and Article 51 of Annex VII to the Bangui Agreement,³⁸ respectively.

at Rome in 1961, Model Law concerning Protection of Performers, Producers of Phonograms and Broadcasting Organizations, adopted at 2nd Extraordinary Session, 6–10 May 1974. This Model Law was adopted to facilitate the transposition of the Convention into national laws.

³² A. Sterling (2003), *World Copyright Law: Protection of Authors’ Works, Performances, Phonograms, Films, Video, Broadcasts and Published Editions in National, International and Regional Law*, 2nd edition, London, UK: Sweet & Maxwell, p. 739.

³³ Article 15(4) of the WPPT defines ‘phonograms published for commercial purposes’ as ‘phonograms made available to the public by wire or wireless means in such a way that members of the public may access them from a place and at a time individually chosen by them’.

³⁴ According to Article 3(d) of the Rome Convention, ‘publication’ means the offering of copies of a phonogram to the public in reasonable quantity’.

³⁵ Article 16 of the Rome Convention and Article 15(3) of the WPPT.

³⁶ When an international treaty, to which an EU member state is a party, allows the EU member state to take a measure which is contrary to the EU law, the state must refrain from adopting such a measure, CJEU Judgments in *The Queen / Secretary of State for the Home Department, ex parte Evans Medical et Macfarlan Smith*, C-324/93, ECLI:EU:C:1995:84, para. 32; *The Queen, ex parte Centro-Com v. HM Treasury and Bank of England*, C-124/95, ECLI:EU:C:1997:8, 60; and *Luksan*, C-277/10, ECLI:EU:C:2012:65, para. 62.

³⁷ Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (codified version) [2006] OJ L 376/28. For a comment of this provision, see CJEU Judgments in *Recorded Artists Actors Performers*, C-265/19, ECLI:EU:C:2020:677; *SENA*, C-245/00, ECLI:EU:C:2003:68; and S. Nérissou (2014), ‘The Rental and Lending Rights Directive’, in I. Stamatoudi and P. Torremans (eds.), *EU Copyright Law: A Commentary*, Cheltenham, UK: EE, pp. 186–190.

³⁸ The Agreement Revising the Bangui Agreement of 2 March 1977, on the Creation of an African Intellectual Property Organization, signed 24 February 1999 in Bangui, Central African Republic. Annex VII ‘Literary and Artistic Property’ establishes the common regime (‘régime commun’) for the protection of copyright, related rights and cultural heritage (Article 1 of Annex VII) and constitutes an integral part of the Agreement (Article 4(3) of the Bangui Agreement).

Provisions of regional EU instruments on remuneration rights were developed over time by the case-law of the Court of Justice of the European Union (CJEU), giving some ‘flesh’ to the at times generally worded legal texts that twenty-seven countries agreed to abide by.³⁹ The CJEU drew several critical distinctions between the nature of the *authors’ exclusive right of communication to the public* (provided by Article 3(1) of the Information Society Directive⁴⁰) and the *right of performers and phonogram producers to a single equitable remuneration for communication to the public of commercial phonograms* (provided by Article 8(2) of the Rental and Lending Directive). When comparing the exclusive right of authors and the remuneration right of performers and phonogram producers in the context of communication to the public, the CJEU concluded that the exclusive right is ‘preventive’, whereas the latter is ‘compensatory’⁴¹ and ‘financial’⁴² in nature. The finding is, consequentially, relevant in differentiating the scope of the two rights covering ‘communication to the public’. According to the established case-law of the EU, the notions of the act of ‘communication’ and the ‘public’ are constituent parts of the ‘communication to the public’. While the CJEU applied the same case-law for defining the notion of ‘public’ with regard to both of the rights above, it developed a slightly different approach for qualifying an act as a ‘communication’, relying on the different nature of the rights. The CJEU ruled that ‘if it is relevant that a “communication” within the meaning of Article 3(1) of [the Information Society Directive] is of profit-making nature, this must be all the more true in the case of the essentially economic right to equitable remuneration of the performers and phonogram producers under Article 8(2) of [the Rental and Lending Directive]’.⁴³ Hence, the CJEU considered the profit-making nature of communicating to the public to be of higher relevance in case of the right to remuneration than for exclusive right of authors.⁴⁴

³⁹ The UK left the EU on 31 January 2020, when the withdrawal agreement entered into force, bringing the number of EU member states from twenty-eight to twenty-seven. During the transitional period until 31 December 2020, the UK continued to apply EU law.

⁴⁰ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society [2001] OJ L 167/10; Corrigendum Article 5(1) in OJ 2001 L 6/70; as amended by Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on Certain Permitted Uses of Certain Works and Other Subject Matter Protected by Copyright and Related Rights for the Benefit of Persons Who Are Blind, Visually Impaired or Otherwise Print-Disabled and amending Directive 2001/29/EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society [2017] OJ L 242/6.

⁴¹ CJEU Judgment in *Reha Training*, C-117/15, ECLI:EU:C:2016:379, para. 30, and *SCF*, C-135/10, ECLI:EU:C:2012:140, para. 75.

⁴² CJEU Judgment in *SCF*, C-135/10, ECLI:EU:C:2012:140, paras. 77 and 89.

⁴³ CJEU Judgments in *Phonographic Performance (Ireland)*, C-162/10, ECLI:EU:C:2012:141, para. 36 and *SCF*, C-135/10, ECLI:EU:C:2012:140, paras. 88 and 89.

⁴⁴ On this ground, among others, the CJEU came to the conclusion that playing a radio at the private dentistry practice did not constitute a communication to the public, CJEU Judgment in *SCF*, C-135/10, ECLI:EU:C:2012:140. In the Judgment in *OSA*, C-351/12, ECLI:EU:C:2014:110 (para. 35), the CJEU concluded non-application of its conclusions regarding the right to

The CJEU also defined the significance of the word ‘single’ in the phrase ‘a single equitable remuneration’. The Court interpreted it as meaning that, regardless of types and the numbers of rightholders, users are not obliged ‘to pay separate remuneration several times for the same act of communication to the public, as that single remuneration will . . . be shared amongst the different beneficiaries of the equitable remuneration’.⁴⁵ Hence, the users need to pay only once.⁴⁶ This feature greatly simplifies compliance with the conditions for respective uses of commercial phonograms.

The established case-law of the CJEU also offers EU member states some guidelines on the concept of ‘equitable remuneration’. National laws should ‘enable a proper balance to be achieved between the interests of performing artists and producers in obtaining remuneration for the broadcast of a particular phonogram, and the interests of third parties in being able to broadcast the phonogram on terms that are reasonable, and that it does not contravene any principle of [EU] law’.⁴⁷ Whether the payment is ‘equitable’ should be assessed, in particular, in light of the value of the use concerned in trade.⁴⁸ The Court provided for the following factors that could be taken into account for determining the equitable remuneration: ‘the actual audience, the potential audience [and] the language version of the broadcast’⁴⁹ as well as the

number of hours of phonograms broadcast, the viewing and listening densities achieved by the radio and television broadcasters represented by the broadcast organisation, the tariffs fixed by agreement in the field of performance rights and broadcast rights in respect of musical works protected by copyright, the tariffs set by the public broadcast organisations in the Member States bordering on the Member State concerned, and the amounts paid by commercial stations.⁵⁰

remuneration for communication to the public of commercial phonograms to exclusive rights of authors:

it suffices to note that the principles developed in *SCF* are not relevant in the present case, since *SCF* does not concern the copyright referred to in Article 3(1) of Directive 2001/29, but rather the right to remuneration of performers and producers of phonograms provided for in Article 8(2) of Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (OJ 1992 L 346, p. 61).

⁴⁵ CJEU Judgment in *Phonographic Performance (Ireland)*, C-162/10, ECLI:EU:C:2012:141, para. 54.

⁴⁶ J. Reinbothe and S. von Lewinski (1993), *The EC Directive on Rental and Lending Rights and on Piracy*, London, UK: Sweet and Maxwell, p. 98.

⁴⁷ CJEU Judgments in *SENA*, C-245/00, ECLI:EU:C:2003:68, para. 46 and *Lagardère Active Broadcast*, C-192/04, ECLI:EU:C:2005:475, para. 49.

⁴⁸ CJEU Judgments in *SENA*, C-245/00, ECLI:EU:C:2003:68, para. 37 and *Lagardère Active Broadcast*, C-192/04, ECLI:EU:C:2005:475, para. 50.

⁴⁹ CJEU Judgment in *Lagardère Active Broadcast*, C-192/04, ECLI:EU:C:2005:475, para. 51.

⁵⁰ CJEU Judgment in *SENA*, C-245/00, ECLI:EU:C:2003:68, para. 46.

Furthermore, the CJEU, when dealing with the comparison between requirements of ‘remuneration’ and of ‘equitable remuneration’, concluded that ‘the amount of the *remuneration* will necessarily be less than that which corresponds to *equitable remuneration* or may even be fixed on a flat-rate basis’.⁵¹

In addition, ‘[p]referential trade agreements [PTAs] have become a major source of international intellectual property regulation’,⁵² and rights to remuneration did not escape from this trend. The right of performers and phonogram producers to a single equitable remuneration for broadcasting or for any communication to the public of commercial phonograms is provided by, for example, Article 237(3) of the EU – Central America PTA (2012);⁵³ Article 10.9(3) and (4) of the EU – Korea PTA (2010); Article 220(3), (5) and (6) of the EU – Andean Countries PTA (2012);⁵⁴ Article 285 of the EU – Moldova PTA (2014); Article 158 of the EU – Georgia PTA (2014); Article 20.8(2) of the EU – Canada (CETA) (2016); Article 170(3) of the EU – Ukraine PTA (2014); and Article 70 of the EU – Kazakhstan PTA (2015). Overall, this right to remuneration, formulated in terms similar to Article 15(1) of the WPPT, is the most frequently referred right to remuneration in the PTAs concluded between the EU and its member states with third countries.

The international treaties, regional instruments and PTAs do not specify whether this remuneration right could be waived or transferred, and countries are free to clarify this in their national legislation.⁵⁵ For example, the laws of France,⁵⁶ Germany,⁵⁷ and the UK⁵⁸ limit the transfer of this right from performers to producers.

⁵¹ Emphasis added. CJEU Judgment in *VEWA*, C-271/10, ECLI:EU:C:2011:442, para. 33 (referring to the ‘remuneration’ for public lending, which does not have direct or indirect economic or commercial character).

⁵² X. Seuba (2013), ‘Intellectual Property in Preferential Trade Agreements: What Treaties, What Content?’, *Journal of World Intellectual Property*, 16(5–6), p. 240.

⁵³ Here, the term ‘Central America’ covers six Central American countries: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

⁵⁴ Here, the term ‘Andean Countries’ covers three country members of the Andean Community: Colombia, Ecuador and Peru.

⁵⁵ T. Holzmüller (2017), *supra* n 28, p. 191. For an opinion to the contrary, considering that this right is non-transferable, X. Blanc (2003), *supra* n 28, p. 11.

⁵⁶ Article L212–11 of the French Intellectual Property Code (CPI). O. Bulayenko (2020), ‘MusicMatic – the French Supreme Court’s Decision on Creative Commons Plus (CC+), Commercial Licensing and Mandatory Collective Management of the Right to Remuneration for Communication to the Public of Commercial Phonograms’, *International Review of Intellectual Property and Competition Law*, 51(5), pp. 668–679.

⁵⁷ Section 63a of the German Copyright Act (UrhG). This provision makes all the statutory remuneration rights unwaivable.

⁵⁸ Section 182 of the UK Copyright, Designs and Patents Act (CDPA). Assistant General Secretary of the British Musician’s Union stated the following in 2015 with regard to the right to equitable remuneration for the public performance and broadcast of recordings: ‘The equitable remuneration right has become the jewel in the crown of performers’ rights because it is non-assignable under the law’ (H. Trubridge (2015), ‘Safeguarding the Income of Musicians’, *WIPO Magazine*, 2, p. 9).

Countries around the world provide for this right to remuneration.⁵⁹ However, the scope of this right can differ to a large extent from country to country, as the Rome Convention and the WPPT make it possible for contracting parties not to apply this right to remuneration or to apply it only partially by making a formal notification to this end.⁶⁰ For example, the USA, non-party to the Rome Convention but a party to the WPPT,⁶¹ provides for this right only in respect of communication to the public by means of a digital audio transmission. In the majority of European countries, this right to remuneration is interpreted in such a way as to cover not only traditional analogue ‘broadcasting’ but also ‘simulcasting’ (i.e., non-interactive linear transmission of broadcast programming via the Internet simultaneously to the original broadcast) and ‘webcasting’ (i.e., non-interactive linear transmission of broadcast programming via the Internet only).⁶² Some countries do not limit this right to the phonograms published for commercial purposes and extend it to any phonograms.⁶³ Overall, of all the remuneration rights, the right to an equitable remuneration for broadcasting and communication to the public of phonograms constitutes the most significant source of revenue for European performers.⁶⁴

The Rome Convention and the WPPT focused on the protection of audio performances. After many years of negotiations and a failed diplomatic conference,⁶⁵ 24 June 2012 marked the conclusion of the Beijing Treaty on audiovisual

⁵⁹ E.g., Argentina, Austria, Belgium, Canada, Croatia, Egypt, Finland, France, Greece, Germany, Hungary, Israel, Italy, Japan, Mexico, the Netherlands, Norway, Portugal, Spain, Switzerland, UK and USA (C. Geiger and O. Bulayenko (2017), *supra*, pp. 112, 116 and 118).

⁶⁰ Article 16 of the Rome Convention and Article 15(3) of the WPPT.

⁶¹ Article 15(3) of the WPPT provides for the possibility to limit the scope of the remuneration right by submitting a declaration for this purpose. The USA submitted the declaration taking advantage of this provision (WPPT Notification No. 8, made in 1999).

⁶² E.g., in Austria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland and UK, AEPO-ARTIS (2018), *Performers’ Rights in International and European Legislation: Situation and Elements for Improvement*, pp. 11–12). In its Recommendation of 18 October 2005 on Collective Cross-Border Management of Copyright and Related Rights for Legitimate Online Music Services (2005/737/EC), the European Commission included the following acts within the scope of the right of communication to the public covered by the Rental and Lending Directive: ‘webcasting, internet radio and simulcasting or near-on-demand services received either on a personal computer or on a mobile telephone’ (para. 1(f)(ii) of the Recommendation).

⁶³ E.g., Croatia, Greece, Romania, Sweden and Switzerland, AEPO-ARTIS (2018), *ibid.*, p. 30.

⁶⁴ AEPO-ARTIS (2018), *ibid.*, pp. 34–45 and 147–149 (providing statistical information on the collections in twenty-five European countries from 2011 to 2017); and AEPO-ARTIS (2014), *Performers’ Rights in International and European Legislation: Situation and Elements for Improvement*, pp. 22–24, 27, 104 and 105 (providing statistical information on the collections in twenty-five European countries from 2005 to 2013).

⁶⁵ S. von Lewinski (2001), ‘International Protection for Audiovisual Performers: A Never-Ending Story? A resumé of the WIPO Diplomatic Conference 2000’, *Revue Internationale du Droit d’Auteur*, 189, pp. 2–65.

performances.⁶⁶ Article 11(2) of the Beijing Treaty provides that '[c]ontracting Parties may . . . declare that, *instead of the right of authorization*⁶⁷ . . . , they will establish a *right to equitable remuneration* for the direct or indirect use of performances fixed in audiovisual fixations *for broadcasting or for communication to the public*.'⁶⁸

In the case of Colombia, Ecuador, Peru, and the EU and its member states, Article 220(6) of the EU – Andean Countries PTA (2012) is also of relevance: 'The Parties may recognise to performers of audiovisual works an unwaivable right to obtain an equitable remuneration for broadcasting or for any communication to the public of their performances fixed'. This agreement was signed on 26 June 2016, just two days after the signing of the Beijing Treaty reconfirmed the policy space enjoyed by the parties. Under the national legislation of a number of European countries, the right to an equitable remuneration for broadcasting and communication to the public also covers fixations of audiovisual performances.⁶⁹

B. RESALE RIGHT (*DROIT DE SUITE*) Article 14^{ter} of the Berne Convention⁷⁰ indicates a possibility to introduce, for the benefit of authors, an inalienable right to an interest in any sale subsequent to the first transfer by the authors of original

⁶⁶ Beijing Treaty on Audiovisual Performances, adopted in Beijing on 24 June 2012.

⁶⁷ Exclusive right of performers to authorize the broadcasting and communication to the public of their performances fixed in audiovisual fixations, as stipulated in Article 11(1).

⁶⁸ Emphasis and footnote added. For introducing the remuneration right, the Treaty only requires the contracting parties to deposit a respective notification with the Director General of WIPO. Japan, in its declaration deposited upon accession (Beijing Notification No. 4, made in 2014) made the following statement pursuant to Article 11(2) of the Treaty: 'the Government of Japan will establish a *right to equitable remuneration, instead of the right of authorization* provided for in Article 11, paragraph (1) of the Treaty' (emphasis added). Peru declared (Beijing Notification 21, made in 2018) that 'it opts for the right to equitable remuneration for the direct or indirect use of performances fixed in audiovisual fixations for broadcasting or for communication to the public'. Slovakia declared (Beijing Notification No. 3, made in 2014) upon its accession that 'it has set conditions in its legislation for the exercise of the *right to equitable remuneration*' (emphasis added). Switzerland declared (Beijing Notification No. 32, made in 2020) that 'instead of the exclusive right of authorization referred to in Article 11(1) . . . Switzerland shall grant a right to remuneration subject to collective management and to the principle of reciprocity for the broadcasting, retransmission or public reception of an audiovisual fixation where it is made from a commercially available audiovisual fixation.'

⁶⁹ E.g., Belgium, Germany, Greece, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain and Switzerland, AEPO-ARTIS (2018), *supra* n 62, pp. 32, 33 and 47.

⁷⁰ Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886, completed at Paris on 4 May 1896, revised at Berlin on 13 November 1908, completed at Berne on 20 March 1914, revised at Rome on 2 June 1928, at Brussels on 26 June 1948, at Stockholm on 14 July 1967, and at Paris on 24 July 1971, and amended on 28 September 1979. The provision of the resale right was added to the Berne Convention during the revision conference in Brussels in 1948. M. M. Walter (2010), 'Resale Right Directive', in M. M. Walter and S. von Lewinski (eds.), *European Copyright Law: A Commentary*, New York, USA: Oxford University Press, p. 874.

works of art and writers and composers of original manuscripts.⁷¹ The resale right is also widely known by the terms ‘*droit de suite*’ and ‘resale royalty right’.⁷² Although the resale right is not mandatory for parties of the Berne Convention, the EU and OAPI member states have to grant this right by virtue of Article 1 of the EU Resale Right Directive⁷³ and Article 10 of Annex VII to the Bangui Agreement, respectively.

In the EU, the scope of the resale right encompasses, in addition to the original works of art,⁷⁴ original copies.⁷⁵ At the same time, EU legislation excludes the original manuscripts of writers and composers from the scope of the resale right⁷⁶ and, uniquely, limits the maximum amount of royalty to be paid.⁷⁷ The EU law makes clear that it is for sellers to pay the remuneration.⁷⁸ Even if sellers or dealers in works of art responsible for payment of the resale royalty agree with ‘any other person, including the buyer, that that other person will definitely bear, in whole or in part, the cost of the royalty’, such a contractual arrangement does not affect their obligations towards the authors to pay the royalty.⁷⁹ The CJEU clarified the obligation of the member states to make this remuneration right ‘inalienable’.⁸⁰ This feature of the right does not prevent member states from making ‘their own legislative choice in determining the categories of persons capable of benefiting from the resale right after the death of the author of a work of art’ for the remaining term of protection.⁸¹ Thanks to the common normative framework, a rather high level of

⁷¹ Resale right is a right to remuneration and not an exception or remuneration. See also M. Ficsor (2003), ‘Collective Management of Copyright and Related Rights at a Triple Crossroads: Should It Remain Voluntary or May It Be “Extended” or Made Mandatory?’, *UNESCO Copyright Bulletin*, October 2003, pp. 2 and 4. There is an opinion that the resale right is not a remuneration right as such, R. Xalabarder (2018), *International Legal Study on Implementing an Unwaivable Right of Audiovisual Authors to Obtain Equitable Remuneration for the Exploitation of Their Works*, study conducted for CISAC, p. 44 (the author considered the resale right to be a compensation for ‘the statutory “exhaustion” of the right upon the first sale of the tangible copy’).

⁷² L. Bently and B. Sherman (2014), *Intellectual Property Law*, 4th edition, New York, USA: Oxford University Press, p. 369.

⁷³ Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art [2001] OJ L 27/32.

⁷⁴ As indicated in Article 14*ter* of the Berne Convention.

⁷⁵ Article 2(1) of the EU Resale Right Directive refers to ‘copies considered to be original works of art’.

⁷⁶ J. Gaster (2014), ‘The Resale Right Directive’, in I. Stamatoudi and P. Torremans (eds.), *EU Copyright Law: A Commentary*, Cheltenham, UK: EE, p. 367.

⁷⁷ Article 4(1) of the Resale Right Directive establishes the ‘ceiling’ of €12,500.

⁷⁸ Article 1(4) of the Resale Right Directive: ‘The royalty shall be payable by the seller’.

⁷⁹ CJEU Judgment in *Christie’s France*, C-41/14, ECLI:EU:C:2015:119, para. 33.

⁸⁰ Article 1(1) (‘an inalienable right, which cannot be waived, even in advance’) and Recital 1 (‘the resale right is an unassignable and inalienable right’) of the Resale Right Directive.

⁸¹ CJEU Judgment in *Fundación Gala-Salvador Dalí and VEGAP*, C-518/08, ECLI:EU:C:2010:191, paras. 33 and 36 (the Court based its judgment on the finding that the Resale Right Directive does not intend to harmonise member states laws of succession).

harmonisation was achieved among the member states of the EU by virtue of the Resale Right Directive.⁸²

Some countries undertook the obligation to provide for the resale right under the terms of trade agreements. For example, Colombia, Ecuador, Georgia, Kazakhstan, Moldova, Peru, Ukraine, and the EU and its member states each have to provide for the resale right as a part of the implementation of the PTAs they concluded.⁸³ The inalienable and unwaivable character of the resale right is cemented in the international order by these PTAs referring to the right either as ‘an inalienable and unwaivable right’⁸⁴ or as ‘an inalienable right, which cannot be waived, even in advance’.⁸⁵ The position of the EU in the international trade negotiations involving copyright is informed by Recital 7 of the Resale Right Directive stating:

The process of internationalisation of the [EU] market in modern and contemporary art, which is now being speeded up by the effects of the new economy, in a regulatory context in which few States outside the EU recognise the resale right, makes it essential for the European [Union], in the external sphere, to open negotiations with a view to making Article 14b [14ter] of the Berne Convention compulsory.⁸⁶

The resale right was first introduced in the legislation of France (in 1920), Belgium (in 1921), Czechoslovakia (in 1926), Poland (in 1935), Uruguay (in 1937) and Italy (in 1941).⁸⁷ As of January 1986, national legislation of twenty-eight countries granted resale rights.⁸⁸ Although the resale right is not mandatory under the international treaties, multiple countries not bound by the EU, OAPI and PTAs norms introduced the resale right in their legislation. More than eighty countries around the world have introduced resale right.⁸⁹ The Tunis Model Law on Copyright for

⁸² For an overview of the implementation of the Directive in the member states, see J. Gaster (2014), *supra* n 76, pp. 360–362.

⁸³ Article 223 of the EU – Andean Countries PTA (2012), Article 163 of the EU – Georgia PTA (2014), Article 290 of the EU – Moldova PTA (2014), Article 190 of the EU – Ukraine PTA (2014), and Article 75 of the EU – Kazakhstan PTA (2015).

⁸⁴ Article 223(1) of the EU – Andean Countries PTA (2012).

⁸⁵ Article 163(1) of the EU – Georgia PTA (2014), Article 290(1) of the EU – Moldova PTA (2014), Article 190(1) of the EU – Ukraine PTA (2014), and Article 75 of the EU – Kazakhstan PTA (2015).

⁸⁶ On the drafting process of this provision, M. M. Walter (2010), *supra* n 70, pp. 880 and 881.

⁸⁷ S. Ricketson (1987), *The Berne Convention for the protection of literary and artistic works: 1886–1986*, London, UK: Kluwer, pp. 206 and 411.

⁸⁸ *Ibid.*, p. 411.

⁸⁹ CISAC (2018), Global Collections Report 2018: For 2017 Data, p. 32. E.g., Australia, Brazil, Chile, Costa Rica, Djibouti, India, Mexico, Morocco, Nigeria, Philippines, Tunisia, Turkey, Uganda and Uruguay, as well as the State of California and the Commonwealth of Puerto Rico of the USA (J. Hughes and R.P. Merges (2016), ‘Copyright and Distributive Justice’, *Notre Dame Law Review*, 92(2), pp. 570–572; L. Y. Ngombé (2009), *Le droit d’auteur en Afrique*, 2nd edition, Paris, France: L’Harmattan, pp. 90–91; and WIPO (2000), *Overview of Collective Management of Copyright and Related Rights. (A) Establishment and Functioning of Collective Management Organizations: The Main Features*, WIPO Doc. No. WIPO/CCM/APA/00/1(a), p. 18).

developing countries (Tunis Model Law) contains this remuneration right in its Article 4bis.⁹⁰ Currently, there are discussions about the development of an international treaty on the resale right.⁹¹

C. RIGHTS TO AN EQUITABLE REMUNERATION FOR RENTAL The TRIPS Agreement,⁹² the WCT⁹³ and the WPPT, while conferring rightholders with the exclusive rental right,⁹⁴ enable contracting parties to continue providing for the right to an *equitable remuneration* for rental of phonograms *instead*.⁹⁵ Contracting parties that had and continue to have in place ‘a system of equitable remuneration’ to rightholders for the rental right on 15 April 1994 may maintain such a system provided that it does not lead to the material impairment of the exclusive right of reproduction.⁹⁶ Thus, once contracting parties bound by these provisions abandon the system of equitable remuneration for rental, they are not able to restore it in its former shape.⁹⁷

⁹⁰ UNESCO/WIPO (1976), Tunis Model Law on Copyright for developing countries, WIPO Doc. No. 812(E).

⁹¹ At the 30th session of the Standing Committee on Copyright and Related Rights (SCCR) of WIPO, held between 29 June and 3 July 2015, the delegation of the Democratic Republic of Congo proposed to add the topic of the resale rights to the agenda of the SCCR. The proposal was expressly supported by the EU, Sudan, Kenya, Tanzania and Côte d’Ivoire. Draft Report of the 31st session of the SCCR (WIPO Document SCCR/30/6), paras. 368, 371–374, 376 and 378, pp. 82–84. During the 31st session of the SCCR on 7 to 11 December 2015, a proposal from Senegal and Congo to include the Resale Right (*droit de suite*) in the Agenda of Future work by the Standing Committee on Copyright and Related Rights of the World Intellectual Property Organization (WIPO Document SCCR/31/5) was submitted. S. Ricketson (2015), ‘Proposed International Treaty on Droit de Suite / Resale Royalty Right for Visual Artists’, *Revue Internationale du Droit d’Auteur*, 245, pp. 2–263.

⁹² Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh on 15 April 1994.

⁹³ WIPO Copyright Treaty, adopted in Geneva on 20 December 1996.

⁹⁴ Article 11 of the TRIPS Agreement (in respect of computer programs and cinematographic works), Article 7(1) of the WCT (in respect of computer programs, cinematographic works and works embodied in phonograms), Articles 9(1) and 13(1) of the WPPT (in respect of phonograms).

⁹⁵ Article 14(4) of the TRIPS Agreement, Article 7(3) of the WCT, Articles 9(2) and 13(2) of the WPPT. Interestingly, Article 9 of the Beijing Treaty does not provide for such option with respect to the fixations of audiovisual performances.

⁹⁶ E.g., Japan had such system of equitable remuneration of rightholders on 15 April 1994 (D. Gervais (2017), ‘L’historique de l’Accord sur les ADPIC’, in C. Geiger (ed.), *Le droit international de la propriété intellectuelle lié au commerce : L’accord sur les ADPIC, bilan et perspectives*, Collection du CEIPI, No. 65, Strasbourg, France: LexisNexis, pp. 20–21).

⁹⁷ This provision is often referred as a ‘grandfather clause’, 15 April 1994 being the date on which the Marrakesh Agreement Establishing the World Trade Organization was signed (A. Taubman, H. Wager and J. Watal (eds.) (2012), *A Handbook on the WTO TRIPS Agreement*, Cambridge, UK: Cambridge University Press, p. 52). Such grandfather clauses stipulating the irreversibility of changes from remuneration rights to exclusive rights demonstrate the past

The Agreed Statements concerning Articles 6 and 7 of the WCT and concerning Articles 2(e), 8, 9, 12 and 13 of the WPPT clarify that the scope of the rental right under the treaties is limited ‘exclusively to fixed copies that can be put into circulation as tangible objects’. Due to this limitation of the medium, the remuneration right excluding digital uses, like other rights tied to a particular technology, might lose its economic significance for rightholders as a consequence of technological and consumption changes.⁹⁸

2. Remuneration Rights Created outside the Scope of the International Treaties

Other than creating remuneration rights under respective provisions of international treaties, countries may introduce in their national copyright legislation statutory remuneration rights outside the scope of the minimum exclusive and remuneration rights provided by these treaties.⁹⁹ Notable examples of such remuneration entitlements adopted in a number of countries are the paid public domain (*‘domaine public payant’*¹⁰⁰) and the remuneration for use of works of expressions of folklore.¹⁰¹

A. REMUNERATION FOR USE OF WORKS OF EXPRESSIONS OF FOLKLORE The first provisions regulating use of folklore through copyright law were established in Tunisia (1967), Bolivia (1968, for musical folklore only), Chile (1970), Morocco (1970), Algeria (1973), Senegal (1973), Kenya (1975), Mali (1977), Burundi (1978),

trend to favour the exclusive rights as means to remuneration. For an analogous formula with regard to exceptions and limitations in the EU, see Article 5(3)(o) of the Information Society Directive, *infra* n 194.

⁹⁸ See also *infra* on the scope of Article 5 of the EU Rental and Lending Directive.

⁹⁹ Article 19 of the Berne Convention (‘The provisions of this Convention shall not preclude the making of a claim to the benefit of any greater protection which may be granted by legislation in a country of the Union.’) and Article 1(1) of the TRIPS Agreement (‘[WTO] Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement, provided that such protection does not contravene the provisions of this Agreement.’). For a comment, C. M. Correa (2017), ‘Le Préambule et les articles 1 à 6 de l’Accord : quel contenu pour les dispositions générales et les principes fondamentaux?’, in C. Geiger (ed.), *Le droit international de la propriété intellectuelle lié au commerce : L’accord sur les ADPIC, bilan et perspectives*, Collection du CEIPI, No. 65, Strasbourg, France: LexisNexis, pp. 42–43.

¹⁰⁰ The idea of this mechanism is often attributed to Victor Hugo. Société des gens de lettres de France (1878), *Comptes rendus in extenso et documents du Congrès littéraire international de Paris*, France, pp. 142 ff.

¹⁰¹ Although it could be argued that Article 15(4) of the Berne Convention covers works of folklore, while not specifically mentioning the protection of folklore (C. Masouyé (1978), *Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971)*, WIPO Publication No. 615(E), pp. 95–96; and L. Y. Ngombé (2009), *supra* n 89, pp. 45 and 49), only India deposited a notification required by Article 15(4)(b) of the Berne Convention, designating its Registrar of the Copyrights as a competent authority (Berne Notification No. 108, made in 1984).

Côte d'Ivoire (1978) and Guinea (1980).¹⁰² The most significant binding regional legal authority is Annex VII to the Bangui Agreement, relevant for seventeen OAPI member states. Article 59 of Annex VII makes use of works of expressions of folklore subject to an appropriate payment (*'une redevance y afférente'*) and requires a part of the sums collected to be spent for social and cultural purposes.¹⁰³ Copyright-based protection of folklore is also provided by Articles 1(3) and (5bis), 2(1)(iii), 6, 16(2) and 17 of the Tunis Model Law. Some African countries outside the OAPI grant copyright-related protection to folklore.¹⁰⁴

B. REMUNERATION FOR USE OF PUBLIC DOMAIN WORKS (*DOMAINE PUBLIC PAYANT*) Like in the case of folklore, the international treaties do not provide for remuneration for use of works where the term of protection has expired, as they only refer to the minimum term of protection. In the first half of the 20th century, only a few countries had in place legislation providing for the *domaine public payant* (Uruguay, Bulgaria, Italy, Romania and Yugoslavia).¹⁰⁵ By the second half of the 1980s, *domaine public payant* systems were already in place in Algeria, Argentina, Brazil, Bulgaria, Chile, Côte d'Ivoire, Cuba, Czechoslovakia, Guinea, Hungary, Italy, Mali, Mexico, Portugal, Senegal, Portugal, Tunisia, Uruguay, USSR and Zaire.¹⁰⁶ However, an international study on the subject concluded in 2010 for WIPO demonstrated the existence of *domaine public payant* systems in fewer countries than was previously the case, namely, Algeria, Republic of the Congo, Côte d'Ivoire, Kenya, Paraguay, Ruanda and Senegal.¹⁰⁷ Remuneration for use of works in the public domain remains a recurring idea in national policy debates.¹⁰⁸

¹⁰² UNESCO/WIPO (1985), Model Provisions for National Laws on the Protection of Expressions of Folklore against Illicit Exploitation and Other Prejudicial Actions, p. 5 (para. 9). It is, however, uncertain whether copyright laws of all the aforementioned countries designed the protection as a system of remuneration.

¹⁰³ The protection given to folklore under the Bangui Agreement is sometimes described as a *sui generis* protection based on copyright, N. F. Matip and K. Koutouki (2008), 'La protection juridique du folklore dans les États membres de l'Organisation africaine de la propriété intellectuelle', *Revue québécoise de droit international*, 21.1, p. 247.

¹⁰⁴ E.g., Algeria, Madagascar and Namibia. For information on legislative provision of these countries and a general overview of the protection of folklore and remuneration for its use in African countries, L. Y. Ngombé (2009), *supra* n 89, pp. 41, 44–53, 72, 73 and 130–133.

¹⁰⁵ UNESCO (1949), *Domaine public payant*, UNESCO/DA/7, 27 May 1949.

¹⁰⁶ UNESCO/WIPO (1982), Committee of Non-Governmental Experts on the 'Domaine Public Payant', Analysis of the Replies to the Survey of Existing Provisions for the Application of the System of 'Domaine Public Payant' in National Legislation, 26–30 April 1982, UNESCO/WIPO/DPP/CE/1/2, paras. 8(c) and 10(a). See also A. Dietz (1994), 'Tendances de l'évolution du droit d'auteur dans les pays d'Europe centrale et orientale', *Revue Internationale du Droit d'Auteur*, 162, pp. 164–166 (referring to *domaine public payant* legislation in Hungary, Poland, Russia and Slovakia (where the former Czechoslovak law continued to be applied)).

¹⁰⁷ S. Dusollier (2010), *Scoping Study on Copyright and Related Rights and The Public Domain*, WIPO Doc. No. CDIP/4/3/REV./STUDY/INF/1, pp. 40–41.

¹⁰⁸ E.g., in France, an idea was expressed to establish remuneration for use of audiovisual works in the public domain; P. Zelnik, J. Toubon and G. Cerutti (2010), *Création et Internet*, Rapport

Article 59(1) of Annex VII to the Bangui Agreement provides for the *domaine public payant*. The amount of payment for the use of public domain works should be determined as half of the usual amounts, according to contracts and practices, for the use of protected works (Article 59(2) of Annex VII). Creation of the *domaine public payant* is also referred to in Article 17 of the Tunis Model Law. Some European countries provide for some forms of the *domaine public payant* – such as Croatia (communication to the public of folk literary and artistic creations),¹⁰⁹ Hungary (for the resale of original works of art), Norway (for the broadcasting of phonograms)¹¹⁰ and Slovakia.¹¹¹

II. Remuneration Rights Coexisting and Overlapping with Exclusive Rights Provided by the International Treaties

In addition to the possibility to grant remuneration rights provided by international treaties and remuneration rights outside the scope of exclusive rights, states may grant remuneration rights *coexisting and overlapping* with the scope of the exclusive rights provided by the international treaties or by national legislation. Such remuneration rights, granted in addition to the corresponding exclusive rights, cover the same types of uses¹¹² and can be exercised only once economic operators (e.g., audio and audiovisual producers), to whom the exclusive rights had been transferred, have authorised use of the respective works and/or protected subject-matter.¹¹³

The main reason for granting such rights is the alteration of the distributive justice achieved by the copyright system with regard to creators (i.e., authors and performers).¹¹⁴ Holders of exclusive rights (e.g., audio and audiovisual producers-owners or transferees by virtue of legal presumptions or contracts) in their negotiations with users always aim at charging profit-maximising fees for the use of protected works and subject-matter (i.e., the maximum fee that users are willing to pay). It is likely that the grant of remuneration rights to authors and performers covering the same uses does not lead to an increase of users' willingness or resources available for payment. The probable consequence is the redistribution of revenues generated by pre-existing fees in favour of holders of the remuneration rights (in accordance with

au Ministre de la Culture et de la Communication, pp. 10, 46 and 47 (generated revenues would be used for the digitisation of audiovisual cultural heritage).

¹⁰⁹ Articles 8(3) and 156(2) of the Croatian Copyright Act.

¹¹⁰ C. Geiger and O. Bulayenko (2017), *supra* n 59, p. 122 (referring to Hungary and Norway).

¹¹¹ Z. Adamová and M. Husovec (2014), *supra* n 19, pp. 56–57.

¹¹² T. Riis (2020), *supra* n 22, p. 448 (such 'remuneration rights do not affect the scope of copyright protection').

¹¹³ R. Xalabarder (2018), *supra* n 71, pp. 91–92.

¹¹⁴ On the analysis of copyright tools, including unwaivable rights to remuneration, in light of John Rawls' principles of justice, J. Hughes and R.P. Merges (2016), 'Copyright and Distributive Justice', *Notre Dame Law Review*, 92(2), pp. 513–577.

the so-called ‘pie theory’¹¹⁵). The consequential factual decrease in revenues for the transferees of exclusive rights is overcome by reliance on a legal fiction commonly used when creating new copyright entitlements: additional rights do not prejudice pre-existing rights.¹¹⁶ Granting coexisting remuneration rights cannot alter all the consequences of granting exclusive rights, but this mechanism could contribute to the increase of real income for creators.¹¹⁷

Granting coexisting remuneration rights could be a useful policy option for countries that either replaced remuneration rights by exclusive rights (e.g., due to international commitments¹¹⁸) or introduced into their national legislation exclusive rights beyond the requirements of international treaties (e.g., in order to favour some industry groups¹¹⁹ or due to foreign pressure) and would still like to have some of the benefits of non-exclusive remuneration entitlements. Even if new evidence favours a

¹¹⁵ The ‘pie theory’ is a shorthand for referring to the observation that the mere increase of the number of beneficiaries entitled to remuneration for a particular use does not proportionately increase the commercial value of the use concerned and the amounts that are to be distributed to the beneficiaries. For other references to this notion in copyright, J. Pomianowski (2016), ‘Toward an Efficient Licensing and Rate-Setting Regime: Reconstructing § 114(i) of the Copyright Act’, *The Yale Law Journal*, 125(5), pp. 1531–1547; W. Patry (1999), ‘The Failure of the American Copyright System: Protecting the Idle Rich’, *Notre Dame Law Review*, 72(4), pp. 930–931; H. Cohen Jehoram (1990), ‘The Nature of Neighbouring Rights of Performing Artists, Phonogram Producers and Broadcasting Organizations’, *Columbia-VLA Journal of Law & the Arts*, 15(1), p. 83; and C. Masouyé (1981), *Guide to the Rome Convention and the Phonograms Convention*, WIPO Publication No. 617(E), pp. 17 and 52.

¹¹⁶ E.g., Article 1 of the Rome Convention (‘Protection granted under [the Rome] Convention shall leave intact and shall in no way affect the protection of copyright in literary and artistic works.’), Article 1(2) of the WPPT (which supplements the aforementioned provision of the Rome Convention with the following: ‘Consequently, no provision of this Treaty may be interpreted as prejudicing such protection.’), and Article 1(2) of the Beijing Treaty (‘Protection granted under this Treaty shall leave intact and shall in no way affect the protection of copyright in literary and artistic works. Consequently, no provision of this Treaty may be interpreted as prejudicing such protection.’); CJEU Judgment in *C More Entertainment AB v. Linus Sandberg*, C-279/13, ECLI:EU:C:2015:199, para. 35.

¹¹⁷ The distributive justice achieved by this mechanism greatly depends on the way in which it is implemented (e.g., whether the remuneration rights are unwaivable and non-transferable, whether tariffs are negotiated collectively and whether they are subject to collective management).

¹¹⁸ E.g., Austria and Denmark provided for a right to remuneration for cable retransmission on the date of the adoption of the Satellite and Cable Directive but had to introduce exclusive rights due to the ‘sunset’ clause of Article 8(2) of the EU Satellite and Cable Directive (T. Foged (2015), ‘Danish licences for Europe’, *European Intellectual Property Review*, 37(1), p. 16 (footnote 8); and T. Dreier (2010), ‘Satellite and Cable Directive’, in M. M. Walter and S. von Lewinski (eds.), *European Copyright Law: A Commentary*, New York, USA: Oxford University Press, pp. 447 and 449).

¹¹⁹ On the recording industries’ negative perception of the right to remuneration for communication to the public of phonograms, including streaming and webcasting, L. Rechartd (2015) ‘Streaming and copyright: a recording industry perspective’, *WIPO Magazine*, 2, pp. 6–7.

return to the pre-existing situation, it is usually a challenging task; for policy makers, it is easier to grant rights than to take them away.¹²⁰

Remuneration rights coexisting and overlapping with exclusive rights and dependent on their transfer are often described in legal scholarship as ‘residual’ rights to remuneration. They are called ‘residual’ because authors and performers enjoy the unwaivable right to remuneration only upon the transfer of exclusive rights to audio and/or audiovisual producers.¹²¹

The Beijing Treaty is the only international multilateral treaty that explicitly mentions this option. Its Article 12(3) provides that ‘[i]ndependent of the transfer of exclusive rights . . . , national laws . . . may provide the performer with the right to receive royalties or equitable remuneration for any use of the performance, as provided for under this Treaty including as regards Articles 10 [right of making available] and 11 [right of broadcasting and communication to the public]’ (emphasis added). This article of the Beijing Treaty explicitly provides for the possibility of persistence of the rights to remuneration after the transfer of exclusive rights.¹²²

The provision of Article 12(3) of the Beijing Treaty was inspired by Article 5(1) of the EU Rental and Lending Directive,¹²³ which obliges member states¹²⁴ to provide

¹²⁰ ‘The first law of copyright’ states that: ‘Once created, exclusive rights never cease to exist’. This rule-observation was humorously referred to by J. Griffiths, Professor at Queen Mary University of London, at the conference of the European Copyright Society ‘EU copyright, quo vadis? From the EU copyright package to the challenges of Artificial intelligence’, held in Brussels 25 May 2018. See also M. Husovec (2020), ‘The fundamental right to property and the protection of investment: how difficult is it to repeal intellectual property rights?’, in C. Geiger (ed), *Research Handbook on Intellectual Property and Investment Law*, Cheltenham, UK: EE, p. 385.

¹²¹ Some scholars consider such remuneration rights to be an economic component of the corresponding exclusive rights, R. Xalabarder (2018), *supra* n 71, p. 46; Europe Economics, L. Guibault, O. Salamanca and S. van Gompel (2016), *Remuneration of authors and performers for the use of their works and the fixations of their performances*, Study prepared for the European Commission, DG Communications Networks, Content & Technology, pp. 24, 27 and 29 (referring to the ‘Exclusive right with mandatory remuneration on transfer’). On the notion of ‘residual’ remuneration rights, see also S. von Lewinski (2012), ‘Collectivism and its role in the frame of individual contracts’, in J. Rosén (ed.), *Individualism and Collectiveness in Intellectual Property Law*, Cheltenham, UK: EE, pp. 120–126; and M. Ficsor (2002), *supra* n 28, pp. 23 (‘“residual right” for individual creators “surviving” the transfer of rights’) and 139 (‘“residual rights”; that is, rights to remuneration which are provided for (usually for authors and performers) in the case of transfer of certain exclusive rights (such as in the case of the right of rental under the Rental and Lending Directive of the European Community).’).

¹²² T. Pistorius (2016), ‘The Beijing Treaty on Audiovisual Performances’, in I. A. Stamatoudi (ed.), *New Developments in EU and International Copyright Law*, Alphen aan den Rijn, the Netherlands: Kluwer Law International, p. 165; S. von Lewinski (2012), ‘The Beijing Treaty on Audiovisual Performances’, *Auteur & Media*, 6, p. 542; and M. J. Ficsor (2012), *Beijing Treaty on Audiovisual Performances (BTAP): First Assessment of the Third WIPO ‘Internet Treaty’*, pp. 7–8, available at: www.copyrightseesaw.net/en/papers. S. von Lewinski and M. J. Ficsor disagreed as to whether contracting states would be able to provide for the right to receive remuneration after transfer of the exclusive rights without the explicit provision in the Treaty.

¹²³ S. von Lewinski (2012), *ibid.*, p. 542 (the author was the Deputy Head of the German Delegation at the Beijing Diplomatic Conference).

¹²⁴ E.g., Section 27(1) of the UrhG, Section 93B of the CDPA and Article 78(2) of the Hungarian Copyright Act. Before adoption of the first Rental and Lending Directive in 1992, Germany was

authors and performers with a ‘residual’ remuneration right for rental of phonograms and films:¹²⁵ ‘Where an author or performer has *transferred or assigned* his rental right concerning a phonogram or an original or copy of a film to a phonogram or film producer, that *author or performer shall retain the right to obtain an equitable remuneration for the rental*’.¹²⁶ The notions of ‘rental’ and ‘copies’ in the Rental and Lending Directive refer only to physical objects.¹²⁷ The title of Article 5 of the Rental and Lending Directive refers to the right to an equitable remuneration as ‘unwaivable’, and Article 5(2) states that ‘[t]he right to obtain an equitable remuneration for rental cannot be waived by authors or performers.’ The provision does not say anything on whether the right is ‘inalienable’,¹²⁸ but the CJEU interpreted the ‘unwaivable’ character of the right to equitable remuneration for rental in a broad way, concluding that the right is not only ‘unwaivable’ but also ‘inalienable’. The remuneration right cannot be transferred by contracts between private parties as well as by a national legislative presumption of transfer of rights¹²⁹ from performers and authors to film producers.¹³⁰

Since its integration in the EU *acquis*, the above-described formula of ‘residual’ remuneration rights was used in trade agreements. For instance, the text of Article 179, titled ‘Unwaivable right to equitable remuneration’, of the EU – Ukraine PTA (2014) is identical, *mutatis mutandis*, to the text of Article 5 (with the same title) of the EU Rental and Lending Directive. Article 220(5) of the EU – Andean Countries PTA (2012), although formulated as a ‘may’ provision and referring only to

the only member state whose legislation provided for the remuneration right for rental (J. Reinbothe and S. von Lewinski (1993), *The EC Directive on Rental and Lending Rights and on Piracy*, London, UK: Sweet and Maxwell, p. 148).

¹²⁵ The ‘rental’ is defined as ‘making available for use, for a limited period of time and for direct or indirect economic or commercial advantage’ (Article 2(1)(a) of the Rental and Lending Directive).

¹²⁶ Emphasis added. For a comment on this unwaivable right, see S. Nérison (2014), *supra* n 37, pp. 153, 174–176; and J. Reinbothe and S. von Lewinski (1993), *supra* n 124, pp. 65–66.

¹²⁷ CJEU Judgment in *Vereniging Openbare Bibliotheken*, C-174/15, ECLI:EU:C:2016:856, para. 35. Due to this scope of the right, continuous technological and consumption changes are steadily decreasing revenues collected through this right, AEPO-ARTIS (2018), *supra* n 62, pp. 127–130 (providing statistical information on the amounts collected in the majority of the European Economic Area (EEA) member states in the period 2011–2017); AEPO-ARTIS (2014), *supra* n 64, pp. 91 and 93 (providing statistical information on the amounts collected in the majority of the European Economic Area (EEA) member states in the period 2005–2013); and Europe Economics, L. Guibault, O. Salamanca and S. van Gompel (2016), *supra* n 121, pp. 78 and 95. In the past, the European Commission entertained the idea of applying the rental right to some digital services: ‘Video on demand and similar forms of use closely resemble the making available for a limited period of time of a cinematographic or audio-visual work, and could be considered a form of remote video rental.’, Commission of the European Communities, Green Paper, Copyright and Related Rights in the Information Society, 19 July 1995, COM(95) 382 final, p. 30.

¹²⁸ For a distinction on ‘unwaivable’ and ‘inalienable’, R. Xalabarder (2018), *supra* n 71, p. 5 (footnote 1).

¹²⁹ Possible under Article 5(3) and (4) of the Rental and Lending Directive.

¹³⁰ CJEU Judgment in *Luksan*, C-277/10, ECLI:EU:C:2012:65, paras. 107–109.

performers, refers to the act of making available in addition to the unwaivable remuneration for rental: ‘Where performers have transferred the *right of making available or the right of rental*, a Party may provide that *performers retain the unwaivable right to obtain an equitable remuneration*, which may be collected by a collecting society duly authorised by law, in accordance with its domestic law.’¹³¹

Another example of the remuneration right coexisting and overlapping with the scope of exclusive rights could be found in the EU Term Directive,¹³² which extended the term of protection of phonograms beyond fifty years after publication, or communication, whichever is earlier. This legislative instrument provides *performers*, whose contract with phonogram producers on transfer or assignment of their rights gives a right to claim a non-recurring remuneration (typically, session musicians), with the *unwaivable right to an annual supplementary remuneration* from phonogram producers.¹³³ The remuneration right is supplementary to the exclusive right and has no legal impact on the existence¹³⁴ or exercise of the exclusive right; that is, recording companies to whom the rights were transferred continue to exercise them as they deem fit. This remuneration ‘shall correspond to 20% of the revenue which the phonogram producer has derived, during the year preceding that for which the said remuneration is paid, from the reproduction, distribution and making available of the phonogram in question’.¹³⁵

With regard to the definition of the ‘revenue’ from which the aforementioned percentage should be calculated, Recital 13 of the Term Directive clarifies that ‘no account should be taken of the revenue which the phonogram producer has derived from the rental of phonograms, of the single equitable remuneration received for broadcasting and communication to the public or of the fair compensation received for private copying’. The purpose of this statement is to ensure that the

¹³¹ Article 220(5) of the EU – Andean Countries PTA (2012) (emphasis added).

¹³² Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version) [2006] OJ L 372/12, as amended by Directive 2011/77/EU of the European Parliament and the Council of 27 September 2011 amending Directive 2006/116/EC on the term of protection of copyright and certain related rights [2011], OJ L 265/1.

¹³³ Article 3(2b) of the Term Directive. For a comment on this right, G. Minero (2014), ‘The Term Directive’, in I. Stamatoudi and P. Torremans (eds.), *EU Copyright Law: A Commentary*, Cheltenham, UK: EE, p. 270. On the implementation of this right in some member states, A. Ramalho and A. Lopez-Tarruella (2018), *Implementation of the Directive 2011/77/EU: copyright term of protection*, Study requested by the European Parliament’s Committee on Legal Affairs, PE 604.957, pp. 26–27 and 31–32.

¹³⁴ E.g., Article 159(3)(b) and (4)(a) of the EU – Georgia PTA (2014) and Article 286(3)(b) and (4) (a) of the EU – Moldova PTA (2014), by which Georgia, Moldova, EU and its member states undertook the obligation to provide performers and phonogram producers with the term of protection of phonograms of seventy years, do not refer to the remuneration right for performers from the fiftieth year onwards.

¹³⁵ Article 3(2c) of the Term Directive.

remuneration right is supplementary to and independent from other remuneration rights.¹³⁶ This distinction is essential because the term extension remuneration right could be presented as an entitlement to an annual lump sum payment covering all types of uses controlled by the publisher holding exclusive rights. Unlike the duration of other remuneration rights (closely tied to the usual terms of protection of respective exclusive rights of authors, performers and phonogram producers), the right of performers to annual supplementary remuneration limited by the term extension starts immediately following the fiftieth year after publication of the phonogram (or, failing that, lawful communication).

In a number of EU member states, ‘residual’ remuneration rights (i.e., coexisting with the corresponding exclusive rights and dependent on their transfer) were introduced beyond the obligations under the Rental and Lending Directive and the Term Extension Directive.¹³⁷ Some stakeholders and scholars proposed unwaivable (‘residual’) remuneration rights for making available of audiovisual authors,¹³⁸ and of audio and audiovisual performers¹³⁹ and of authors and performers.¹⁴⁰

Discussions on the creation of new remuneration rights coexisting with exclusive rights were entertained by EU policymakers. In its Green Paper of 2011, the European Commission considered as a policy option the introduction of unwaivable remuneration rights for authors and performers for making audiovisual works available and subject to mandatory collective management:

¹³⁶ If this is indeed the objective of this statement, the legislative drafting technique could be improved by referring to all other entitlements to remuneration instead of referring to specific rights to remuneration, in order to avoid a possible overlap with unmentioned remuneration rights.

¹³⁷ E.g., the unwaivable remuneration right for cable retransmission of broadcasts coexisting with exclusive rights to cable retransmission (Section 20b(2) of the UrhG and Article XI.225(1) of the Belgian Economic Law Code). For a comment on those rights, T. Dreier (2010), *supra* n 118, pp. 458–459 (the author considered this as being more advantageous for individual authors than the grant of exclusive rights only, which can be assigned to broadcasters without the right to share of any future revenues). See also Article 108(3) of the Spanish Intellectual Property Law providing audio- and audio-visual performers with a residual remuneration right for making available of recordings of their performances, P. Lopez (2017), ‘The making available right for performers in Spain: a case of a statutory remuneration right managed by performers’ collecting societies’, in S. von Lewinski (ed.), *Remuneration for the use of works – Exclusivity vs Other Approaches*, Berlin, Germany: de Gruyter, pp. 234–237.

¹³⁸ R. Xalabarder (2018), *supra* n 71; SAA (2015), *Audiovisual Authors’ Rights and Remuneration in Europe*, White Paper, pp. 37–43; KEA European Affairs (2010), *Multi-Territory Licensing of Audiovisual Works in the European Union*, Final Report, prepared for the European Commission, DG Information Society and Media, pp. 10 and 172; and SAA (2011), *Audiovisual Authors’ Rights and Remuneration in Europe*, White Paper, pp. 26–28.

¹³⁹ AEPO-ARTIS (2018), *supra* n 62, pp. 74 and 159; and AEPO-ARTIS (2014), *supra* n 64, pp. 46, 92, 111 and 112.

¹⁴⁰ S. Dusollier, C. Ker, M. Iglesias et al. (2014), *Contractual Arrangements Applicable to Creators: Law and Practice of Selected Member States*, Study requested by the European Parliament’s Committee on Legal Affairs, PE 493.041, pp. 15, 94 and 104; and S. von Lewinski (2017), ‘A model that may indeed help’, in S. von Lewinski (ed.), *Remuneration for the use of works – Exclusivity vs Other Approaches*, Berlin, Germany: de Gruyter, p. 257.

It could be argued that *authors* have no economic benefit from the online exploitation of their works if no proportional remuneration is being passed on a per use basis. To remedy this, one option would be the introduction of *an unwaivable right to remuneration for their 'making available' right managed, compulsorily, on a collective basis.*

...

It could be argued that *performers* should equally be entitled, on a harmonised basis, to *an unwaivable right to remuneration* from which they would benefit *even after* they have transferred their exclusive right of making available. This right could also be *compulsorily collected by collective management societies.*¹⁴¹

In 2012, the European Parliament called 'for the bargaining position of [audiovisual] authors and performers vis-à-vis producers to be rebalanced by providing authors and performers with an unwaivable right to remuneration for all forms of exploitation of their works, *including* ongoing remuneration where they have transferred their exclusive "making available" right to a producer'.¹⁴² In September 2017, the Committee on Culture and Education (CULT) of the European Parliament proposed the Committee on Legal Affairs (JURI) to include the following Article 14a(1), 'Unwaivable right to fair remuneration for authors and performers', in the Draft Directive on copyright in the Digital Single Market (DSM) Directive: 'Member States shall ensure that where authors and performers transfer or assign the right of making available to the public their works or other subject-matter for their use on information society services that *make available works or other subject-matter* through a licensed catalogue, those *authors and performers retain the right to obtain fair remuneration* from such use.'¹⁴³

The adopted text of the DSM Directive, however, deviated from the approach promoting the grant of substantive statutory rights to remuneration. DSM Directive's Article 18(1), titled 'Principle of appropriate and proportionate remuneration', reads as follows: 'Member States shall ensure that where *authors and performers license or transfer* their exclusive rights for the exploitation of their works or other subject-matter, *they are entitled to receive appropriate and proportionate remuneration.*' (emphasis added). This provision does not require member states to establish a substantive statutory right to remuneration, as it aims primarily at regulating the conditions of exploitation contracts. Still, according to the European Copyright

¹⁴¹ European Commission, Green Paper on the online distribution of audiovisual works in the European Union: opportunities and challenges towards a digital single market, 13 July 2011, COM(2011) 427 final, 16 (emphasis added).

¹⁴² European Parliament, Resolution on the online distribution of audiovisual works in the European Union (2011/2313(INI)) of 11 September 2012, P7_TA(2012)0324, para. 48 (emphasis added).

¹⁴³ Committee on Culture and Education of the European Parliament, Opinion of 4 September 2017, for the Committee on Legal Affairs, on the proposal for a directive of the European Parliament and of the Council on copyright in the Digital Single Market (COM(2016)0593 – C8–0383/2016 – 2016/0280(COD)), Amendment 92 (emphasis added).

Society (ECS), ‘Member States are also free to use non-contractual mechanisms to implement the principle of a fair remuneration. One such mechanism that Member States are free to maintain or introduce in their law code consists of an unwaivable right to remuneration that authors or performers cannot transfer’.¹⁴⁴

Another relevant provision of the DSM Directive is Article 15(5), stating that ‘Member States shall provide that author of works incorporated in a press publication receive an appropriate share of the revenues that press publishers receive for the use of their press publications by information society service providers.’¹⁴⁵ Similarly to the cited Article 18(1), it also does not require member states to implement it by granting authors a right to remuneration. Yet, it is one of the ways in which this provision of the DSM Directive could be transposed into the national laws of member states.

As is demonstrated by the preceding paragraphs, the grant of remuneration rights coexisting with exclusive rights covering the same uses is a legislative tool of distributive justice, provided by a few international and regional instruments as well as by the national law of some countries. Those instruments are usually interpreted as permitting or requiring the provision of remuneration rights entering into play *only upon the transfer* of the exclusive rights to economic operators (e.g., producers). Those instruments, nevertheless, do not prohibit the introduction of unwaivable remuneration rights coexisting with corresponding exclusive rights, *without requiring the transfer of exclusive rights*.

Nowadays, thanks to technological and business developments, notably in the accessibility of recording technologies and online platforms enabling an easy reach to the public, many creators participate in the copyright-based economy without passing through traditional economic actors playing the role of intermediaries, publishers and producers. Granting of a right to an equitable remuneration only to creators who transferred their exclusive rights, but not to those who preferred to keep them (e.g., self-publishing and self-recording¹⁴⁶), does not seem to have a solid legal or economic public policy rationale. In the case of remuneration rights existing independently from the transfer of exclusive rights, an equitable remuneration requirement could also be applicable to the transfer of exclusive rights. Further empirical and interdisciplinary research on the impact of the grant of remuneration

¹⁴⁴ S. Dusollier, L. Bently, M. Kretschmer et al. (2020), *Comment of the European Copyright Society Addressing Selected Aspects of the Implementation of Articles 18 to 22 of the Directive (EU) 2019/790 on Copyright in the Digital Single Market*, 8 June 2020, available at: https://europeancopyrightsocietydotorg.files.wordpress.com/2020/06/ecs_comment_art_18-22_contracts_20200611.pdf.

¹⁴⁵ This safeguard of authors’ interests was not present in the much criticised version of Article 15 (ex Article 11) of the DSM Directive, C. Geiger, O. Bulayenko and G. Frozio (2017), ‘The Introduction of a Neighbouring Rights for Press Publishers at EU Level: The Unneeded (and Unwanted) Reform’, *European Intellectual Property Review*, 39(4), pp. 202–210.

¹⁴⁶ On the alternative supply chain for performers, Europe Economics, L. Guibault, O. Salamanca and S. van Gompel (2016), *supra* n 121, pp. 80–63.

rights coexisting with exclusive rights is necessary (e.g., on the welfare of creators, on the cost of production of investment-intensive works, and on the prices for consumers). It seems that, given the ultimate purpose of the mechanism is to ensure some minimum standard of revenue-sharing from the results of creators' artistic input, some outcomes of policy discussions and their conclusion in the domain of *minimum wage* could be of high relevance. The link between the conclusions of the discussion on minimum wage and the proposals for the grant of coexisting remuneration rights is strong where the creative input of authors and performers is the primary outcome of their labour.

With regard to the situations of coexistence and overlapping of exclusive and remuneration rights independent from the transfer of the exclusive rights, it could be observed that they could occur not only when entitlements to remuneration are granted to creators in addition to the pre-existing exclusive rights. The same situations should, in principle, occur when countries required by the international treaties to provide for a remuneration right decide to grant an exclusive right in addition to the corresponding remuneration right.¹⁴⁷

The unwaivable nature of some remuneration rights permits ensuring a connection between the commercial success of the creations and their creators, unlike the one-time payments of the commonly practiced 'buy-outs' (i.e., 'all-rights included' contracts by which authors and performers transfer all their rights to publishers, phonogram and audiovisual publishers, and other economic operators for the full term of copyright and for all the territories).¹⁴⁸

If the natural-person creators are the intended beneficiaries of the grant of remuneration rights, in addition to merely declaring such rights 'unwaivable' (and non-transferable), it is important to consider situations where, by virtue of statutory provisions, original creators (often employee creators and contributors to collective works) are not considered to be 'authors' or 'owners', for the purpose of initial allocation of rights. This runs contrary to the 'creator doctrine'¹⁴⁹ of copyright law but is in line with the labour law.¹⁵⁰

¹⁴⁷ X. Blanc (2003), *supra* n 28, p. 9 ('Nothing prevents the laws of the States having ratified [the Rome Convention and the WPPT] from combining its exercise with the existence of an exclusive right as soon as such a right to equitable remuneration constitutes a minimum guarantee of protection.')

¹⁴⁸ On this practice and consequences for creators' income, Europe Economics, L. Guibault, O. Salamanca and S. van Gompel (2016), *supra* n 121, pp. 5, 31, 51 and 78; Europe Economics, L. Guibault and O. Salamanca (2016), *Remuneration of Authors of Books and Scientific Journals, Translators, Journalists and Visual Artists for the Use of Their Works*, Study prepared for the European Commission, DG Communications Networks, Content & Technology, pp. 53, 75, 80, 90–96, 109 and 111; SAA (2015), *Audiovisual Authors' Rights and Remuneration in Europe*, White Paper, pp. 6 and 18–20; and S. Dusollier, C. Ker, M. Iglesias et al. (2014), *supra* n 140, pp. 12, 81 and 84–86.

¹⁴⁹ On the doctrine, J. Seignette (1994), *Challenges to Creator Doctrine: Authorship, Copyright Ownership and the Exploitation of Creative Works in the Netherlands, Germany and the United States*, Deventer, the Netherlands: Kluwer Law and Taxation Publishers.

¹⁵⁰ One of solutions proposed by the legal doctrine is to entitle employee-creators to a right to remuneration proportionate to the benefits of the use of works they created. This way, the remuneration of employee-creators would not entirely depend on the (mostly fixed) salary but

Of course, not all creators always create with commercial motives in mind, and some creators sometimes do not want to put a price tag on the use of their works. Today, many creators legally express their wish for free non-commercial uses through free public non-exclusive copyright licences, such as the popular Creative Commons non-commercial licences.¹⁵¹ In this regard, it is important to provide for an exception to the unwaivable character of rights where creators grant such licences.¹⁵²

C. LIMITATION-BASED REMUNERATION RIGHTS

States not bound by international treaties establishing minimum obligations with regard to exclusive rights are free to introduce and design statutory remuneration rights instead of exclusive rights, as they see fit, in their national policies.¹⁵³ The vast majority of the international community signatory of the international conventions however can transform the exclusive rights provided by international norms into remuneration rights only under certain conditions and to the extent permitted by the treaties. Limitation-based remuneration rights, unlike remuneration rights per

would also integrate revenue streams linked to the revenues generated by the works they created (S. Le Cam (2014), *L'auteur professionnel : Entre droit d'auteur et droit social*, Paris, France: LexisNexis, pp. 252, 391 and 392).

¹⁵¹ Creative Commons, About The Licenses: <https://creativecommons.org/licenses/?lang=en>. Section 2(b)(3) of the Creative Commons licences (4.0 International) states the following:

To the extent possible, the Licensor waives any right to collect royalties . . . for the exercise of the Licensed Rights, whether directly or through a collecting society under any voluntary or waivable statutory or compulsory licensing scheme. In all other cases the Licensor expressly reserves any right to collect such royalties, including when the Licensed Material is used other than for NonCommercial purposes.

On the issue of the relation between Creative Commons licences and the unwaivability (and/or non-transferability) of the right to remuneration for communication to the public of commercial phonograms, C. Angelopoulos (2011), 'Creative Commons and Related Rights in Sound Recordings: Are the Two Systems Compatible?', in L. Guibault and C. Angelopoulos (eds.), *Open Content Licensing: From Theory to Practice*, Amsterdam, the Netherlands: Amsterdam University Press, pp. 244, 245 and 284-295.

¹⁵² A provision to this end was developed by the Committee on Culture and Education (CULT) of the European Parliament, proposing that the unwaivable character 'shall not apply where an author or performer grants a free non-exclusive right for the benefit of all users for the use of his or her work.' (Committee on Culture and Education of the European Parliament, Opinion of 4 September 2017, for the Committee on Legal Affairs, on the proposal for a directive of the European Parliament and of the Council on copyright in the Digital Single Market (COM (2016)0593 – C8-0383/2016 – 2016/0280(COD)), Amendment 92 (Article of 14a(2))).

¹⁵³ E.g., Eritrea, Ethiopia, Iran (signatory of the Phonograms Convention only), Iraq and Timor-Leste are not bound by the international treaties on copyright requiring grant of exclusive rights. However, Iraq has to accede to the Rome Convention, WCT and WPPT by virtue of Article 60(2) of the EU – Iraq PTA (2012).

se,¹⁵⁴ are generally also called ‘non-voluntary licences’, ‘compulsory licences’ or ‘statutory licences’. As explained above, we prefer the use of a unified terminology referring to remuneration rights, be it per se or based on limitations, since the remuneration entitlement is in both cases not technically based on a ‘licence’ but on a right given to rightholders, by law, to be remunerated for a particular use.

Many exceptions and limitations are explicitly mentioned in the international treaties. Some provisions require payment of remuneration to rightholders, and others do not. Regardless of the requirement of payment, such provisions can be implemented in national or regional law as remunerated exceptions and limitations to exclusive rights (referred as ‘limitation-based remuneration rights’ in this chapter).¹⁵⁵ Many other exceptions and limitations to exclusive rights, not mentioned by the international treaties, were created through the legislative flexibility available under the three-step test.¹⁵⁶ This section analyses the categories of entitlement, in the presented order.¹⁵⁷ As was stressed at the beginning of this chapter, the lines between the different categories of remuneration rights are sometimes difficult to draw precisely in practice. Nevertheless, the proposed classification could still be helpful for understanding different ways and grounds for creating limitation-based remuneration rights.

I. *Limitation-Based Remuneration Rights Created within the Scope of Exceptions and Limitations Provided by the International Treaties*

All the exceptions and limitations to exclusive rights provided by the international treaties have to comply with certain conditions, incorporated from what is generally referred to as the ‘three-step test’.¹⁵⁸ However, as there are different views on the

¹⁵⁴ See *supra* in the text:

A right to a *single equitable remuneration* for the use of commercial phonograms for broadcasting or for any communication to the public is provided by Article 12 of the Rome Convention and Article 15(1) of the WPPT. *While this provision is often referred to as a “non-voluntary license” or “compulsory license”, (connoting a limitation of an exclusive right), it is important to clarify that this right to remuneration is provided as such for the sake of balancing the interests of rightholders and users, and is not an exception or limitation to the corresponding exclusive right of communication to the public.* (Emphasis added).

¹⁵⁵ For theoretical work behind this notion, see C. Geiger (2010), *supra* n 19, pp. 529, 542–543; and C. Geiger and F. Schönherr (2014), *supra*, p. 133.

¹⁵⁶ See *infra* the part on limitation-based remuneration rights created under the flexibility of the three-step test.

¹⁵⁷ The proposed classification is a theoretical exercise permitting to conceptualise the different possibilities for replacing exclusive rights required by the international treaties by remuneration entitlements. The categories presented in this article are not hermetic structures, and some limitation-based remuneration rights provided by national laws could fall under more than one category.

¹⁵⁸ Article 9(2) of the Berne Convention, Article 13 of the TRIPS Agreement, Article 10(1) of the WCT, Article 16(2) of the WPPT, and Article 13(2) of the Beijing Treaty. On these conditions,

interpretation of the test, and as the test is inherently an imprecise tool, it could be challenging to define with precision the contours of each and every limitation-based right that could be created under this flexibility mechanism.

Some international norms which explicitly mention possible exceptions and limitations provide some level of confidence with regard to the permitted legislative action at the national or regional level. This part provides an overview of limitation-based remuneration rights created within the scope of such exceptions and limitations mentioned by the international treaties.

1. Limitation-Based Remuneration Rights Provided by the International Treaties

Some of the international treaties explicitly foresee a possibility of making exceptions and limitations to exclusive rights subject to remuneration ('limitation-based remuneration rights').

Article 11bis(2) of the Berne Convention provides contracting parties with the competency to determine the conditions under which authors may exercise their right prescribed by this article,¹⁵⁹ provided that it is not prejudicial to authors' right to obtain 'equitable remuneration'.¹⁶⁰ Similarly, Article 13(1) of the Berne Convention allows state parties to impose reservations and conditions, subject to 'equitable remuneration', on the exclusive right granted to the author of a musical work, the recording of which has already been authorised.¹⁶¹ The Phonograms Convention foresees that if contracting states permit the duplication of phonograms for the purpose of teaching or scientific research, they ought to subject it to the payment of 'an equitable remuneration' to the producers of phonograms.¹⁶² The

see M. R. F. Senfleben (2004), *Copyright, Limitations and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law*, The Hague, the Netherlands: Kluwer Law International, and *infra*.

¹⁵⁹ Namely, the exclusive rights of authorizing broadcasting, other wireless communication to the public, cable retransmission, rebroadcast, public communication of broadcast by loudspeaker or analogous instruments.

¹⁶⁰ As some countries are parties to the Berne Convention and the WCT at the same time, it is important to highlight that Article 8 of the WCT providing for the exclusive right of communication to the public, including the making available to the public, does not preclude contracting parties from applying Article 11bis(2) of the Berne Convention (Agreed statement concerning Article 8 of the WCT). In the WTO dispute opposing the USA and the European Communities (EC; now EU), the EC recognised 'a levy system for the audio/TV equipment purchased by the establishment being allowed to play copyrighted works without authorisations' as one of possibilities for providing such remuneration (WTO, Panel Report on United States – Section 110(5) of the US Copyright Act, adopted on 15 June 2000, WT/DS160/R, para. 6.84 (footnote 103)).

¹⁶¹ S. Ricketson (2003), *supra* n 27, pp. 28–32; and G. B. Dinwoodie, W. O. Hennessey and S. Perlmutter (2001), *supra* n 30, p. 545.

¹⁶² Article 6 of the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms, adopted in Geneva on 29 October 1971.

Marrakesh Treaty provides that parties to the treaty may subject to remuneration certain exceptions and limitations regarding the making of accessible format copies that give persons with visual impairments or other print disabilities access to copyrighted works.¹⁶³ Contracting parties may also subject to remuneration the importation of accessible format copies.¹⁶⁴ Article 3(6) of the EU Directive implementing the Marrakesh Treaty¹⁶⁵ reconfirms the liberty of EU member states to provide that specified uses undertaken by authorised entities for the benefit of visually impaired persons could be subject to ‘compensation schemes’, but imposes some limitations on such schemes.¹⁶⁶

¹⁶³ Article 4(5) of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled, adopted in Marrakesh on 27 June 2013. For commentary of this provision, see L. R. Helfer, M. K. Land, R. L. Okediji et al. (2017), *The World Blind Union Guide to the Marrakesh Treaty: Facilitating Access to Books for Print-Disabled Individuals*, available at: www.worldblindunion.org/English/our-work/our-priorities/Pages/WBU-Guide-to-the-Marrakesh-Treaty.aspx, pp. 123–126, 144 and 166–168; R. Hilty, K. Köklü, A. Kur, S. Nérissou, J. Drexler and S. von Lewinski (2015), ‘Position Paper of the Max Planck Institute for Innovation and Competition, Concerning the Implementation of the WIPO Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled’, *International Review of Intellectual Property and Competition Law*, 46, pp. 6–7 (para. 26); and M. J. Ficsor (2013), *Commentary to the Marrakesh Treaty on Accessible Format Copies for the Visually Impaired*, pp. 20–28, available at: www.copyrightseesaw.net/en/papers.

¹⁶⁴ Agreed statement concerning Article 6 of the Marrakesh Treaty: ‘It is understood that the Contracting Parties have the same flexibilities set out in Article 4 when implementing their obligations under Article 6.’, S. von Lewinski (2016), ‘The Marrakesh Treaty’, in I. A. Stamatoudi (ed.), *New Developments in EU and International Copyright Law*, Alphen aan den Rijn, the Netherlands: Kluwer Law International, pp. 136 and 138.

¹⁶⁵ Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on certain permitted uses of certain works and other subject matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled and amending Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society [2017] OJ L 242/6.

¹⁶⁶ Recital 14 of the Directive:

Member States should only be allowed to provide for compensation schemes regarding the permitted uses of works or other subject matter by authorised entities. In order to avoid burdens for beneficiary persons, prevent barriers to the cross-border dissemination of accessible format copies and excessive requirements on authorised entities, it is important that the possibility for Member States to provide for such compensation schemes be limited. Consequently, compensation schemes should not require payments by beneficiary persons. They should only apply to uses by authorised entities established in the territory of the Member State providing for such a scheme, and they should not require payments by authorised entities established in other Member States or third countries that are parties to the Marrakesh Treaty. Member States should ensure that there are not more burdensome requirements for the cross-border exchange of accessible format copies under such compensation schemes than for non-cross border situations, including with regard to the form and possible level of compensation. When determining the level of compensation, due account should be taken of the non-profit nature of the activities of authorised entities, of the public interest objectives pursued by this Directive, of the interests of beneficiaries of the exception, of the possible harm to rightholders and of the need to ensure cross-border dissemination of accessible format

The Appendix to the Berne Convention¹⁶⁷ and Articles Vter and Vquater of the Universal Copyright Convention¹⁶⁸ accord developing countries a possibility to introduce remunerated exceptions and limitations to the rights to translation and reproduction of copyrighted works for the purposes of education and research, subject to a 'just compensation' (Article IV(6) of the Appendix). A number of developing countries availed themselves of the faculties provided by Articles II (right of translation), III (right of reproduction) or V (right of translation) of the Appendix.¹⁶⁹ It is important to note that countries that opted for a regime for translation under Article V cannot reverse to the regime of compulsory licences for translations under Article II of the Appendix, and vice versa.¹⁷⁰ As the overview of the Berne Notifications demonstrates, while many of the 'developing countries' made respective declarations to avail

copies. Account should also be taken of the particular circumstances of each case, resulting from the making of a particular accessible format copy. Where the harm to a rightholder is minimal, no obligation for payment of compensation should arise.

¹⁶⁷ The Appendix forms an integral part of the treaty (Article 21(2)), and all parties to the Berne Convention are at the same time bound by the Appendix.

¹⁶⁸ Universal Copyright Convention, adopted in Geneva on 6 September 1952 and revised in Paris on 24 July 1971.

¹⁶⁹ The following 'developing countries' availed themselves of the faculties provided for in Articles II and III of the Appendix: Algeria (Berne Notifications No. 262, 256 and 194, made in 2014, 2012 and 1998), Bahrain (Berne Notification No. 177, made in 1996), Bangladesh (Berne Notifications No. 269, 234 and 200, made in 2014, 2000 and 1999), China (Berne Notification No. 140, made in 1992), Cuba (Berne Notifications No. 270, 238 and 176, made in 2014, 2004 and 1996), Egypt (Berne Notification No. 128, made in 1990), Guinea (Berne Notification No. 100, made in 1980), India (Berne Notifications No. 280 and 110, made in 2018 and 1984), Jamaica (Berne Notification No. 152, made in 1993), Jordan (Berne Notifications No. 232 and 204, made in 2004 and 1999), Kuwait (Berne Notification No. 271, made in 2015), Lesotho (Berne Notification No. 124, made in 1989), Liberia (Berne Notification No. 122, made in 1988), Malaysia (Berne Notification No. 130, made in 1990), Mauritius (Berne Notification, No. 123, made in 1989), Mexico (Berne Notifications No. 109 and 79, made in 1984 and 1976), Mongolia (Berne Notifications No. 237 and 190, made in 2004 and 1997), Niger (Berne Notification No. 91, made in 1978), North Korea (Berne Notification No. 224, made in 2003), Oman (Berne Notification No. 233, made in 2004), Philippines (Berne Notification No. 235, made in 2004), Singapore (Berne Notification No. 198, made in 1998), Sri Lanka (Berne Notification No. 248, made in 2005), Sudan (Berne Notification No. 240, made in 2004), Suriname (Berne Notification No. 83, made in 1976), Syria (Berne Notification No. 245, made in 2004), Tanzania (Berne Notification No. 156, made in 1994), Tunisia (Berne Notification No. 74, made in 1975), United Arab Emirates (Berne Notification No. 266 and No. 236, made in 2014 and 2004), Vietnam (Berne Notification No. 241, made in 2014) and Yemen (Berne Notification No. 263 and 254, made in 2014 and 2008).

The following countries availed themselves of the faculties provided for in Article II only: Cook Islands (Berne Notification No. 277, made in 2017), Thailand (Berne Notifications No. 264, 239 and 167 made in 2014, 2004 and 1995) and Samoa (Berne Notification No. 250, made in 2006). L. Y. Ngombé (2009), *supra* n 89, pp. 98 and 99 (also referred to Malawi and Nigeria as having introduced translation provisions under the Appendix, and to Angola, Djibouti, Nigeria and Togo as having introduced provisions for reproduction under the Appendix). Cyprus seems to be the only country that made a declaration regarding the provision of Article V (Berne Notification No. 105, made in 1983).

¹⁷⁰ Article V(1)(e) read in conjunction with Article V(2) of the Appendix. G. B. Dinwoodie, W. O. Hennessey and S. Perlmutter (2001), *supra* n 30, pp. 547–548.

themselves of the faculties provided for in Articles II and III of the Appendix, they did not renew their declarations upon the expiration of the ten-year period (according to Article I(2) of the Appendix). Hence, their national legislation cannot provide for respective remuneration rights outside the prescribed renewable ten-year period for which declarations are made under the Appendix.

The lending right is not dealt with by the major international treaties.¹⁷¹ However, in 2014, Ukraine and the EU and its member states bound themselves by an Association Agreement, Article 178(1) of the intellectual property chapter of which obliges the parties to provide for an exclusive right of lending.¹⁷² At the same time, Article 178(3), (4) and (5) of the EU – Ukraine PTA (2014), reproducing *mutatis mutandis* Article 6 of the EU Rental and Lending Directive, makes it possible for the contracting parties' legislators to replace the exclusive right by 'a remuneration' to 'at least authors'.¹⁷³ Prior to the adoption of the original Rental and Lending Directive in 1992,¹⁷⁴ out of all the EU member states¹⁷⁵ only Germany provided for a copyright-based system, while other members provided for remuneration for lending and based their systems outside the copyright framework.¹⁷⁶ By 2014, the following

¹⁷¹ Non-profit lending is not regulated by the TRIPS Agreement and is outside of its scope, since its Article 11 concerns only 'commercial' rental. C. M. Correa (2007), *Trade Related Aspects of Intellectual Property Rights: A Commentary of the TRIPS Agreement*, Oxford, UK: Oxford University Press, p. 130.

¹⁷² Article 1 of the EU Rental and Lending Directive already provided for an exclusive right of lending of originals and copies of copyrighted works, prior to the conclusion of the EU – Ukraine PTA (2014).

¹⁷³ Article 178(3) and (4) of the EU – Ukraine PTA (2014):

3. The Parties may derogate from the exclusive right . . . of public lending, provided that *at least authors obtain remuneration* for such lending. The Parties shall be free to determine this remuneration, taking account of their cultural promotion objectives.

4. Where the Parties do not apply the exclusive lending right provided for in this Article as regards phonograms, films and computer programs, they shall introduce, *at least for authors, remuneration*.

For a comment on the quasi-identical wording of Article 6 of the EU Rental and Lending Directive, Commission of the European Communities, *Report from the Commission to the Council, the European Parliament and the Economic and Social Committee on the Public Lending Right in the European Union*, 12 September 2002, COM(2002) 502 final, pp. 5–6. At the time of the Report the following member states granted remuneration right for the public lending: Austria, Denmark, Finland, Germany, Luxembourg, the Netherlands and Sweden (p. 8 of the Commission Report). In multiple countries the public lending system was originally designed to remunerate authors only (not publishers), e.g., in Canada, Denmark, Finland, Iceland, Israel, New Zealand, Norway and Sweden, S. von Lewinski (1992), 'Public Lending Right: general and comparative survey of the existing systems in law and practice', *Revue Internationale du Droit d'Auteur*, 154, pp. 19 and 79.

¹⁷⁴ Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property [1992] OJ L 346/61.

¹⁷⁵ Back then, twelve members of the European Communities: Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and UK.

¹⁷⁶ WIPO, Draft Model Law on Copyright, Memorandum prepared by the International Bureau of the WIPO, Third session of the Committee of Experts on Model Provisions for Legislation

EU member states provided for the right to remuneration for public lending: Austria, Belgium, Czech Republic, Estonia, France, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands and Spain.¹⁷⁷

The CJEU interpreted the provision of Article 6 ‘Derogation from the exclusive public lending right’ of the Rental and Lending Directive requiring ‘remuneration’ (rather than ‘compensation’) for lending as providing for the ‘public lending exception’.¹⁷⁸ It further stated that the ‘concept of “remuneration” [in case of public lending] is also designed to establish recompense for authors, since *it arises in order to compensate for harm to the latter*’.¹⁷⁹ In the EU, the remuneration for public lending should be determined taking into account the number of works lent and the number of persons borrowing from lending establishments.¹⁸⁰ For example, a flat-rate remuneration mechanism taking into account only the number of borrowers registered with public lending establishments is not compatible with the EU law.¹⁸¹

Although the notion of ‘remuneration’ for lending was interpreted narrowly, the judges reached the conclusion that the notion of ‘lending’ in Articles 1(1), 2(1)(b) and 6(1) of the Rental and Lending Directive encompasses so-called ‘e-lending’.¹⁸² Member states of the EU may decide to make the public lending of digital copies of works available for lending

in the Field of Copyright, 30 March 1990, WIPO Doc. No. CE/MPC/III/2, para. 206 (referring to Finland, Iceland, the Netherlands, New Zealand, Norway, Sweden, UK and USA, as the countries that provided for non-copyright lending rights); and S. von Lewinski (1992), *supra* n 173, pp. 5, 11, 13 and 27. *Sui generis* national remuneration systems had, as their consequence, non-application of national treatment required by the international copyright treaties.

¹⁷⁷ I. Kikkis (2014), ‘L’avancée du droit de prêt public en Europe suite à une harmonisation qui laissestemarer’, in C. Bernault, J.-P. Clavier, A. Lucas-Schloetter et al. (eds.), *Mélanges en l’honneur de Professeur André Lucas*, Paris, France: LexisNexis, pp. 456–459 (according to the author, only the Dutch system is entirely based on copyright law).

¹⁷⁸ CJEU Judgment in *Vereniging Openbare Bibliotheken*, C-174/15, ECLI:EU:C:2016:856, paras. 50 and 51. According to the settled case-law of the CJEU, exceptions and limitations must be interpreted strictly. Some scholars do not interpret the remuneration for lending as a remunerated exception or limitation but as a remuneration right introduced instead of the exclusive right, L. Guibault, O. Salamanca and S. van Gompel (2016), *supra* n 121, pp. 27 and 29. M. Ficsor considered the remuneration right for lending not to be a remunerated exception or limitation but a remuneration right as such, M. Ficsor (2016), ‘Collective Rights Management from the Viewpoint of International Treaties, with Special Attention to the EU ‘Acquis’’, in D. Gervais (ed.), *Collective Management of Copyright and Related Rights* 3rd edition, Alphen aan den Rijn, the Netherlands: Kluwer Law International, p. 52.

¹⁷⁹ CJEU Judgments in *VEWA*, C-271/10, ECLI:EU:C:2011:442, paras. 29 and 40; and *Luksan*, C-277/10, ECLI:EU:C:2012:65, para. 103 (emphasis added). Here the Court seems to be equating the notions of ‘compensation’ and ‘remuneration’. See *supra* on the notion of ‘compensation’.

¹⁸⁰ CJEU Judgment in *VEWA*, C-271/10, ECLI:EU:C:2011:442, paras. 37–39.

¹⁸¹ CJEU Judgment in *VEWA*, C-271/10, ECLI:EU:C:2011:442, para. 43.

¹⁸² More precisely, e-lending that

covers the lending of a digital copy of a book, where that lending is carried out by placing that copy on the server of a public library and allowing a user to reproduce that copy by downloading it onto his own computer, bearing in mind that only one copy may be downloaded during the lending period and that, after that period has expired, the downloaded copy can no longer be used by that user

conditional to a prior ‘first sale or other transfer of ownership of that copy’ in the EU by the holder of the right of distribution, or otherwise with his consent.¹⁸³

Article 178(5) of the EU – Ukraine PTA (2014) and Article 6(3) of the Rental and Lending Directive permit member states to ‘exempt certain categories of establishments from the payment of the remuneration’ for public lending. The CJEU established that since this derogation is quantitative in nature and must be strictly interpreted, exemption of almost all categories of establishments undertaking the public lending of works from the obligation to pay remuneration for the lending carried out is prohibited by the Rental and Lending Directive.¹⁸⁴ However, it seems that some qualitative restrictions to this limitation-based remuneration right are tolerated. Denmark, Norway and Sweden, historically the world’s first countries to have introduced public lending systems in 1946, 1947 and 1954 respectively, remunerate only authors of works written in their national languages.¹⁸⁵ In Lithuania and the UK, the remuneration is due only for the public lending of books and similar publications.¹⁸⁶

International instruments do not explicitly deal with the question of whether the right to remuneration for lending could be waived, and different approaches were taken in different states. For example, while the right to remuneration for lending could be waived in the Netherlands, it is unwaivable in Austria and Italy.¹⁸⁷

2. Limitation-Based Remuneration Rights Created within the Scope of Unremunerated Exceptions and Limitations Provided by the International Treaties

Provisions of the international treaties foreseeing the possibility of introducing unremunerated exceptions and limitations can also serve as a basis for the

CJEU Judgment in *Vereniging Openbare Bibliotheken*, C-174/15, ECLI:EU:C:2016:856, para. 54. The dispute dealt with the Dutch system of fair remuneration for lending (Article 15c of the Dutch Copyright Act). The CJEU did not refer to the EU – Ukraine PTA (2014) but the judgment could be of relevance for interpreting the identical treaty language.

¹⁸³ For the purpose of Article 4(2) ‘Distribution right’ of the Information Society Directive. CJEU Judgment in *Vereniging Openbare Bibliotheken*, C-174/15, ECLI:EU:C:2016:856, paras. 64 and 65.

¹⁸⁴ CJEU Judgments in *Commission v Ireland*, C-175/05, ECLI:EU:C:2007:13; *Commission v Spain*, C-36/05, ECLI:EU:C:2006:672, paras. 27, 32 and 39–43; and *Commission v Portugal*, C-53/05, ECLI:EU:C:2006:448, paras. 25, 27, 28, 36 and 42.

¹⁸⁵ J. Parker (2018), ‘The public lending right and what it does’, WIPO Magazine, 3, pp. 38–39; and I. Kikkis (2014), *supra* n 177, p. 460. Probably, to maintain such language-bias remuneration systems, these countries could rely on Article 178(3) of the EU – Ukraine PTA (2014) and Article 6(1) of the Rental and Lending Directive according to which the countries are free to determine remuneration for public lending ‘taking account of their cultural promotion objectives.’

¹⁸⁶ L. Guibault, O. Salamanca and S. van Gompel (2016), *supra* n 121, p. 31.

¹⁸⁷ Article 15c of the Dutch Copyright Act and Article 18, 5 of the Italian Copyright Act. Europe Economics, L. Guibault and O. Salamanca (2016), *Remuneration of authors of books and scientific journals, translators, journalists and visual artists for the use of their works*, Study prepared for the European Commission, DG Communications Networks, Content & Technology, p. 36 (referring to Italy and the Netherlands); and H. Karl (2009), ‘Austria’, in S. Nikolchev (ed.), *Creativity Comes at a Price: The Role of Collecting Societies*, Strasbourg, France: EAO, IRIS Special, pp. 11 and 13.

introduction of remunerated exceptions and limitations ('limitation-based remuneration rights').¹⁸⁸ If a treaty explicitly allows contracting parties to establish an exception or limitation for certain uses without any payment to rightholders, this does not necessarily preclude making the same use conditional to payment, provided of course that it is compliant with international copyright norms¹⁸⁹ – but also with human rights obligations at the international and national levels.¹⁹⁰

¹⁸⁸ Recital 36 of the EU Information Society Directive explicitly states the following: 'The Member States may provide for fair compensation for rightholders also when applying the optional provisions on exceptions or limitations which do not require such compensation.' In support of this possibility see also, M. M. Walter and S. von Lewinski (eds.) (2010), *European Copyright Law: A Commentary*, New York, USA: Oxford University Press, pp. 1027–1028.

¹⁸⁹ Because of the mandatory nature of the quotation exception under international copyright law, quotations e.g. cannot be subject to the payment of a remuneration. As L. Bently and T. Aplin very convincingly argue in: (2019) 'Whatever Became of Global Mandatory Fair Use? A Case Study in Dysfunctional Pluralism', in S. Frankel (ed.), *Is Intellectual Property Pluralism Functional?*, Cheltenham, UK: Edward Elgar, p. 8, the mandatory nature of Article 10(1) of the Berne Convention, which must be complied with in the context of the TRIPS Agreement as well,

creates an obligation, and thereby imposes a ceiling on the freedom of action of Members of the Union. The breadth of the obligatory exception is wide: as enacted in national law, it should not be limited by work, nor by type of act, nor by purpose. The exception should *not be subjected to additional conditions* beyond those recognized in Article 10: *to do so is to breach the obligation*

(emphasis added).

However, looking closer, things might be more complicated, and remunerations might still play a role in the context of 'quotations'. First, many national laws have added, in breach of international law, further conditions to Article 10(1), narrowing its scope (see the examples cited by Bently and Aplin, *supra*, p. 16). Therefore, the understanding what is a 'quotation' is unfortunately often very restrictive. In the absence of workable 'transnational compliance procedures' for copyright exceptions, as Bently and Aplin recall (*supra*, p. 9), should there not be any possibility to subject to a remuneration a use that would otherwise be subject to the exclusive right under national law? Second, even under Article 10(1) of the Berne Convention, the scope of the quotation right is not clearly defined and is subject, like the US fair use, to a 'fairness test' which leaves space for interpretation. This is in particular the case for transformative uses (which should be covered by the quotation right, as Bently and Aplin rightly underline (*supra* p. 34), but for which the borderline with derivative works (usually considered, as exceeding mere 'quotations') is not always easy to draw. Therefore, there should still be room for statutory remuneration rights, for example in the context of commercial creative reuses; even if arguable under some circumstances, this could be considered as an admissible free use (because it is covered by the US fair use or the global mandatory fair use of the quotation right). If the purpose of copyright law is to facilitate those creative uses while rewarding creators, then the legal security created by a remuneration right might be more favorable to creators (of the original work and the derivative) than the uncertain and case by case-dependent quotation right, and thus should be allowed in a functional and purposive understanding of copyright law (see in favor of such a statutory remuneration right, C. Geiger (2018), *supra* n 3, pp. 446 sq).

¹⁹⁰ In certain situations, bodies of norms other than copyright (e.g., human rights) may oblige legislators to leave certain uses free of charge. This is certainly the case when an exempted use has a very strong human rights justification, such as in the case of quotations or parody. See on this issue C. Geiger (2004), *Droit d'auteur et droit du public à l'information, approche de droit*

The Berne Convention refers to some specifically permitted exceptions and limitations to the exclusive authors' rights. Examples are Article 2(4) (regarding official texts of legal nature and their official translations), Article 2bis (regarding political speeches and speeches delivered in the course of legal proceedings, as well as certain uses of lectures and addresses), Article 10 (use of works for teaching) and Article 10bis (certain uses of works related to reporting current events).¹⁹¹ Article 11bis (3) also leaves it to the contracting parties to 'determine the regulations for ephemeral recordings made by a broadcasting organisation by means of its own facilities and used for its own broadcast'. Under the 'minor exceptions' doctrine (also referred to as 'implied exceptions' or 'minor reservations'¹⁹²), contracting parties to the Berne Convention and the TRIPS Agreement may provide minor exceptions to the rights provided, notably, by Articles 11 and 11bis of the Berne Convention.¹⁹³ In the EU, Article 5 of the Information Society Directive¹⁹⁴ and Article 6 of the Databases Directive¹⁹⁵ reproduce some of those unremunerated exceptions.

For example, instead of providing for an unremunerated exception or limitation for teaching purposes, as permitted by the international treaties, some countries provide for a limitation-based remuneration right for reproduction for the purpose of education (e.g., Croatia, France, Germany and the Netherlands).¹⁹⁶ Article 5(4) of the recently adopted DSM Directive, which is still being transposed into member states' national laws, unambiguously states that 'Member States may provide for fair compensation for rightholders for the use of their works or other subject matter [in

comparé, Paris, France: Litec, pp. 144 sq. More generally on the human rights implications of certain limitations, see D. Voorhoof (2015), 'Freedom of Expression and the Right to Information: Implications for Copyright', in C. Geiger (ed.), *Research Handbook on Human Rights and Intellectual Property*, Cheltenham, UK: EE, pp. 331–353.

¹⁹¹ For a more exhaustive overview, S. Ricketson and J. C. Ginsburg (2006), *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, 2nd edition, New York, USA: Oxford University Press, paras. 13.38–13.94.

¹⁹² For a comment, S. Ricketson (2003), *supra* n 27, pp. 34–39.

¹⁹³ WTO, Panel Report on *United States – Section 110(5) of the US Copyright Act*, adopted on 15 June 2000, WT/DS160/R, paras. 6.48, 6.49, 6.52 (footnote 61), 6.54 (footnote 64), 6.55 (footnote 67), 6.57, 6.87 and 6.93, as well as accompanying references. See also paras. 6.60, 6.92 and 6.158 for the finding that the 'minor exceptions doctrine' forms part of the context of, at least, Articles 11 and 11bis of the Berne Convention.

¹⁹⁴ The so-called 'grandfather clause' provision of Article 5(3)(o) provides member states with a competence to continue to provide for exceptions or limitations 'in certain other cases of minor importance where exceptions or limitations already exist[ed] under national law, provided that they only concern analogue uses and do not affect the free circulation of goods and services within the Community'. This clause effectively further extends the room for diversity of remunerated exceptions and limitations in the EU (C. Geiger and F. Schönherr (2014), *supra*, p. 115).

¹⁹⁵ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases [1996] OJ L 77/20.

¹⁹⁶ C. Geiger and O. Bulayenko (2017), *supra*, p. 116. The scope of the teaching exception in different countries is different.

digital and cross-border teaching activities]'.¹⁹⁷ This clearly indicates that unremunerated exceptions or limitations under international treaties may nevertheless be turned into a limitation-based right to remuneration and remain compliant with international treaty norms.

With regard to the related rights, Article 15(2) of the Rome Convention, Article 6 of the Phonograms Convention, Article 16(1) of the WPPT¹⁹⁸ and Article 13(1) of the Beijing Treaty contain general clauses declaring that the contracting parties may provide for the same type of exceptions or limitations with regard to the rights of performers, audio and audiovisual producers, and broadcasters as they provide for copyright. In the EU, Article 10(2) of the Rental and Lending Directive establishes the same general rule.

Article 15(1) of the Rome Convention specifically refers to the possibility to introduce limitations for the following uses: private use¹⁹⁹; use of short excerpts in connection with the reporting of current events; ephemeral fixation by broadcasters by means of their own facilities and for their own broadcasts; and use solely for the purposes of teaching or scientific research. This list is reproduced verbatim by Article 10(1) of the EU Rental and Lending Directive, leaving EU member states free to pick and choose from the list. A different approach was taken in the OAPI, where Article 58 'Remuneration for private copying' (*Rémunération pour copie privée*) of Annex VII to the Bangui Agreement prescribes the grant of a right to remuneration for private copying to performers and phonogram producers. Still, the limitation-based right of performers and producer to remuneration for private copying is provided by the majority of European countries. The remuneration for private copying provides European performers with the second most significant source of revenue among all the remuneration rights.²⁰⁰

¹⁹⁷ Recital 24 of the DSM Directive further indicates that 'In setting the level of fair compensation, due account should be taken, inter alia, of Member States' educational objectives and of the harm to rightholders.'

¹⁹⁸ Agreed statement concerning Article 16 of the WPPT: 'The agreed statement concerning Article 10 (on Limitations and Exceptions) of the [WCT] is applicable *mutatis mutandis* also to Article 16 (on Limitations and Exceptions) of the [WPPT].' Agreed statement concerning Article 10 'Limitations and Exceptions' of the WCT:

It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately *extend into the digital environment limitations and exceptions* in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are appropriate in the digital network environment. . . . It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention. (emphasis added).

¹⁹⁹ Unlike the 'private use' of phonograms referred by the Rome Convention, international treaties on the rights of authors do not explicitly provide for such exception or limitation. On this distinction, Y. Gaubiac and J. C. Ginsburg (2000), 'L'Avenir de la copie privée numérique en Europe', *Com. com. électr.*, janvier, footnote 8.

²⁰⁰ AEPO-ARTIS (2018), *supra* n 62, pp. 115 (for statistical information on the amounts collected as compensation for private copying by performers' CMOs in the majority of the EEA member

II. Limitation-Based Remuneration Rights Created Only under the Flexibility of the Three-Step Test

The creation of remuneration rights on the basis of exceptions and limitations has some consequences. Even if public policies, new technologies and business practices may seem to favour the transformation of some exclusive rights (or their parts) into limitation-based remuneration rights, the international legal framework imposes constraints on how governments can create exceptions or limitations to the rights. Countries acting within the limits imposed by the international legal framework may introduce remuneration rights not explicitly mentioned by copyright treaties through the margin of flexibility provided by the three-step test of Article 13 of the TRIPS Agreement,²⁰¹ Article 9(2) of the Berne Convention, Article 10(1) of the WCT, Article 16(2) of the WPPT and Article 13(2) of the Beijing Treaty.²⁰² The three-step test also constitutes an integral part of the EU copyright law²⁰³ and applies to exceptions and limitations to exclusive rights provided by the EU law.²⁰⁴ Understanding the utility of the three-step test in the formation of limitation-based remuneration rights may shed some light on the ability of member states to adapt their domestic laws to accommodate new norms.

1. The Three-Step Test and Its Room to Manoeuvre to Create Remuneration Rights

Much has been written about understanding the exact scope of the so-called ‘three-step test’. The criteria enumerated for the test are rather vague, and no particularly

states in the period 2011–2017) and 152–155; and AEPO-ARTIS (2014), *supra* n 64, pp. 80 (for statistical information on the amounts collected as compensation for private copying by performers’ CMOs in the majority of the EEA member states in the period 2005–2013) and 104–107.

²⁰¹ The three-step test of the TRIPS Agreement is not limited to the rights introduced by this agreement. WTO, Panel Report on *United States – Section 110(5) of the US Copyright Act*, adopted on 15 June 2000, WT/DS160/R, para. 6.80 (‘neither the express wording nor the context of Article 13 or any other provision of the TRIPS Agreement supports the interpretation that the scope of application of Article 13 is limited to the exclusive rights newly introduced under the TRIPS Agreement’).

²⁰² There are some differences between the three-step tests formulated in various international treaties. M. Senftleben (2004), *Copyright, Limitations and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law*, The Hague, the Netherlands: Kluwer Law International; A. Kur and T. Dreier (2013), *European Intellectual Property Law: Text, Cases and Materials*, Cheltenham, UK: EE, pp. 27–28; and A. Taubman, H. Wager and J. Watal (eds.) (2012), *supra* n 97, p. 48.

²⁰³ Article 5(5) of the Information Society Directive; Article 10(3) of the Rental and Lending Directive; Article 6(3) of the Database Directive; Article 6(3) of the Computer Programs Directive; Recital 20 of the Orphan Works Directive; Article 3(3) of the Directive implementing the Marrakesh Treaty; and Recital 6 of the DSM Directive.

²⁰⁴ Even if the respective rights are not provided by the international treaties, as it is the case for public lending.

clear guidelines for their application emerge from the legislative history of their adoption and their diverse applications over time by courts at the international, European and domestic levels.²⁰⁵ In fact, it seems that it is generally their vagueness and their imprecise contours that guaranteed their successful subsequent introduction in copyright legislation. As has been underlined, the wording of the criteria – even if similar at first glance – diverges slightly from one instrument to another, and the context of the adoption of the particular treaties that codified the criteria are also diverse,²⁰⁶ so that a unified reading is not possible.²⁰⁷

The question of the scope of the three-step test is of course crucial to determine how much policy space is available to legislators for the implementation of limitation-based remuneration rights, and the stricter the interpretation, the fewer are the possibilities for other approaches than ‘exclusivity’. However, the interpretation of the test is controversially discussed among scholars: to simplify, the flexibility to introduce limitation-based remuneration rights will depend whether a sequential (‘step by step’) approach is followed, stopping the assessment of the legality of the use if one step is not fulfilled, or a holistic approach to the test is followed. It is not possible to discuss here the arguments advanced in this debate. As demonstrated elsewhere²⁰⁸ and supported by a large group of academics,²⁰⁹ there are strong reasons to consider the three-step test rather as a flexibility tool, allowing to adapt the copyright system to new circumstances, rather than as a mere restriction mechanism for legislators.²¹⁰ In any case, as convincingly shown by Geiger,

²⁰⁵ See with further references C. Geiger, D. Gervais and M. Senffleben (2014), ‘The Three Step Test Revisited: How to Use the Test’s Flexibility in National Copyright Law’, *American University International Law Review*, 29(3), pp. 581–626.

²⁰⁶ See M. R. F. Senffleben (2006), ‘Towards a Horizontal Standard for Limiting Intellectual Property Rights? – WTO Panel Reports Shed Light on the Three-Step Test in Copyright Law and Related Tests in Patent and Trademark Law’, *International Review of Intellectual Property and Competition Law*, 37, p. 407; and A. Kur (2009), ‘Of Oceans, Islands, and Inland Water – How much Room for Exceptions and Limitations under the Three-step Test?’, *Richmond Journal of Global Law and Business*, 8, p. 287.

²⁰⁷ C. Geiger, D. Gervais and M. Senffleben (2014), *supra* n 205, pp. 629 sq.

²⁰⁸ C. Geiger (2007), *supra*, pp. 1 sq; (2005) ‘Right to Copy v. Three-Step Test, The Future of the Private Copy Exception in the Digital Environment’, *Computer Law Review international*, 12, pp. 7–13; (2006) ‘The Three-Step Test, a Threat to a Balanced Copyright Law?’, *International Review of Intellectual Property and Competition Law*, 37, p. 696.

²⁰⁹ C. Geiger, J. Griffiths, and Reto M. Hilty (2008), Declaration on a Balanced Interpretation of the Three-Step Test in Copyright Law, *International Review of Intellectual Property and Competition Law*, 39(6), pp. 707–712. On this declaration, see C. Geiger, J. Griffiths and R.M. Hilty (2008), ‘Towards a Balanced Interpretation of the ‘Three-step test’ in Copyright Law’, *European Intellectual Property Review*, 4, pp. 489–496.

²¹⁰ D. Gervais (2005), ‘Towards a New Core International Copyright Norm: The Reverse Three-Step Test’, *Marquette Intellectual Property Law Review*, 9(1), pp. 18–19, stating ‘that the inclusion of a reasonableness or justifiability criterion is a key that allows legislators to establish a balance between on the one hand, the rights of authors and copyright holders, and the needs and interests of users, on the other hand’; K. J. Koelman (2006), ‘Fixing the Three-Step Test’, *European Intellectual Property Review*, 8, pp. 407–412; M. R. F. Senffleben (2010), ‘The International Three-Step Test: A Model Provision for EC Fair Use Legislation’, *Journal of*

Gervais and Senffleben, even if the steps are considered sequentially, there is hardly any doubt that the test in any case constitutes a single analytical whole and should serve the ultimate goal of striking an appropriate balance of the different interests involved.²¹¹ Also, the provision of a remuneration to the benefit of creators or rightholders under exceptions and limitations makes it easier to comply with the third step of the test (precluding ‘unreasonable prejudice’ to rightholders or authors) than in case of unremunerated exceptions or limitations.²¹² In short, limitation-based remunerations are likely to pass the test if the use is justified by important competing interests, as the remuneration aspect for the use is safeguarded,²¹³ which is one core mission of the copyright system – provided, however, that the exclusive right is not entirely replaced by a remuneration right, as this would contravene the provisions on exclusive rights established by the treaties.²¹⁴

In the EU, some of the exceptions and limitations provided by Article 5 of the Information Society Directive, Article 10 of the Rental and Lending Directive, Article 6 of the Databases Directive,²¹⁵ Articles 5 and 6 of the Computer Programs Directive²¹⁶ and Article 6 of the Orphan Works Directive²¹⁷ are not explicitly

Intellectual Property, Information Technology and Electronic Commerce Law, 1, pp. 67–82; (2007) ‘L’application du triple test: vers un système de fair use européen’, *Propriétés intellectuelles*, 25, pp. 453–460; (2009) ‘Fair Use in the Netherlands – A Renaissance?’, *Tijdschrift voor Auteurs-, Media- & Informatierecht*, 33(1), pp. 1–7; C. Geiger (2007), *supra*, p. 17; C. Geiger (2007), ‘From Berne to National Law, via the Copyright Directive: The Dangerous Mutations of the Three-Step Test’, *European Intellectual Property Review*, 29(12), pp. 486–491.

²¹¹ C. Geiger, D. Gervais and M. Senffleben (2014), *supra* n 205, p. 611: ‘Even if one decides to apply each step independently and/or sequentially, the steps should not be treated as completely separate. Instead, the answer provided under each step even in a distinct analysis should be combined in the final result’; and C. Geiger, R. Hilty, J. Griffiths and U. Suthersanen (2010), ‘Declaration a Balanced Interpretation of the “Three-Step Test” in Copyright Law’, *Journal of Intellectual Property, Information Technology and Electronic Commerce Law*, 1, pp. 119–122.

²¹² C. Geiger, D. Gervais and M. Senffleben (2014), *supra* n 205, p. 595; and S. Ricketson (2003), *supra* n 27, pp. 15, 18, 27, 33, 72 and 74–78.

²¹³ See in this sense Articles 4 and 6 of the Declaration on a balanced interpretation of the Three-Step Test in Copyright Law, *supra*.

²¹⁴ See in this sense J. Griffiths (2009), ‘The “Three-step test” in European Copyright Law – Problems and Solutions’, *Intellectual Property Quarterly*, 4, p. 457, concluding that the test should only be considered ‘as a form of long-stop, a loose constraint prohibiting only exceptions that would generally be acknowledged to be unjustifiable’.

²¹⁵ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases [1996] OJ L 77/20.

²¹⁶ Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of computer programs (codified version) [2009] OJ L 111/16.

²¹⁷ ‘Member States shall provide that a *fair compensation* is due to rightholders that put an end to the orphan work status of their works or other protected subject-matter for the use that has been made’ (emphasis added) Article 6(5) of the Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works [2012] OJ L 299/5. For comment on this provision, see U. Suthersanen and M. M. Frabboni (2014), ‘The Orphan Works Directive’, in I. Stamatoudi and P. Torremans (eds.), *EU Copyright Law: A Commentary*, Cheltenham, UK: EE, p. 686.

mentioned by the international treaties and were created under the flexibility of the three-step test of the international treaties. The same is true with regard to the exceptions and limitations newly introduced by the DSM Directive for text and data mining (Articles 3 and 4),²¹⁸ digital cross-border teaching activities (Article 5), preservation of cultural heritage (Article 6) and use of out-of-commerce works (Article 8(2)).²¹⁹

Introduction of three of those EU exceptions and limitations into national law is subject to the requirement of ‘fair compensation’ to authors in respect to the following: reprography (‘reproductions on paper or any similar medium, effected by the use of any kind of photographic technique’), private copying (‘reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial’), and reproductions of broadcasts made by social institutions pursuing non-commercial purposes (e.g., hospitals and prisons).²²⁰ Recital 17 of the DSM Directive, to the contrary, explicitly prohibits making the text and data mining exception introduced by Article 3 subject to compensation.²²¹

2. Two Examples of Limitation-Based Remuneration Rights Created under the Flexibility of the Test: Private Copying and Reprography

A. PRIVATE COPYING While international treaties do not explicitly provide for the possibility to make copies of works for private use, the right to remuneration for private copying, replacing the respective exclusive right, is one of the most prominent examples of limitation-based remuneration rights created under the flexibility of the three-step test.²²² This statutory mechanism creates a revenue stream for

²¹⁸ For a comment, C. Geiger, G. Frosio and O. Bulayenko (2019), ‘Text and Data Mining: Articles 3 and 4 of the Directive 2019/790/EU’, in C. Saiz García and R. Evangelio Llorca (eds.), *Proistematualllectual y mercado único digital europeo*, Valencia, Spain: Tirant Lo Blanch, pp. 27–71.

²¹⁹ For a general comment on the draft provisions and some critical remarks, C. Geiger, G. Frosio and O. Bulayenko (2018), ‘The EU Commission’s Proposal to Reform Copyright Limitations: A Good but Far Too Timid Step in the Right Direction’, *European Intellectual Property Review*, 40(1), pp. 4–15.

²²⁰ Article 5(2)(a), (b) and (e) of the Information Society Directive. The exception for the benefit of social institutions was implemented in nine member states (Belgium, Czech Republic, Cyprus, Denmark, Finland, Italy, Portugal, Romania and Sweden), M. Borghi, V. Katos, A. Garanasvili et al. (2019), *Illegal IPTV in the European Union: Research on online business models infringing intellectual property rights*, Report for EUIPO, p. 23. For the implementation of private copying and reprography, see *infra*.

²²¹ Recital 17 of the DSM Directive: ‘In view of the nature and scope of the exception, which is limited to entities carrying out scientific research, any potential harm created to rightholders through this exception would be minimal. Member States should, therefore, not provide for compensation for rightholders as regards uses under the text and data mining exceptions introduced by this Directive.’

²²² CISAC (2017), *Private Copying Global Study*, pp. 8 and 309; and M. Ficsor (2003), *Guide to the Copyright and Related Rights Treaties Administered by WIPO and Glossary of Copyright and Related Rights Terms*, WIPO Publication No. 891(E), p. 155.

rightholders (who would not otherwise receive remuneration for private copying of their works) by imposing the obligation to pay on manufacturers, importers and/or retailers of devices used for private copying as well as on economic operators who make devices available for private copying by individuals. Rightholders cannot control the marketing of devices capable of copying and are merely entitled to remuneration. Natural persons are free to either purchase copying devices or use services provided by third parties.²²³

Article 58 ‘Remuneration for private copying’ (*Rémunération pour copie privée*) of Annex VII to the Bangui Agreement provides authors with a right to remuneration for private copying,²²⁴ and twenty-three African countries (Algeria, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Côte d’Ivoire, Democratic Republic of Congo, Djibouti, Gabon, Ghana, Kenya, Madagascar, Mali, Mauritius, Morocco, Mozambique, Niger, Nigeria, Senegal and Tunisia) provide for remuneration for private copying exception.²²⁵ Six countries in North and South America (Canada, Dominican Republic, Ecuador, Paraguay, Peru and USA)²²⁶ and nine countries in Asia (Azerbaijan, Georgia, Israel, Japan, Kazakhstan, Kyrgyz Republic, Turkey, Turkmenistan and Uzbekistan)²²⁷ introduced remuneration for private copying into their national legislation. In Europe, thirty-seven countries created a remunerated limitation for private copying.²²⁸ In 2015, global collections of levies for private copying of copyrighted works represented almost €310 million.²²⁹

²²³ In the EU, see CJEU Judgments in *Copydan Båndkopi*, C-463/12, ECLI:EU:C:2015:144, paras. 89 and 91 (the ownership of equipment used for copying is outside the scope of the Information Society Directive) and *Padawan*, C-467/08, ECLI:EU:C:2010:620, para. 48 (referring to the *making available of copying equipment or supply of copying services* as ‘the factual precondition for natural persons to obtain private copies’).

²²⁴ However, it seems that many of the OAPI member states (Central African Republic, Comoros, Congo, Equatorial Guinea, Guinea, Guinea Bissau, Mauritania and Togo) did not provide for the remunerated exception for private copying (CISAC (2017), *Private Copying Global Study*, pp. 10, 12, 14–16, 21, 25 and 35).

²²⁵ CISAC (2017), *Private Copying Global Study*, pp. 10 and 308 (there was evidence of the establishment of an operating collection and distribution mechanism only in Algeria, Botswana, Burkina Faso and Kenya).

²²⁶ CISAC (2017), *Private Copying Global Study*, p. 94 (while there was no evidence of effective collection and distribution mechanism in Ecuador and Dominican Republic).

²²⁷ CISAC (2017), *Private Copying Global Study*, p. 131 (only Georgia, Israel and Japan had in place an effective collection and distribution system)

²²⁸ Twenty-six of them are EU member states (Ireland and UK did not have a private copying exception). Bulgaria, Cyprus, Luxembourg, Malta and Slovenia, which provided for private copying exception, did not have in place an effective system of collection and distribution. CISAC (2017), *Private Copying Global Study*, pp. 175 and 308. Another industry-based report, while confirming the situation in Bulgaria and Slovenia, found that Cyprus, Luxembourg and Malta did not have the private copying exception (like Ireland and UK), de Thuiskopie and WIPO (2017), *International Survey on Private Copying: Law and Practice 2016*, WIPO Publication No. 1037E/17, p. 3.

²²⁹ CISAC (2017), *Private Copying Global Study*, p. 6. As this number reflects only collections by the CMOs members of the International Confederation of Societies of Authors and Composers (CISAC), it generally excludes private copying collection for performers, for example.

The contours of the private copying systems are similar in different countries. Uses need, in general, to be undertaken by a natural person²³⁰ in a manner that is considered private and for a non-commercial purpose.²³¹ The main aspects differentiating the scope of the right in different countries are the type of products on which the private copying levies are imposed and the setting of tariffs. For example, in France, Germany, Italy and the Netherlands, levies cover a wide range of devices, including set-top boxes, smartphones and tablets,²³² whereas only blank compact discs are levied in Canada²³³ and blank cassettes in Israel,²³⁴ thus excluding devices corresponding to modern consumption habits.²³⁵ In the EU, the CJEU interpreted the Information Society Directive (Article 5(2)(b) on private copying) as not covering provision by commercial undertakings of ‘a cloud service for the remote recording of private copies of works protected by copyright, by means of a computer system, by actively involving itself in the recording, without the rightholder’s consent’.²³⁶ It is likely that similar cases will appear in the future, testing the compliance of different technologies and business models (e.g., provision to customers of Network Personal Video Recorders, NPVRs) with the condition of ‘active involvement’.

B. REPROGRAPHY Reprographic reproduction is another example of a limitation-based remuneration right created under the flexibility of the three-step test.²³⁷ The

²³⁰ There are some exceptions to this general approach, e.g., according to Article 19(1)c of the Swiss Copyright Act, private use is understood to mean the reproduction of copies of works within enterprises, public administrations, institutions, commissions and similar organisations for internal information or documentation purposes.

²³¹ Legislation of some countries specifies that private copies, in order to fall within the scope of the exception or limitation, need to be made from a licit source (e.g., in France, according to Article L311-1 of the CPI).

²³² De Thuiskopie and WIPO (2017), International Survey on Private Copying: Law and Practice 2016, WIPO Publication No. 1037E/17, pp. 10 and 11 (Table 4).

²³³ Tariff of Levies to Be Collected by the Canadian Private Copying Collective (CPCC) in 2015 on the Sale, in Canada, of Blank Audio Recording Media certified by the Copyright Board 13 December 2014.

²³⁴ Article 3D of the Israeli Copyright Ordinance. T. Afori (2017), ‘The Compensation Regime in Israel for Private Copying on Blank Cassettes’, in S. von Lewinski (ed.), *Remuneration for the use of works – Exclusivity vs Other Approaches*, Berlin, Germany: de Gruyter, pp. 282–288.

²³⁵ It seems that if the types of devices to which the levies are applied in Canada and Israel are not extended, the system will eventually completely lose its significance for rightholders, as the technological evolution continues to change the way in which people access protected subject-matter.

²³⁶ CJEU Judgment in VCAST, C-265/16, ECLI:EU:C:2017:913, para. 54 (the Court arrived at this conclusion following a strict interpretation of the exception, which according to the Court does not deprive rightholders of their rights ‘to prohibit or authorise access to the works or the subject matter of which those same natural persons wish to make private copies’ (para. 39)). The Court scrutinised Article 71septies of the Italian Copyright Law, but its analysis is also of relevance to the French provision on provision of digital private copying services to individuals (Article L311-4 of the CPI).

²³⁷ Report on the Work of Main Committee I (Substantive Provisions of the Berne Convention: Articles 1 to 20), Records of the Intellectual Property Conference of Stockholm, 11 June to

remunerated reprography limitation is not tied to any particular users (e.g., natural persons) nor purposes (e.g., private use), but is restricted to ‘reproductions on paper or any similar medium, effected by the use of any kind of photographic technique or by some other process having similar effects’.²³⁸ So the remuneration for reprography is required from various organisations in different spheres of activities, such as schools – in Austria, Belgium, Czech Republic, Germany, Hungary, Lithuania, Portugal (sold copies) and Slovakia; higher education institutions – in Austria, Belgium, Czech Republic, Germany, Hungary, Lithuania, Portugal (sold copies) and Slovakia; public administration – in Belgium and Czech Republic; and businesses – in Belgium, Czech Republic and Lithuania.²³⁹ There could be some overlap between private copying and reprography exceptions. In the EU, however, the CJEU came to the conclusion that, with regard to the relationship between reprography and private copying,

it is necessary to draw a distinction according to whether the reproduction on paper or a similar medium effected by the use of any kind of photographic technique or by some other process having similar effects is carried out by any user or by a natural person for private use and for ends that are neither directly nor indirectly commercial.²⁴⁰

Furthermore, the scope of both exceptions cannot cover uses undertaken from unlawful sources in the EU.²⁴¹

14 July 1967, reproduced in WIPO (1986), *Berne Convention Centenary: 1886–1986*, WIPO, para. 85, stating that only if the reproduction does not conflict with the normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author,

would it be possible in certain special cases to introduce a compulsory license, or to provide for use without payment. A practical example might be photocopying for various purposes. If it consists of producing a very large number of copies, it may not be permitted, as it conflicts with a normal exploitation of the work. If it implies a rather large number of copies for use in industrial undertakings, it may not unreasonably prejudice the legitimate interests of the author, provided that, according to national legislation, an equitable remuneration is paid. If a small number of copies is made, photocopying may be permitted without payment, particularly for individual or scientific use.

²³⁸ Article 5(2)(a) of the Information Society Directive.

²³⁹ IFRRO and WIPO (2017), *International Survey on Text and Image Copyright Levies: 2016 Edition*, WIPO Publication No. 1042E/17, pp. 11, 28 (Table 2) and 32 (Table 8).

²⁴⁰ CJEU Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 43 (the Court interpreted Article 5(2)(a) of the Information Society Directive in combination with its Article 5(2)(b)).

²⁴¹ The same is true with regard to the public lending. CJEU Judgment in *ACI Adam and Others*, C-435/12, ECLI:EU:C:2014:254, paras. 37, 41, 45, 54 and 58, and Judgment in *Copydan Båndkopi*, C-463/12, ECLI:EU:C:2015:144, para. 79, read in conjunction with Judgments in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 62 (extending the application of the case-law on Article 5(2)(b) of the Information Society Directive established by *ACI Adam and Others*, C-435/12, ECLI:EU:C:2014:254, to Article 5(2)(a)), and *Vereniging Openbare Bibliotheken*, C-174/15, ECLI:EU:C:2016:856 (extending the application of the case-law

The notion of ‘fair compensation’, required for exceptions and limitations permitting reprography, private copying and reproductions of broadcasts made by social institutions pursuing non-commercial purposes, is an autonomous concept of EU law, and it must be interpreted uniformly in all the member states that have introduced those exceptions.²⁴² According to the CJEU, ‘fair compensation’ must be regarded as ‘recompense for the harm’ suffered by authors as a consequence of introduction of the exception(s),²⁴³ and it must be calculated on the basis of the ‘criterion of the harm’ in order for a ‘fair balance’ between the persons concerned to be achieved.²⁴⁴ Definition of the ‘harm’ as the core criterion for determining what amount is ‘fair’ is not without consequences. The fair compensation required by the Information Society Directive should not exceed the ‘actual harm suffered’,²⁴⁵ and hence “overcompensation” would not be compatible with the requirement, set out in recital 31 in the preamble to Directive 2001/29, that a fair balance be safeguarded between the rightholders and the users of protected subject-matter.²⁴⁶ A lump sum compensation system that does not provide for a reimbursement²⁴⁷ mechanism

established by *ACI Adam and Others*, C-435/12, ECLI:EU:C:2014:254, to Article 6(1) of the Rental and Lending Directive).

²⁴² CJEU Judgments in *Padawan*, C-467/08, ECLI:EU:C:2010:620, para. 37, *EGEDA and Others*, C-470/14, ECLI:EU:C:2016:418, para. 38 and *VG Wort*, C-457/11 to C-460/11, ECLI:EU:C:2013:426, para. 75 read in conjunction with Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 37 (extending the application of the case-law on Article 5(2)(b) of the Information Society Directive established by *Padawan*, C-467/08, ECLI:EU:C:2010:620, to Article 5(2)(a)). The CJEU has not yet dealt with a case on the reproductions of broadcasts made by social institutions pursuing non-commercial purposes Article 5(2)(e)) but it seems that it would reach the same conclusion.

²⁴³ CJEU Judgment in *Padawan*, C-467/08, ECLI:EU:C:2010:620, paras. 39 and 40, read in conjunction with Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 37 (extending the application of the case-law on Article 5(2)(b) established by *Padawan*, C-467/08, ECLI:EU:C:2010:620, to Article 5(2)(a)). See to that effect also, Judgments in *Nokia Italia and Others*, C-110/15, ECLI:EU:C:2016:717, paras. 26 and 28, *EGEDA and Others*, C-470/14, ECLI:EU:C:2016:418, paras. 19 and 26, *Austro-Mechana*, C-572/14, ECLI:EU:C:2016:286, paras. 19 and 43, *Stichting de Thuiskopie*, C-462/09, ECLI:EU:C:2011:397, para. 24, *VG Wort*, C-457/11 to C-460/11, ECLI:EU:C:2013:426, paras. 31 and 75, and *Copydan Båndkopi*, C-463/12, ECLI:EU:C:2015:144, para. 21. The CJEU relied, notably, on Recitals 35 and 38 of the Information Society Directive to arrive at this conclusion.

²⁴⁴ CJEU Judgment in *Padawan*, C-467/08, ECLI:EU:C:2010:620, paras. 42 and 50 read in conjunction with Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, paras. 37 (extending the application of the case-law on Article 5(2)(b) established by *Padawan*, C-467/08, ECLI:EU:C:2010:620, to Article 5(2)(a)), 68 and 69 (referring to the ‘criterion of actual harm suffered’).

²⁴⁵ CJEU Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 84.

²⁴⁶ CJEU Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 86.

²⁴⁷ Reimbursement has to be ‘effective and does not make it excessively difficult to obtain repayment’. This conclusion regarding the qualities of the reimbursement led the CJEU to conclude that the system providing for the payment of compensation by economic operators making available copying equipment and for the reimbursement to natural persons on whom the price of goods and services is passed does not satisfy the requirements to the reimbursement (CJEU Judgment in *Nokia Italia and Others*, C-110/15, ECLI:EU:C:2016:717, para. 55).

limiting the amounts paid by users to the amount defined by the ‘criterion of the actual harm suffered’ is prohibited by the EU law.²⁴⁸ It seems, however, that ‘overcompensation’ is practically inevitable, given the factual impossibility for distributors of devices to know in advance the purchasers and the subsequent indiscriminate application of the compensation. The integration of a remuneration rationale in the structure of limitation-based remuneration rights could enable remuneration to rightholders beyond the mere ‘harm’ suffered.

In a few countries, remuneration for private copying is paid to rightholders from the state budget. Under such systems, not only the consumers of copying devices but all taxpayers effectively contribute to private copying levies. Such remuneration schemes are in place in Finland,²⁴⁹ Israel²⁵⁰ and Norway.²⁵¹ The CJEU interpreted Article 5(2)(b) of the Information Society Directive as precluding the establishment of a scheme where fair compensation would be paid from the general state budget and where it would be impossible to ensure that the cost of the compensation is borne by the natural persons benefitting from the exception.²⁵² For this reason, Spain, which had had a state budget-funded system in place, had to revert back to the levy-funded model.²⁵³

The international treaties do not explicitly deal with the issue of whether remuneration due under exceptions and limitations can be waived or transferred. In the EU, prior to the adoption of the DSM Directive, the CJEU interpreted the fair compensation for private copying and reprography under the Information Society Directive as unwaivable entitlements of authors.²⁵⁴ Yet, the adoption of Article 16²⁵⁵

²⁴⁸ CJEU Judgment in *Hewlett-Packard Belgium*, C-572/13, ECLI:EU:C:2015:750, para. 88.

²⁴⁹ Article 26a(1) of the Finish Copyright Act. This mechanism of compensation from the state budget was established at the end of 2014 and entered in force 1 January 2015 by virtue of *Laki tekijänoikeuslain muuttamisesta* 19.12.2014/1171. de Thuiskopie and WIPO (2017), International Survey on Private Copying: Law and Practice 2016, WIPO Publication No. 1037E/17, pp. 7, 9 and 10.

²⁵⁰ T. Afori (2017), ‘The Compensation Regime in Israel for Private Copying on Blank Cassettes’, in S. von Lewinski (ed.), *Remuneration for the use of works – Exclusivity vs Other Approaches*, Berlin, Germany: de Gruyter, pp. 282–288.

²⁵¹ De Thuiskopie and WIPO (2017), International Survey on Private Copying: Law and Practice 2016, WIPO Publication No. 1037E/17, p. 9; and AEPO-ARTIS (2018), *supra* n 62, pp. 90 and 153.

²⁵² CJEU Judgment in *EGEDA and Others*, C-470/14, ECLI:EU:C:2016:418, paras. 41 and 42. For a comment on this case condemning the Spanish legislation, I. Garrote Fernández-Díez (2017), ‘Spain is different: Los problemaistemauste del sistema español con la Directiva 2001/29 en materia de compensación equitativa derivada de reproducciones para uso privado’, in S. von Lewinski (ed.), *Remuneration for the use of works – Exclusivity vs Other Approaches*, Berlin, Germany: de Gruyter, pp. 270–281.

²⁵³ In 2016, after the *EGEDA* decision, Spain reintroduced the levy-funded system it had in 2011, R. Xalabarder (2018), *supra* n 71, p. 64.

²⁵⁴ CJEU Judgments in *Hewlett-Packard Belgium*, C-572/13, EU:C:2015:750; and in *Luksan*, C-277/10, ECLI:EU:C:2012:65, para. 105.

²⁵⁵ Article 16(1) of the DSM Directive reads as follows: ‘Member States may provide that where an author has transferred or licensed a right to a publisher, such a transfer or licence constitutes a

and Recital 60²⁵⁶ of the DSM Directive has changed this presumption, leaving the question of publishers' entitlement to a share of a fair compensation under exceptions and limitations to member states. National legislation of some member states stipulates that the remuneration for private copying is unwaivable (and non-transferable).²⁵⁷ Such a national approach is preferred if the remuneration of creators is the core objective of the copyright system.

D. CONCLUSIONS

As this chapter has tried to demonstrate, international copyright law provides far more policy space than often assumed to create statutory remuneration rights. It offers a classification of remuneration rights based on their relationship with the exclusive rights provided by international treaties. The three broad categories encompass remuneration rights defined as such by international or national norms and usually created outside the scope of exclusive rights ('remuneration rights per se'); remuneration rights coexisting and overlapping with exclusive rights (including the so-called 'residual remuneration rights'); and remuneration rights created through exceptions and limitations to exclusive rights ('limitation-based remuneration rights'). The proposed classification demonstrates the policy options available for opting for the 'middle way' in copyright – between exclusive rights and unremunerated free uses, where appropriate.

Review of the international normative framework confirms that there is a variety of options for remunerating creators, other than through the grant of exclusive rights. Statutory remuneration rights are one of such instruments suitable to achieve a reasonable balance of interests between authors and exploiters. They also secure broad access to copyrighted works as they remove the blocking effects of exclusivity: they guarantee access and thus enhance the acceptance of copyright norms amongst the general public. Although there is relatively limited mention of statutory remuneration rights in the international treaties (in comparison with exclusive rights), such rights could also be introduced either as remunerated exceptions or limitations under the flexibility provided by the three-step test or in addition to exclusive rights. However, this is where grey areas remain due to the unclear interpretation of this crucial hurdle for legislators, as all limitations and exceptions to exclusive rights have to comply with the three-step test.

sufficient legal basis for the publisher to be entitled to a share of the compensation for the use of the work made under an exception or limitation to the transferred or licensed right.'

²⁵⁶ Recital 60 specifically refers to 'exceptions or limitations such as those for private copying and reprography, including the corresponding existing national schemes for reprography in the Member States, or under public lending schemes' and to the CJEU Judgment in *Hewlett-Packard Belgium*, C-572/13, EU:C:2015:750 that it refers in this respect.

²⁵⁷ E.g., Belgium, Croatia and Germany. Article XI.229 of the Belgian Code of Economic Law, Article 32(7) of the Croatian Copyright Act, and Section 63a of the UrhG (this provision makes all the statutory remuneration rights unwaivable).

Therefore, in order to fully profit from the potential of introducing remuneration rights as sound balancing mechanisms in copyright law, legislators at the international level need to clarify the scope of the test in the future. This can be done via the implementation of hard law (such as agreed statements or an appendix) or soft law (declarations, guidelines or codes of conduct), thus securing the needed room to manoeuvre for legislators.²⁵⁸

As we have seen, in the cases when the international treaties explicitly permit the creation of unremunerated exceptions and limitations, there seems to be increased acceptance that limitation-based remuneration rights comply with the test. Another possibility, consisting of creating remuneration rights coexisting and overlapping with the scope of exclusive rights (i.e., granted in addition to the exclusive rights), could be of use in situations where – for example – the leeway or political opportunities for the creation of limitation-based remuneration rights are few and where it is desired to alter the distributive justice achieved through a system of exclusive rights.²⁵⁹ As mentioned earlier, politically it is easier to grant rights than to take them away.

Provisions on remuneration rights in international treaties are so far less frequent than on exclusive rights. Those provisions are either formulated as ‘may’ norms, or it is possible to avoid their application by maintaining some reservations to international treaties. However, multiple preferential trade agreements concluded with the EU, and regional copyright rules in the EU and OAPI, make the grant of some remuneration rights mandatory. Furthermore, national legislation of many countries provides for remuneration rights beyond the minimum rights referred by the international treaties.

The language used to formulate legal provisions on remuneration rights is not without consequences for defining the extent of the remuneration. As demonstrated by the example of the case-law of the CJEU, there are real consequences on the calculations of the amounts to be paid resulting from the precise interpretation of the terms used for describing rightholders’ entitlements to payment: ‘equitable remuneration’, ‘remuneration’ and ‘fair compensation’. On a teleological level, if one of the purposes of a remuneration right – including a limitation-based remuneration right – is to remunerate creators, the determination of its amount does not have to be limited to the ‘harm’ or ‘market value’ dilemma²⁶⁰ but should further take into account the remuneration objective.

²⁵⁸ See in this sense C. Geiger (2009), ‘Implementing an International Instrument for Interpreting Copyright Limitations and Exceptions’, *International Review of Intellectual Property and Competition Law*, 40(6), pp. 627–642; and P. B. Hugenholtz and R. Okediji (2008), Conceiving an International Instrument on *Limitations and Exceptions to Copyright*, Final Report, sponsored by the Open Society Institute (OSI).

²⁵⁹ On the distributive justice rationale in copyright law, see the foundational article by J. Hughes and R. P. Merges (2016), ‘Copyright and Distributive Justice’, *Notre Dame Law Review*, 92(2), pp. 513–577.

²⁶⁰ T. Riis (2020), *supra* n 22, p. 465.

Within the copyright system, some remuneration rights are the only economic entitlements with regard to which the international, regional and national norms specify that they cannot be waived and/or transferred. This feature of the remuneration rights, differentiating them from the tradable exclusive rights, is often seen as one of their key elements ensuring a direct connection between generated revenues and remuneration to creators. To put it simply, the impossibility to waive and/or transfer remuneration rights ensures a revenue stream to authors and performers in spite of the common industry practice of buy-out contracts. EU copyright law seems to be developing in the direction of rendering the remuneration rights per se unwaivable and non-transferable. For remuneration rights to serve their purpose, it seems that the unwaivable and inalienable character should be their necessary characteristic.²⁶¹ Yet, the adoption of the DSM Directive reversed past decisions of the CJEU and again left the question of sharing of compensation under exceptions and limitations between authors and publishers to the discretion of member states.

In many instances, if properly implemented, remuneration rights provide a very interesting option. They secure ‘a middle way’ in copyright law (a way between exclusivity and free use),²⁶² making sure cultural goods are accessible while at the same time helping to reduce the difference between revenues of creators (i.e., authors and performers) on the one side, and of economic operators (e.g., publishers, audio and audiovisual producers), on the other side.²⁶³ Without any doubt, the creation of remuneration rights is a feasible option under the existing international treaty framework, and it deserves more research and policy attention as one of the components of the up-to-date and balanced copyright system.

²⁶¹ For a concurring conclusion, see also S. Dusollier, C. Ker, M. Iglesias et al. (2014), *supra* n 140, pp. 15 and 104.

²⁶² D. J. Gervais (2016), ‘Is there a ‘middle way’ in international intellectual property?’, *International Review of Intellectual Property and Competition Law*, 47(2), pp. 135–137 (referring to the way between ‘IP maximalists’ and ‘IP minimalists’).

²⁶³ According to an artist and founder of Broken Record campaign for equitable remuneration in the UK, out of £9.99 monthly subscription fee on Spotify in 2020, ‘£4.58 goes to the record labels. Spotify takes about £2; taxes account for a similar sum; and £1 goes to music publishers and rights owners. Just 46p trickles down to artists’, J. Nimmo (2020), ‘Who Gets your Spotify £9.99 (Spoiler Not the Artists!)’, *The Sunday Times*, 29 November 2020. Very similar numbers were quoted for France, in 2014, where out of €9.99 paid by consumers to online music streaming services like Spotify, Deezer, Google Play or Fnac Juke Box, €6.54 went to phonogram producers and service providers, €1.99 was deducted for taxes (VAT), €1 went to holders of copyright and €0.46 to performers (ADAMI (2014), ‘Partageons équitablement les fruits du numérique’, *Le Monde*, 21/09, 4.11.2014, p. 9; and ADAMI, Annual review 2014, p. 31, available at: www.adami.fr/wp-content/uploads/2018/03/ADAMI_2014_RapportActivite.pdf).

