

# **‘CEILINGS’ IN INTERNATIONAL IP REGIMES**

Assessing Binding Limits to TRIPS-plus IP  
Protection within TRIPS and EU FTAs

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# Outline

- **Introduction:** International IP Regimes Setting 'Minimum Standards' only?
- The Notion of Mandatory Limits or **Ceilings** to International IP Protection
- Ceilings in the EC-CARIFORUM **EPA**
- **TRIPS** Ceilings on TRIPS-plus FTAs and other International Initiatives
- Further Issues and **Conclusions**

# Introduction

## The Classic IP Worldview:

- International IP Agreements are setting ‘**Minimum Standards**’ which become the baseline for additional protection
  - See e.g. **Art.20 RBC**: allowing further agreements “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”
- Int. IP Regime thus an accumulation of increasing levels of Minimum Standards, with **only the sky as the limit... (?)**

# The Notion of Ceilings

## Challenging this Worldview:

- Some International IP Treaties go beyond minimum standards and offer the basis for mandatory limitations (**'ceilings'**) to IP protection
- **Art.1:1 TRIPS:** “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.*” (see also **Art.19 PC**)
- **Other IL regimes** may provide further binding limits on Int. IP protection

# The Notion of Ceilings

## **Rationale** for Ceilings:

- Idea for a **positive list** of exceptions, limitations beyond the three step test (Art.13, 17, 26:2, 30 TRIPS)
- Setting a (multilateral) **maximum level** of protection for **right holders' interests**
- Setting a **minimum level** of recognition of **users' rights, other interest groups and affected public goods**

# The Notion of Ceilings

## Ceilings in Int. IP Regimes:

- In TRIPS, any **limitation to IP protection drafted in binding terms** may serve as ceiling for TRIPS-plus IP protection (via FTAs, etc.)
- Most exceptions and limitations are however optional (**TRIPS flexibilities**) – see Artt. 13, 17, 26:2, 27:2&3, 30, 31 TRIPS
- Insofar as TRIPS contains ceilings, it not only prescribes lower, but also upper limits of IP protection → true **Framework for Global IP**

# EC – CARIFORUM EPA

## Examples for Ceilings:

**Art.139:5** (additional protection may “*not contravene*” with EPA IP Section ) as starting point...

**Art.146 C:2, 3** (Industrial Designs): “Design *protection shall not extend to* designs dictated essentially by technical or functional considerations.”

“A *design right shall not subsist* in a design which is contrary to public policy or to accepted principles of morality.”

# EC – CARIFORUM EPA

## Examples for Ceilings:

**Art. 144 F** (Trademarks): “The EC Party and the Signatory CARIFORUM States *shall* provide for the *fair use of descriptive terms*, including geographical indications, as a limited exception to the rights conferred by a trademark. Such limited exception *shall take account of the legitimate interests* of the owner of the trademark and of third parties.”

# EC – CARIFORUM EPA

## Examples for Ceilings:

**Art.142:2** (Transfer of Technology): “The EC Party and the Signatory CARIFORUM States ***shall take measures***, as appropriate, *to prevent or control licensing practices* or conditions pertaining to intellectual property rights

*which may adversely affect the international transfer of technology* and

that constitute an *abuse of intellectual property rights* by right holders or

an *abuse of obvious information*

*asymmetries* in the negotiation of licences

# EC – CARIFORUM EPA

Further example for Ceilings?

**Art.139:2** (Nature and Scope of Obligations)

*“Nothing in this Agreement shall be construed as to impair the capacity of the Parties and the Signatory CARIFORUM States to promote access to medicines.”* (compare **para.4 Doha**)

→ Rather **interpretation and implementation guide** than a concrete maximum limit: nature and scope of EPA IP obligations does not allow impairing access to drugs

# TRIPS Ceilings

## Any Ceilings within TRIPS?

- Artt.9:1 TRIPS, 10 (1) RBC: “It *shall* be *permissible to make quotations* from a work”
- Art.9:2 TRIPS: “*Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such*”
- Art.10:2 TRIPS: Copyright protection for databases “*shall not extend to the data or material itself*”

# TRIPS Ceilings

Ceilings relating to IP Enforcement Regimes:

- **Procedural guarantees** for the defendant and the need to **prevent barriers to legitimate trade** and **safeguards against abuse** lead to several binding limits on IP enforcement measures
- Compare **Art.41:1-4; 42 TRIPS**: several requirements for decisions on the merits, mandatory judicial review, fair and equitable proceedings...
- See further Artt.43:2, 46 3rd sentence, 47, 48:1, 50:3, 4, 6 TRIPS

# TRIPS Ceilings

## Ceilings on TRIPS-plus Border Measures:

- Artt.51-60 TRIPS are subject to various extensions via FTAs, plurilateral initiatives (ACTA, SECURE)
- **Art.51 2nd sentence** permits WTO Members to extend border measures to goods involving other IP infringements “*provided that the requirements of this Section are met.*”
- **China – IP Enforcement**, para. 7.223: “The second sentence includes an express condition that applies where Members provide border measures for other infringements of intellectual property rights, namely “provided that the requirements of this Section are met”.”

# TRIPS Ceilings

Applicability to the *EC - Transit* case?

- EC Regulation 1383/2003 extends border measures to **goods in transit; other IP infringements**
  - Even in transit cases, IP infringements are judged on the basis of **IP laws of the transit country**
  - Under TRIPS, EC measures must comply with **requirements of Artt.51-60** (see Art.51 2nd sen.)
  - **Art.52** demands adequate evidence for a prima facie IP infringement – based on the “***law of the country of importation***”
- Is a Transit Country a “country of importation”?

# Further Issues

## **Ceiling Approaches** under Discussion:

- Introducing a **mandatory requirement for the disclosure of source (and origin)** of biological resources and/or associated traditional knowledge used in patented inventions; **evidence of PIC and ABS** schemes (India, China, Brazil, Peru et al, Proposal for Art.29 *bis* TRIPS, 2006)
- Proposal for “***minimum mandatory exceptions and limitations particularly with regard to educational activities, people with disabilities, libraries, archives***” (Brazil et al, WIPO SCCR proposal, 2008)

# Further Issues

## **Problems to consider:**

- How to **effectively enforce** public interest ceilings in an institutional and dispute settlement framework focused on commercial interests?
  - Securing public policy ceilings abroad may serve the domestic interests of certain industries (e.g. generic Pharma and public health; alternative energy producers and environment protection)
  - Need to rethink WTO/DSU: Giving public interests a (greater) voice; time for a ‘guardian of the (WTO) treaties’?
- Binding Ceilings **limit flexibilities, policy space**
- Internalising public interests into a trade environment may lead to a **reconstruction** of these interests from a trade perspective

# Conclusions

- Binding ceilings to the protection of economic interests in Int. IP Regulation may be an option for
  - providing clarity & security about what is WTO-conform;
  - preventing certain TRIPS-plus obligations in FTAs which frustrate (optional) TRIPS flexibilities
- Beyond IP, ceilings could relate e.g. to trade in services and investment protection by setting binding minimum standards for certain public interests and human rights
- Enforcing such ceilings requires a fundamental change in the current institutional setting in the WTO; domestic ‘self-restraints’ on WTO-plus FTAs may be more viable

Thank you for your attention!

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...more on ceilings:

<http://ssrn.com/abstract=1326429>