

# **Limitations and Exceptions to Copyright: Recent Developments and the Way Forward**

**UNCTAD/ICTSD Side-event during the meeting of the WIPO Standing  
Committee on Copyright and Related Rights (SCCR)**

**29 May 2009, 13:15 – 14:45, Room B, WIPO**

UNCTAD and the International Centre for Trade and Sustainable Development (ICTSD) organized a side-event on 29<sup>th</sup> May 2009 during the Seventeenth session of the SCCR. The side event was designed to provide the opportunity to discuss limitations and exceptions to copyright in light of the deliberations at the SCCR. The meeting was attended by around 35 participants including delegates, representatives of international organisations and non-governmental organisations, and the media.

Mr. Christoph Spennemann, Legal Expert of the IP Team of UNCTAD, opened the meeting by welcoming the speakers and participants and thanked the WIPO Secretariat for facilitating the use of the meeting room. Mr. Ahmed Abdel-Latif, Programme Manager, ICTSD, moderated the discussion and exchange of views.

## **The Munich Declaration on a Balanced Interpretation of the ‘Three-Step Test’ in Copyright Law**

The first speaker, Mr. Reto M. Hilty, Director of the Max Planck Institute for Intellectual Property, and Professor at the Universities of Zurich and Munich, introduced the Munich Declaration on a Balanced Interpretation of the ‘Three-Step Test’ in Copyright Law (2008). He stated that copyright is an important incentive for the creation and dissemination of works to the general public. The benefits of copyright protection can be served well, if the rights of all parties are balanced in copyright laws, as declared under Article 7 of the TRIPS Agreement and the preamble to the WIPO Copyright Treaty (WCT).

The Declaration does not seek to eliminate the divergence in limitations and exceptions to rights conferred by copyright resulting from national and regional legislations, such as ‘fair use’ exceptions and/or other exceptions confirmed by the judiciary. The three-step test functions as the basis for interpretation of limitations and exceptions, but needs to reflect the local context. Exceptions and limitations under the three-step test can provide an effective mechanism to balancing interests in copyright. The narrow interpretation of the three-step test is, however, a problem, and is by no means compelling.

Turning to the content of the Declaration itself, Prof. Hilty said that the Declaration as such is very short, consisting of a preamble and six “clarifications.” It was the result of more than a year’s joint work of twenty-five international copyright experts. He recommended studying the Declaration together with the preface, considerations and aims of the Declaration as they provide the necessary context. He followed by explaining the six points of the Declaration on the three-step test.

Unlike the TRIPS provisions on patents, trademarks and industrial designs, the three-step test in copyright law does not mention the interests of other (“third”) parties involved. This, however, may not be understood as an intended void, but as an omission, to be filled. It must be filled in view of the overall aim as contained under Article 7 and 8 of the TRIPS Agreement and the preamble to the WIPO copyright Treaty. The aim of the three-step test is to balance all interests involved. As a result, the three-step test in copyright has to be read by analogy to other three-step tests provided by the TRIPS Agreement (i.e. articles 17, 26 and 30) by taking account of the legitimate interests of third parties. Hence, point six of the Declaration includes respect to the legitimate interest of third parties. The consideration of the interests of third parties may also be derived from the first clarification, which states that the three steps should be considered as a whole, rather than one by one.

The second point of the Declaration states that the three step test does not require countries to interpret limitations and exceptions narrowly. Prof. Hilty considers that the narrow interpretation constitutes an outdated approach that still influences European lawmaking and enforcement on limitations and exceptions. All legal provisions – including exceptions and limitations – always must be interpreted according to their objectives and purposes. There is no subordinate principle which would require striving for a narrow interpretation.

The third point of the Declaration addresses the gap in civil law and common law approaches, and differences in legal systems. The footnote to Article 10 of the WIPO Copyright Treaty addresses the challenges to civil law countries by confirming that the provision does not prevent countries from continuing, or extending limitations and exceptions existing in their national laws or devising new exceptions and limitations.

The fourth point of the Declaration clarifies when limitations and exception do not conflict with normal exploitation of work; in as far as they address competing interests, counter unreasonable restraints on competition, and where adequate compensation is ensured both by contractual means and collective rights management. This clarifies that the requirement of “normal exploitation” may not be read in such a way as to confine the test to the right holder’s view and to disregard general interests. Uses of the work that may not be justified from the point of the right holder’s interest may be justified where it is based on an adequate compensation.

The fifth clarifications is based on the civil law system, where the original right holder necessarily is the creator (the natural person), and any producer may only be a subsequent right holder. Accordingly the term “right holder” under the TRIPS Agreement or “author” under the WIPO Copyright Treaty may not be understood in such a way as to limit the scope of the test on the subsequent right holder only. If the test has to balance all interests, it must consider the interests of the creators.

The last point of the Declaration links with the first point (considering the test as a whole) by explicitly identifying a non-exhaustive list of the relevant interests of third parties. It notably mentions interests that by definition may not be subordinate to the interests of the

holder of a copyright, such as human rights and fundamental freedoms, competition, other public interests like scientific progress, or cultural, social and economic development.

Commenting on the way forward, Prof. Hilty stated that the interest in the Declaration is increasing and is well known in Brussels and other capitals around the globe. He has some hope for consideration of the Declaration in the European context. In the United States the debate on limitations and exception is just starting. The options are between controlled balancing of interests as proposed by the Declaration or uncontrolled balancing of interests by civil disobedience, such as the unauthorized mass copying of digital content.

### ***Empowering Digitally Integrated Scientific Research: The Pivotal Role of Copyright Law's Limitations and Exceptions***

The second speaker, Prof. Jerome Reichman, Duke University School of Law, presented on the role of copyright limitations and exceptions in digitally integrated scientific research. He introduced the submission he prepared with Prof. Ruth Okediji in response to the Green Paper of the European Commission (EC) on Copyright in the Knowledge Economy issued in 2008. The Green Paper aimed at supporting free flow of knowledge for research, science, and education in the online environment. Prof. Reichman referred to the response by the Max Planck Institute for Intellectual Property to the Green Paper and their focus on scientific research. Prof. Reichman's presentation took into account these proposals by the Max Planck Institute, as well as other studies on the need for a robust scientific commons.

Introducing the seriousness of the problem, Prof Reichman stated the challenges for education, libraries and scientific research and the disproportionate effect the copyright system in the digital environment may have on researchers in developing countries. New technologies are producing significant breakthroughs in research and science, creating models of collaborative investigation and networks empowered by digital technologies. Automated knowledge techniques generated new models of creating, disseminating, and reworking the products of both science and culture. Such techniques have further potential when they can be readily applied to the relevant scientific literature, creating opportunities for enhanced speed of dissemination of publicly funded research, for the development of high performing research engines and for automated cross-linking and text mining. The goal of the digital infrastructure should be to develop these opportunities for public research institutes and universities, while maintaining its classical functions for diffusion of research results.

Many modern ways of exploiting digital technology, however, violate copyright protection. The use of automated knowledge techniques requires scientists to extract data and scientific articles into their own database. In order to correct errors during automation, scientists have to reuse the material they extracted. In the EC Database Directive, there is no mandatory exception for scientific research; the Directive seems to enable only extractions for purposes of illustration but not for re-use of scientific data or information

in other collections, which is the normal scientific practice. The Directive also hinders scientific research by establishing an exclusive right in the very collection of data. The Directive on the Information Society (Infosoc) is also very restrictive, according to Prof. Reichman. In his view, the exceptions and limitations are written by lawyers for lawyers—they have nothing to do with science and could not be understood or used by scientists.

On top of the narrow exceptions, the publishers of scientific articles impose technological protection measures (TPMs). The scientific publications are surrounded by electronic fences. Even the most fundamental principles, such as the idea-expression dichotomy or fair use in the US, may be entirely overridden by a combination of TPMs and contractually imposed restrictions. The US Digital Millennium Copyright Act of 1998 conditioned the ability of users to invoke the idea-expression dichotomy or fair use, on their having first gained lawful access to the work being transmitted online. Moreover, when the user attempts to access work, he will encounter a technological fence that forces the user to go through an electronic gateway. The electronic gateway leads to a one-sided electronic contract of adhesion that restricts all or most user rights and privileges that copyright law might have permitted. When these technological fences and electronic contracts are supported by the EC database right—and by anti-circumvention measures, the publisher's power becomes virtually absolute. In addition, the authors of scientific articles often assign their copyrights to publishers, or learned societies and other nonprofit scientific organizations leading the publishers rather than the author to determine the conditions of access. These publishers tend to impose greater restrictions on access and use than authors or the scientific community who would have preferred to increase dissemination of their work for reputation and peer-review.

Turning to the challenges for developing countries, Prof. Reichman explained the potential values of digital access, the benefits for medical science in developing countries. In reality, the use of bioinformatics, in the global collections of articles and data and general data-mining tools for automated knowledge discovery are virtually unavailable for developing countries' researchers. Then the question would be what can be done to address the problem of access in the digital environment.

First, it is becoming evident, in Professor Reichman's view, that the publishers do not add any more value. The scientists produce the knowledge in their PCs, in many cases government-funded. The contribution of the publisher is limited to creating the 'convenience' for access. According to Professor Reichman, they should be rewarded for this role alone.

Secondly, government funded research results need to be considered separately. Government agencies can stipulate contractually the conditions of use and re-use of research results, placing the results under public domain or mandating their deposit in open access journals or, at least, in open access repositories and further impose fair use in dissemination.

Thirdly, there should be legislative reform enabling limitations and exceptions. In this regard WTO Members need to codify the idea-expression dichotomy in addition to relying on the 'fair use' exception, as in the United States. The doctrine has proved more dispositive in the judicial treatment of copyright infringement cases in the US. In Europe there is no mention of the doctrine in the Infosoc Directive, and the Green Paper, despite its embodiment at the multilateral level under Article 9.2 of the TRIPS Agreement and Article 10 of the WCT. Any serious reform effort should accordingly start with a codification of the idea-expression dichotomy as a central subject matter exception. Such codification should be accompanied by detailed provisions specifically directed at scientific and educational literature. According to Prof. Reichman, the EU should adopt a US-style set of highly specific exceptions to the exclusive rights of authors with a general fair use provision that carves out additional space for non-infringing activity. Several non-EU states have adopted a US-styled fair use doctrine. The database protection in the EC as well needs to be adjusted to accommodate fair-use exception. Finally, overriding of legal limitations and exceptions through technological protection and one-sided contracts also has to be addressed. Possibly, "reverse notice and take down" regimes assist users in requesting the removal of TPMs for legitimate uses of copyrighted works. The regime can operate by alerting the copyright owner that the user intends to obtain copyright material in an online database for purpose allowed under a specific limitation or exception. The notice may have a period of 14 days to take effect. If the right holder does not take down the TPMs inhibiting access within the notice period, the court can decide by summary proceeding enabling the user to disable the TPM in order to extract the desired scientific publication for the specific scientific research.

Prof. Reichman concluded with the remark that although national level reforms are important, the full implementation of the permissive rules of the TRIPS Agreement and the Bern Convention can be supported at multilateral level where countries develop normative guidelines in the form of soft-law approaches such as declarations at the WIPO on the general framework of limitations and exceptions. He proposed such an approach for the Max Planck Declaration on the Three-Step Test. At the same time, in his view, countries need to advance recent initiatives such as the proposed WIPO Treaty for Improved Access for Blind, Visually Impaired and other Reading Disabled Persons.

### **Comments and exchange of views**

Mr. Flavio Arosemena Burbano, Director of the Ecuadorian Institute for Intellectual Property (IEPI), in his comment observed that the three-step test is not adequate to address how each country can address the challenges of access, for example, by visually impaired persons. Furthermore, the three-step test will not help in addressing the challenges of copyright protection running counter to its own objective of promoting creativity. That is why minimum international binding limitations and exceptions become important, especially with respect to education, disabilities and access, and scientific research. Ms. Marisella Ouma- Executive Director, Kenya Copyright Board- raised a question on the proposed explanation of the three-step-test under the Munich declaration, including, how to understand the 'public interest,' and 'normal exploitation' of works. She stated that Uganda's approach in its 2006 Copyright Act combined the

three-step-test with fair use exceptions. The problem should also be understood, in her opinion, in light of the lack of jurisprudential developments elaborating on the issue, including in Kenya, Nigeria, South Africa and Uganda.

Participants discussed how limitations and exceptions or enforcement of IP rights can address cases of reproduction of locally published newspaper articles by news agencies in third countries. In this context it was noted that the three-step test cannot address all the problems of copyright protection. The Panel in *United States Section 110(5)* has confirmed that the wording of the WCT supports countries to provide exceptions subject to the three-step test. There were also questions if the Latin American countries should have proceeded with regional norm-setting when tabling a proposal for limitations and exceptions in the SCCR.

Participants also noted the experience in the adoption of the various joint recommendations on trademark in the WIPO. It was stressed that soft laws have become binding norms in bilateral FTAs and incorporated under the laws of many countries. Soft law approach to the framework on limitations and exceptions, without excluding a treaty for visual impaired, can still contribute to addressing the challenges of enabling limitations and exceptions under national copyright legislations.