IP in Transition – Proposals for Amendment of TRIPS

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Background

- The proposals form part of the IPT project (Intellectual Property Rights in Transition), undertaken in cooperation between Nordic scholars, the MPI, and with support from ATRIP
- The general aim is to investigate the need for adaptation of the present IP system to the current technological and political challenges
- Working hypotheses
  - ”Horizontal approach” towards the analysis of IP issues
  - Applying a ”users’ perspective”

Why “amendments to TRIPS“?

- TRIPS is the latest and most comprehensive of “big“ IPR Agreements, and was often criticized as imbalanced and biased pro rightholders
- But: at present the focus of critique and discussions has shifted from TRIPS to bilateral FTAs, and from substantive IP law to enforcement + adjacent areas (e.g. test data exclusivity)
- Political prospects to arrive at re-negotiation of TRIPS is very small

Why not?

- Proposing amendments to TRIPS serves to "visualize"modifications to the system that could be entailed by a more balanced approach, in particular regarding certain critical aspects, as the three-step-test
- It is submitted that some of the proposals made could be read as a "subtext" into the present TRIPS-provisions
- Eventually the proposals could form the basis for a „Joint Recommendation" on the understanding of certain provisions
- Even if no political success is achieved, the visualization may help to raise awareness and stop (or at least slow down) the spiral movement towards ever-increasing protection

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Main features of the proposal

- Article 7 („objectives“) is fleshed out so as not to be solely focused on innovation and technology transfer
- A general rule is added that the scope of protection conferred by an IP right must correspond to the contribution made to creation, innovation and/or market functioning
- Art. 8a) is added as a general balancing clause, worded as a modified version of the three step test
- Art. 8b) is added as a provision addressing the competition IPlaw interface
- The three-step-test in the various Part II sections is exchanged for substantive maxima rules

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Art. 8a: Text of paras 1, 2

1. **Members shall take due account of the objectives and principles set out in Articles 7 and 8 when formulating or amending their laws and regulations. In doing so, they shall ensure that the protection granted reflects a fair balance between private economic interests and the larger public interest as well as the interests of third parties.**
2. **Members shall ensure that users may, without the consent of the right holder, use protected subject matter, provided that such use does not unreasonably prejudice the legitimate interests of the right holder, taking into due consideration the normal exploitation of the right.**

(A list of factors to be taken into account for the assessment is set out in para 2 lit. a and b)

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Art. 8b: Text of para 1

1. **For the purposes of maintaining a fair balance between intellectual property rights and free competition, Members shall provide for adequate remedies in the form of statutory or compulsory licences, or other forms of statutory limitations, if:**

   (a) the use of the product protected by an intellectual property right is indispensable for competition in the relevant market, unless the application of such remedies would have a significantly negative effect on the incentives to invest in research and development; or

   (b) the use of an intellectual property right results in the abuse of a dominant position on the relevant market.

(Para 2 concerns the infrastructure for competition controls)

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Background for Art. 8b

- Art. 8b para 1 (a) results from reasoning based on the concept of dynamic competition
  - Where a product is indispensable for competition on the relevant market, legislative/administrative measures may be needed to ensure (exceptionally) allocative efficiency
  - However, the competition aspects must be weighed against potentially negative effects on innovation
- Para 1 (b) reflects European parlance & thinking (Art. 82 EC), but the ECJ‘s (or the Commission‘s) current practice are not considered to be guiding