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International norm-making in the field of intellectual property: A shift towards maximum rules?

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Internationalisation of IP: Background and early developments, I

- **The vulnerability of intangible property on one hand and the territorial confinement of IP rights on the other have created an early need for establishing an international protection system**
- **For more than hundred years, the central pillars of that system have been**
 - **the Paris Convention for the Protection of Industrial Property (1883) and**
 - **the Revised Berne Convention for the Protection of Literary and Artistic Works (1886).**



Background and early developments, II

- In order to achieve their goals, both the Paris and Berne Conventions use two legislative tools:
 - The principle of national treatment and
 - Mandatory minimum rights, to be granted to nationals of other member countries.
- Though not directly aiming at international harmonisation, both Conventions have resulted in a conspicuous degree of substantive harmonisation among member countries.
- Nevertheless, members did retain considerable freedom to regulate in intellectual property matters
- Both Conventions were not static, but have been expanded during a number of revision conferences, leading to an increasing density and extent of international IP protection



The „New Age“ of IP protection: WTO TRIPS Why and how it came about

- From the 1970s, the economic and political divide between East and West, North and South led to a standstill in the revision process undertaken under the aegis of the World Intellectual Property Organisation (WIPO)
- Out of frustration over the state of affairs within WIPO, Western industrialized nations insisted that IP matters should be included into the Uruguay round of the GATT
- The change of fora was motivated by the argument that with the increase of counterfeit goods on the global market, the issue had become an important factor distorting international trade relations
- The Uruguay round led to the establishment of the WTO, with TRIPS as (one of its) annex(es).

The „New Age“ of IP protection: WTO TRIPS

The structure of the agreement



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- Like the Paris and Berne Conventions, TRIPS is based on the principle of national treatment, but adds a „most favoured nation“ (MFN) clause
- TRIPS establishes its own system of minimum rights:
 - Members must comply with all (economic) minimum rights in the Berne and Paris Conventions
 - In addition, TRIPS introduces further, more detailed and demanding standards, thereby taking away part of members' previous freedom to regulate on IP (so called „Paris“/„Berne Plus“ approach).
 - The standards of substantive law imposed by TRIPS have been modelled on those of fully developed, industrialized countries.
 - Members may subject IP rights to certain limitations, but are bound by the „3-step-test“.



The „New Age“ of IP protection: WTO TRIPS National and international enforcement

- **TRIPS also differs from previous IP normsetting with regard to enforcement issues:**
- **Members are placed under detailed obligations to provide, in their national systems, for efficient and deterrent enforcement of rights**
- **In addition, TRIPS is the first international IP agreement with „teeth“ in the sense that dispute settlement proceedings can be installed against Members violating their treaty obligations.**
- **A member country found to be in violation of TRIPS may have to face trade sanctions, and vice versa: Treaty violations in other fields may lead to suspension of obligations regarding IP**



TRIPS and beyond: The present situation

Consequences of TRIPS

- **TRIPS has led to unprecedented legislative activities in the field of IP worldwide**
- **Due to TRIPS, most or all WTO members nowadays have quite developed and fairly harmonized IP legislation – a development that would have seemed unimaginable only 15 years ago**
- **On the other hand, there is also (growing) discontent**
 - **Some countries have grown bitter and resentful over the feeling that they were forced to accept rules and standards that don't fit their economic and developmental situation**
 - **Others, in particular industrialized Western countries, are still worried about a steady increase in counterfeit trade, the main source of which is viewed in persisting deficiencies of enforcement.**



TRIPS and beyond: The present situation Post-TRIPS agreements and initiatives

- **After TRIPS, multilateral agreements have been concluded in the following fields:**
- **Copyright: WCT and WPPT (1996), establishing a „right of making available“ of digital content through ubiquitous media, and also creating an international guarantee for protection against circumvention of technical protection measures;**
- **Patent Law: The PLT, concerning the formalities required for registration of patents**
- **Trade Mark Law: Amendment of the TLT, and several „soft law“ instruments in the form of WIPO recommendations, inter alia regarding use of trademarks on the internet**
- **Other than that, multilateral normsetting has come to a standstill (e.g. regarding SPLT, broadcasting rights, audiovisual performances)**



TRIPS and beyond: The present situation The new move towards bilateralism (FTAs)

- **To an increasing extent, powerful nations with high stakes in IP – in particular the USA, but nowadays also the EU and Japan – take resort to bilateral negotiations leading to the conclusion of „Free Trade Agreements“ (FTAs), usually containing „TRIPs plus“ elements**
- **Many countries are willing to make concessions in the area of intellectual property in exchange to better access to industrialized markets**
- **It is feared that this will typically lead to bad deals:**
 - **It is very difficult for a country under economic pressure to weigh the immediate advantages of market access in specific fields against the disadvantages of accepting very elevated IP protection standards, that will only be felt in the longer run**



A shift towards new forms of norm-setting?

Overview

- **Wide-spread concern with the approach reflected in TRIPS and subsequent FTAs has triggered debates about a shift in international IP normsetting**
- **Inter alia, the following approaches have been suggested:**
 - **The international community should agree on a general moratorium („doing nothing“)**
 - **IP should no longer be regulated in an isolated fashion, but should be put in a larger economic or social context (human rights, biological diversity, access to knowledge)**
 - **Soft law instruments should be developed (e.g. a protocol or MoU concerning the 3-step-test)**
 - **Finally: the traditional approach of minimum rights should be complemented by a system of mandatory checks and balances, as set out in the following**



Mandatory checks and balances: Options to consider

- **As a matter of principle, positive entitlements such as property rights can be controlled by „internal“ and „external“ means**
- **„Internal control“ is effected by rules forming part of the relevant codification, i.e. in case of IP, of patent, copyright or trade mark law (Typically in form of limitations of the rights conferred)**
- **„External control“ is effected by rules in other codifications that need to be given consideration in certain cases (typically: rules in antitrust laws concerning freedom of competition, or constitutional rules concerning freedom of information, privacy etc.)**
- **Both types of rules are lacking until now in the context of international IP**



Internal control by internationally mandatory limitations?

Examples and suggestions

- **In order to provide for a better balance of IP rights, certain types of limitations could be made internationally mandatory**
- **Traces of that technique can already be found e.g. in Art. 10 (1) Berne Convention (quotation right) and Art. 9 (2) TRIPS (idea/expression dichotomy)**
- **More mandatory limitations could be inserted with regard to each IP right addressed by TRIPS**
- **Mandatory limitations might even be inserted with regard to the protectable subject matter and/or the duration of each right, etc.**
- **It is easy to foresee that such proposals would only appear acceptable where they state concepts and principles that are largely considered as self-evident, meaning that their impact would be confined to preserving the generally accepted status quo**



Internal control by internationally mandatory limitations?

- Arguments to consider -

- **Further arguments to consider:**
 - **As TRIPS usually is not regarded as self-executing, mandatory limitation clauses could not be invoked before domestic courts in countries which have not implemented them**
 - **Under the present TRIPS system, dispute settlement proceedings are only installed if trade interests of another member state are jeopardized, which is not likely to occur in cases typically covered by limitations**
 - **Even internationally mandatory limitations would not function as hard and fast rules unless issues of contract and technical protection measures are also addressed**
 - **The problem with FTAs including TRIPS-Plus standards is not about the obligations as such, but rather in how they are negotiated**



External control by mandatory competition rules? - What it means and how it could be done -

- In most of the highly developed, industrialized countries whose laws have served as a model for TRIPS, the market power granted by (inter alia) IP rights is counterbalanced by norms and authorities safeguarding freedom of competition
- Transposing the system to the international level would mean that countries are not only granted an option (like in Art. 8.2 and 40 TRIPS), but that are obliged to take adequate measures against abuse of IP rights in contractual situations as well as otherwise
- As the fulfillment of such an obligation would necessarily be cost-intensive and demand specific expertise, it should be adjusted to the respective state of development of individual countries



External control by mandatory competition rules? - Complexity and flexibility -

- **In addition to the burden with regard to infrastructure, to exercise efficient control through antitrust rules is also a highly demanding legal task, as is witnessed by the case-law of the European Court of Justice concerning refusal to license.**
- **On the other hand, the fact that competition rules are difficult to apply is a result of their complexity, which may be viewed as a strength rather than a disadvantage: Unlike fixed limitation clauses, they are flexible enough to be adapted to unfolding new developments, and hence to match the inherent dynamism of IP rules**



An outlook to the future? Maximum rules in EPAs (CARIFORUM)

- **Until now, the ideas and suggestions reported above don't form part of existing international agreement**
- **However, the situation might change in the near future if the European Partnership Agreement (EPA) with certain Caribbean states (CARIFORUM) should enter into force in the presently available version**
- **The agreement contains certain provisions that may be understood as mandatory limitations (e.g. fair use of trade marks)**
- **More importantly even, it is stipulated that competition control of abusive license provisions is mandatory for both partners**



Conclusion

- It is too early to state that the CARIFORUM EPA marks the beginning of a new approach towards international normsetting
- Nevertheless, the fact that the need for limitation of market power by means of competition law has been addressed in an instrument dealing with trade relations is new and unusual enough to merit the attention of those dealing with intellectual property and other areas of commercial law in a global context.