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TIME FOR A PARADIGM SHIFT?
EXPLORING MAXIMUM STANDARDS IN INTERNATIONAL
INTELLECTUAL PROPERTY PROTECTION

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International intellectual property (IP) protection is at the heart of controversies over the impact of economic interests on social or environmental concerns. Some see IP rights as unduly encroaching upon human rights and societal interests, others argue for stronger enforcement and additional exclusivity to incentivize new innovations and creations. Underlying these debates is the perception that international IP treaties set out minimum standards of protection - which presumably allow for additional protection with only the sky being the limit. This article challenges this view and explores the idea of maximum standards or ceilings within the existing body of international IP law. It looks at the relation between IP treaties and subsequent agreements or national laws which offer stronger protection. In particular, within the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), an important qualification may serve as a door opener for ceilings: While additional IP protection may not go beyond mandatory limits within TRIPS, the qualification not to “contravene” TRIPS is unlikely to safeguard TRIPS flexibilities against TRIPS-plus norms. The article further identifies and examines the rationales for maximum standards in international IP protection as: (1) Legal security and predictability about the boundaries of protection; (2) the global protection of users’ rights; and (3) the free movement of goods, services and information. Examples of mandatory limits in the existing IP treaties and in ongoing initiatives can implement these. However, most of the relevant treaty norms are optional. The article concludes with some observations on the need for more comprehensive and precise maximum standards.

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I. INTRODUCTION: THE DYNAMICS OF “MINIMUM STANDARDS” IN
INTERNATIONAL IP PROTECTION

Traditionally, international treaties on intellectual property (IP) rights have been primarily perceived as agreements banning discrimination of foreign right holders and setting out international “minimum standards” for the protection of IP. Contracting parties are generally obliged to treat foreigners the same as nationals under their domestic IP laws and must introduce certain minimum standards on the subject matter of protection,¹ its scope,² the exclusive rights granted,³ or the duration of protection.⁴

¹ See art.2 of the Revised Berne Convention for the Protection of Literary and Artistic Works (hereinafter Berne Convention) prescribing what must be protected as copyrighted works under the Convention; see also arts.15 & 27 of the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (hereinafter TRIPS), respectively, defining the protected subject matter under the TRIPS trademark and patent provisions.

² See art.9:2, TRIPS which makes clear that “Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such”.

³ See, *inter alia*, arts.6*bis*, 8 & 9, Berne Convention, arts.6-8 of the WIPO Copyright Treaty (hereinafter WCT) on specific exclusive rights signatory countries must make available in the national laws; art.6*bis* of the Paris Convention on the Protection of Industrial Property (hereinafter Paris Convention) on the protection of well-known trademarks; as well as arts.16 and 28 TRIPS on the rights of the trademark and patent holders.

⁴ See art.7, Berne Convention, on the minimum copyright term of protection (generally 50 years p.m.a.); also arts. 12, 18, 26:3, 33 and 38, TRIPS on the term of copyright, trademark, industrial design, patent and semiconductor protection.

Furthermore, provisions imposing certain conditions and limitations on the ability of countries to introduce exceptions to IP protection in their national laws can also be understood as setting minimum standards.⁵ These standards introduce a harmonized common level of IP protection, which should be available for foreign right holders in all contracting parties.

The common use of the phrase “minimum standards” – though seldom in the treaty language of international agreements on IP protection⁶ – implies that countries are free to provide additional, more extensive protection. An almost universal perception is that obligations in international IP Agreements such as the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS or TRIPS Agreement) create a “floor”⁷ consisting of a minimum level of protection, which is available to all WTO Members – with presumably the sky being the only limit as to the further extension of IP protection. This view is not only a

⁵ See arts.13, 17, 26:2 and 30, TRIPS as well as art.9:2, Berne Convention, art.10, WCT and art.16 of the WIPO Performances and Phonograms Treaty (hereinafter WPPT) which all contain – with some variations – the so called “three step test” conditioning the ability to foresee exceptions and limitations to various IP rights in the national laws of the contracting parties. On the chilling effect of the three step test on national exceptions see Annette Kur, *Of Oceans, Islands, and Inland Water - How Much Room for Exceptions and Limitations under the Three Step-Test?* (Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper Series No. 08-04), available at: <http://ssrn.com/abstract=1317707> (last visited 5 June, 2009); and the *Declaration On a Balanced Interpretation of the Three Step Test in Copyright Law*, 39(6) IIC 707 (2008), available at http://www.ip.mpg.de/ww/de/pub/aktuelles/declaration_on_the_three_step_cfm (last visited 30 September, 2008).

⁶ While neither the Berne or the Paris Convention, nor the more recent WIPO internet treaties (WCT and WPPT) use this terminology, TRIPS interestingly refers to “Standards concerning the Availability, Scope and Use of Intellectual Property Rights” (emphasis supplied) as title for its Part II which addresses the substantive protection of IP rights which WTO Members have to introduce in their national laws. In its Preamble, WTO Members further recognise the need to introduce “adequate standards and principles concerning the availability, scope and use of trade-related intellectual property rights” (emphasis supplied). The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (hereinafter Rome Convention), however, makes frequent use of the term by referring to “minimum protection” for the right holders (see art.7), “minimum rights” (see art.13) and “minimum duration” of rights (see art.14).

⁷ Antony Taubmann, *Rethinking TRIPS: Adequate Remuneration for Non-Voluntary Patent Licensing*, 11(4) J. INT. ECON. LAW 927, 944 (2008); Kal Raustiala, *Density and Conflict in International Intellectual Property Law* (UCLA School of Law, Public Law & Legal Theory Research Paper No.06-31) at note 20, available at: <http://ssrn.com/abstract=914606> (last visited 5 June, 2009) (hereinafter Raustiala).

central feature in the long history of international IP protection, whose development has primarily been a one-way route towards ever increasing or “ratcheting” levels of protection,⁸ but it also finds express support in Art. 20 of the Revised Berne Convention for the Protection of Literary and Artistic Works (Berne Convention) which requires further agreements to “grant to authors *more extensive rights* than those granted by the Convention.”⁹ Art. 19 of the Berne Convention further sustains this point by clarifying 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.”¹⁰

While there arguably were good reasons for adopting such an approach under the classic IP conventions in the 19th and 20th century,¹¹ the picture

⁸ Once rights have been inscribed into the text of an IP convention, “they basically become sacrosanct for now and the future.” Revision conferences (with only a few remarkable exceptions of the Revision of the Berne Convention 1971 where an Annex addresses the option for developing countries to grant compulsory licenses mainly for translation purposes and the proposed amendment of the TRIPS Agreement in the course of the “Doha” process, *See* General Council, Decision of 6 December 2005, WT/L/641, (8 December, 2005)), have regularly served the purpose of further strengthening the position of right holders; hardly ever was an effort undertaken to question or curtail incumbent rules. *See* Annette Kur & Henning Grosse Ruse – Khan, *Enough is Enough – The Notion of Binding Ceilings in International Intellectual Property Protection* (Max Planck Papers on Intellectual Property, Competition & Tax Law, Research Paper No.09-01) *available at*: <http://ssrn.com/abstract=1326429> (last visited 3 March, 2009) (hereinafter Kur & Grosse Ruse – Khan)

⁹ Art.20, Berne Convention (emphasis supplied). This is, however, not an absolute requirement but applies alternatively to the condition that provisions in further Agreements are “not contrary to this Convention”. On this alternative *see* Section II.B, *infra*.

¹⁰ Art.19, Berne Convention (emphasis supplied). Ruth Okediji, *The International Copyright System* (International Center for Trade and Sustainable Development Issue Paper No.15, 2006) at 8, *available at*: www.iprsonline.org/resources/docs/Okediji%20-%20Copyright%20and%20DC%20-%20Blue%2015.pdf (hereinafter Okediji). Okediji describes arts.19 and 20, Berne Convention as “built-in mechanisms to ensure that the evolution of rights must remain on an upward trajectory.”

¹¹ The Conventions were initially concerned with abolishing blatant discrimination and absence of protection for foreign right holders as well as establishing a general “safety net” of protection available in all contracting parties – while still leaving considerable policy space for domestic regulation, especially on exceptions and limitations to IP protection. Interestingly, international IP regime here takes an approach distinct to various other areas of international economic regulation which generally allow, *inter se*, agreements that further restrict existing (free trade) obligations – for example for environmental purposes *see* Kur & Grosse Ruse – Khan, *supra* note 8, at 10-11.

certainly has changed in the current “post-TRIPS” environment of bilateral and regional Free Trade Agreements (FTAs) containing ever increasing “TRIPS-plus”¹² standards. In 1995, TRIPS had already introduced standards well beyond the then-existing level of protection in most developing countries. Although a lot of WTO Members still struggle with the implementation of TRIPS,¹³ industrialised countries and IP dependant industries “always have seen TRIPS as a floor, not a ceiling.”¹⁴ As their technological lead is increasingly challenged by industries in emerging economic powers such as Brazil, China and India, strong IP protection at home and abroad is often perceived as the only way to sustain a competitive advantage for their industries.¹⁵ Hence, attempts to further increase IP protection and enforcement are emerging as the dominant priority in international trade policy for entities such as the European Union (EU), the United States (US) and Japan.¹⁶ Where successful, the results, in the form of

¹² “TRIPS-plus” is a common term for IP protection beyond the (minimum) standards of the TRIPS Agreement. Examples of Free Trade Agreements (FTAs) containing TRIPS-plus standards are: arts.151-164 of the EC – CARIFORUM Economic Partnership Agreement (hereinafter EC-CARIFORUM EPA) negotiated between the European Community and the Group of Caribbean States; art.15.11 of the Central American Free Trade Agreement (hereinafter CAFTA) between the US and Central American Countries; and arts.119-121 of the Agreement between Japan and Indonesia for an Economic Partnership.

¹³ Evidence are the various extensions of implementation deadlines for least developed and developing countries (*see, e.g.*, Council for TRIPS, Extension of the Transition Period Under Article 66.1 for Least-Developed Country Members, IP/C/40, (Decision by the Council for TRIPS of 29 November, 2005) to extend the transition period for least developed countries to July, 2013 from, originally, 1 January, 2006). By the decision of 27 June 2002 (Council for TRIPS, Decision by the Council of TRIPS of 27 June, 2002, IP/C/25), the transition period for least developed countries in regard of the introduction of patent protection for pharmaceutical and agricultural products had already been extended to 2016.

¹⁴ Susan Sell, *The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play* (IQsensato Occasional Papers No. 1, 9 June, 2008) available at: http://www.iqsensato.org/wp-content/uploads/Sell_IP_Enforcement_State_of_Play-OPs_1_June_2008.pdf (last visited 8 June, 2009) (hereinafter Sell).

¹⁵ *See* Intellectual Property Watch, *Enforcement the Prevailing IP Trade Policy for EU, US*, (22 April, 2009) available at: www.ip-watch.org/weblog/2009/04/22/enforcement-now-the-prevailing-ip-trade-policy-priority-for-eu-us (last visited 8 June, 2009).

¹⁶ For an overview on various initiatives from a US perspective, *see* Sell, *supra* note 14; on the IP chapters in the recent EU Economic Partnership Agreements (EPAs), *see* Center for International Environmental Law, *Intellectual Property in European Union Economic Partnership Agreements with African, Caribbean and Pacific Countries: What Way Forward after the CARIFORUM EPA and the Interim EPAs?* (Center for International Environmental Law,

further increased levels of IP protection, have systemic consequences: Flexibilities and policy space left open under the TRIPS Agreement¹⁷ are made increasingly meaningless because of such TRIPS-plus obligations – leading to controversies over undue limitations of national sovereignty in areas such as public health, access to knowledge, the environment and climate change.¹⁸ The sheer amount of these TRIPS-plus FTAs, paired with the absence of an applicable Most Favoured Nation (MFN) and National Treatment (NT) exception in Arts.3 and 4 of TRIPS,¹⁹ effectively globalises these increasing IP standards to become the relevant international norms.²⁰ It further questions the value of initiatives, like the WIPO Development Agenda, which aim at a more balanced, flexible and development oriented approach to IP protection.²¹

Geneva, April, 2008) *available at:* www.ciel.org/Publications/Oxfam_TechnicalBrief_5May08.pdf (last visited 3 March, 2009).

¹⁷ For examples of such policy space (as pointed out and emphasised by WTO Members), *see* World Trade Organization, Ministerial Declaration of 14 November 2001, paras.4-5, WT/MIN(01)/DEC/2, 41 I.L.M. 746 (2002) (hereinafter Doha Declaration). For a comparative analysis of policy space under TRIPS and other core areas of WTO regulation, namely trade in goods and services, *see* Henning Grosse Ruse – Khan, *A Comparative Analysis of Policy Space in WTO Law* (Max Planck Papers on Intellectual Property, Competition & Tax Law Research Paper No. 08-02, November 26, 2008) *available at:* <http://ssrn.com/abstract=1309526> (last visited 10 July, 2009).

¹⁸ *See, for example*, SISULE MUSUNGU & GRAHAM DUTFIELD, MULTILATERAL AGREEMENTS AND A TRIPS-PLUS WORLD: THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (2004) *available at:* www.quno.org/geneva/pdf/economic/Issues/Multilateral-Agreements-in-TRIPS-plus-English.pdf; *see also* Keith Maskus & Jerome Reichmann, *The Globalization of Private Knowledge Goods and the Privatization of Global Public Goods*, 7 J. INT. ECON. L. 279 (2004). For a skeptical evaluation of such criticism *see* Joseph Straus, *TRIPS, TRIPS-plus oder TRIPS-minus in PERSPEKTIVEN DES GEISTIGEN EIGENTUMS UND WETTBEWERBSRECHTS* 197 (writings in honour of Gerhard Schrickler, 2005).

¹⁹ Distinct to the effect of art.XXIV General Agreement on Tariffs and Trade, 1994 (hereinafter GATT) and art.V General Agreement on Trade in Services, 1994, (hereinafter GATS) (where WTO Members can limit the benefits of further trade liberalisation to partners in regional trade agreements), any TRIPS-plus protection secured by one trading partner via an FTA is automatically and unconditionally available to right holders from all other WTO Members.

²⁰ *See however* Jean-Frederic Morin, *Multilateralizing TRIPS-Plus Agreements: Is the US Strategy a Failure?* 12(3) J. WORLD INTELL. PROP. 175. 190-192 (2009), whose scrutiny of the effects of US FTAs on third countries concludes that there has been only limited success in achieving increased protection *beyond* the FTA contracting party. He however notes that success may only become visible in the future and points to the ongoing negotiations on an Anti-Counterfeiting Trade Agreement (hereinafter ACTA) where nearly half of the negotiating countries are US FTA partners.

²¹ On the WIPO Development Agenda *see* the original proposal (WIPO General Assembly, Proposal of Argentina and Brazil for the Establishment of a Development

II. EXPLORING THE IDEA OF MAXIMUM STANDARDS OR “CEILINGS”

This tendency for “IP maximalism”, however, builds on the view that existing international IP law contains minimum standards only – with no limits on the ability of countries to add to the protection existing IP treaties provide. In this article, I seek to present an approach which challenges this view: International law – within the treaties on IP protection as well as in norms from outside the international IP system – may contain rules which impose mandatory limits on IP protection. In contrast to the notion of minimum standards setting a “floor” of protection, these limits may be referred to as *maximum standards* or “ceilings”.²² They incorporate any mandatory²³ limitation in the broadest sense. Ceilings can be obligatory exclusions from otherwise protected subject matter or exceptions and limitations to exclusive rights phrased in binding terms. But the concept goes much further: It includes obligations – inside or outside the IP framework – to give effect to interests distinct from those of IP right holders and their exploitation of protected subject matter (such as competitive markets, dissemination of technology, access to information, protection of the environment, public health, cultural self-determination or human rights). Whenever these interests interact, or even conflict with those of IP right holders, any international norm demanding the protection

Agenda for WIPO, WO/GA/31/11, (27 August, 2004) and especially the adopted list of 45 recommendations (WIPO General Assembly, General Report – Forty-Third Series of Meetings, para.334 and Annex A, A/43/16, (12 November, 2007)) which is useful primarily for inserting a “development dimension” in all of WIPO’s activities. The point is however that as soon as countries are bound to introduce TRIPS-plus IP protection in their national laws, a flexible and balanced approach to new norm-setting activities will hardly lead to any changes in the realities on the ground (*that is*, the increased protection in the respective national laws).

²² See Kur & Grosse Ruse – Khan, *supra* note 8, at 5. Others have used the terms “substantive maxima” or – rather from the perspective of those whose interests are functioning as a binding limit on IP protection – “users’ rights” (see Graeme Dinwoodie, *The International Intellectual Property Law System: New Actors, New Institutions, New Sources*, 10(2) *Marquette Intellectual Property Law Review* 214 (2006) available at: <http://ssrn.com/abstract=749349> (last visited 8 June, 2009). Compare Okediji, *supra* note 10, at 20, 22-24, who, in the copyright context, refers to the need for “Global Minimum Limitations and Exceptions” which should be “required internationally.”

²³ The “mandatory” or “binding” character is primarily understood as imposing a (treaty) *obligation* to act (*that is*, to foresee a specific exception for quoting copyrighted works) on a country under international law – as opposed to provisions granting a country a *right* to act (*that is*, to allow compulsory licensing of patented invention under certain conditions).

of the former *can* serve as a ceiling on the latter. However, apart from a mandatory limit to IP protection, the question of how this norm relates to another (domestic or international) norm which goes beyond this limit is crucial. The notion of maximum standards or ceilings must build on prevalence and control of the ceiling norm over any norms going beyond the potential ceiling. Otherwise, one cannot speak of a maximum standard which sets an international upper limit to IP protection. Hence, the issue of hierarchy of norms between distinct international agreements is a crucial question which must be kept in mind.²⁴

This article focuses on mandatory limits *within* international treaties on IP protection – leaving aside ceilings which might flow from norms external to the international IP system.²⁵ The remainder of this section explores the “door-openers” to ceilings in the existing international IP system and analyzes the relation between mandatory and optional TRIPS provisions with TRIPS-plus norms. In the light of some examples on maximum standards or ceilings in the existing legal framework and recent initiatives, Part III then looks at different rationales for ceilings on the global protection of IP. Without any attempts at coming up with an exhaustive list, those scrutinised are (1) legal security and predictability about the boundaries of IP protection; (2) the global protection of users’ rights; and (3) the free movement of goods, services and information. Finally, I draw some conclusions on the need for (further) ceilings within international IP law.

²⁴ As this is a matter which depends on so called “conflict rules” which may exist in (1) the ceilings agreement; (2) the agreement offering additional protection beyond the ceiling; or (3) general international law (*see, for example*, art.30 Vienna Convention on the Law of Treaties, 1969 (hereinafter VCLT)), the hierarchy in the application of norms must be determined individually on a case by case basis. This article does not embark on a general discussion on the hierarchy between the main international IP treaties, but addresses the question of conflict norms where necessary (*see* Sections II.C and III.B). *Cf.* Joost Pauwelyn, *The Role of Public International Law in the WTO: How far can we go?* 95 AM. J. INT’L. L. 535, 537-538 (2001).

²⁵ For an initial discussion on “external ceilings” *see* Kur & Grosse Ruse – Khan, *supra* note 8, at 21-26. On human rights and their relation to IP protection, *see*, Laurence Helfer, *Toward a Human Rights Framework for Intellectual Property*, (Vanderbilt Public Law Research Paper No. 06-03, 2007) *available at*: <http://ssrn.com/abstract=891303> (last visited 22 June, 2009).

A. Treaty Norms Addressing Subsequent or Additional IP Protection

The ability to foresee additional protection beyond the international IP treaty at issue is generally based on provisions such as Art. 20 of the Berne Convention addressed above.²⁶ Art. 20 reserves the right for all contracting parties “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....”²⁷ Using almost identical language, Art. 22 of the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention) takes the same approach. In more general terms, under the Paris Convention on the Protection of Industrial Property (Paris Convention) “[C]ountries of the Union reserve the right to make separately between themselves special agreements for the protection of industrial property....”²⁸ And, again more explicitly in the TRIPS Agreement, World Trade Organization (WTO) members “may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement....”²⁹ However, all these provisions contain an important qualification which may function as a door-opener for ceilings to international IP protection: Art. 19 of the Paris Convention, Art. 20 of the Berne Convention and Art. 22 of the Rome Convention stipulate that all “special agreements” on IP may not “contravene” or be “contrary to” the provisions of the three basic treaties.³⁰

²⁶ See *supra* note 9 and accompanying text.

²⁷ As a subsequent agreement offering additional protection art.1:1, WCT builds on this provision by clarifying that “[t]his Treaty is a special agreement within the meaning of Article 20 of the Berne Convention for the Protection of Literary and Artistic Works.”

²⁸ Art.19, Paris Convention.

²⁹ Art.1:1, second sentence, TRIPS Agreement.

³⁰ Art.19, Paris Convention provides that “it is understood that the countries of the Union reserve the right to make separately between themselves special agreements for the protection of industrial property, in so far as these agreements *do not contravene* the provisions of this Convention” (emphasis supplied). Art.20, Berne Convention, in turn states “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, *or contain other provisions not contrary to this Convention*. The provisions of existing agreements which satisfy these conditions shall remain applicable” (emphasis supplied). In the same manner, art.22 of the Rome Convention states that “Contracting States reserve the right to enter into special agreements among themselves in so far as such agreements grant to performers, producers of phonograms or broadcasting organisations more extensive rights than those granted by this Convention *or contain other provisions not contrary to this Convention*” (emphasis supplied).

More importantly, Art. 1:1, second sentence of TRIPS expressly conditions additional (*i.e.* TRIPS-plus) IP protection on meeting the requirement “that such protection *does not contravene the provisions of this Agreement*.”³¹ Commentators tend to focus on the first part of that sentence as they emphasise the “minimum obligations” TRIPS establishes and the right to introduce more extensive protection.³² Some, however, recognise the potential of the above qualification as a limit for TRIPS-plus protection – especially in relation to the TRIPS non-discrimination obligations³³ as well as those relating to IP enforcement.³⁴ For TRIPS and its provisions on IP enforcement in particular, an additional justification for such ceilings comes from the incorporation of TRIPS into the WTO multilateral trading system: As several TRIPS provisions indicate, not only the lack of, but also excessive (or abusive reliance on) IP protection can distort and create barriers to international trade.³⁵

The qualification in art.20, Berne Convention and art.22, Rome Convention, however, may be of rather limited value in our context as it is one of two *alternative* conditions for further agreements – the other being the granting of “more extensive rights” as described above. Arguably, Berne and Rome Conventions therefore allow FTAs granting more extensive rights even if they curtail (and hence may be considered contrary to) any binding limitations on copyright- or neighbouring right protection – such as the “quotation right” in art.10:1, Berne Convention.

³¹ In full, art.1:1 states: “Members shall give effect to the provisions of this Agreement. 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*. Members shall be free to determine the appropriate method of implementing the provisions of this Agreement within their own legal system and practice” (emphasis supplied).

³² See DANIEL GERVAIS, THE TRIPS AGREEMENT – DRAFTING HISTORY AND ANALYSIS 2.19 (3d ed., 2008). Gervais argues that art.1:1, second sentence, TRIPS indirectly emphasises the fact that some (industrialised) countries had not achieved the amount of protection they had aimed for in TRIPS. See further Raustiala, *supra* note 7. Raustiala rejects the idea that TRIPS-plus accords may conflict with TRIPS towards more stringent rules because TRIPS had been “negotiated as a floor – with minimum standards – rather than as a ceiling.” Cf. ICTSD & UNCTAD, RESOURCE BOOK ON TRIPS AND DEVELOPMENT: AN AUTHORITATIVE AND PRACTICAL GUIDE TO THE TRIPS AGREEMENT 24 (2005) available at: www.iprsonline.org/unctadictsd/ResourceBookIndex.htm (last visited 9 July, 2009) (hereinafter ICTSD & UNCTAD).

³³ CARLOS CORREA, TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS 25-26 (2007) (hereinafter CORREA).

³⁴ See ICTSD & UNCTAD, *supra* note 32, at 25. The authors give the example of the due process rights established in art.42 TRIPS and argue that any TRIPS-plus rule which diminishes these rights contravenes TRIPS.

³⁵ See the TRIPS Preamble (emphasising the need to “ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to

So how do the qualifications mentioned above – such as Art. 1:1, second sentence of TRIPS – serve as door openers for maximum standards or ceilings? At first sight, this provision, as well as its counterparts, are nothing more than a clarification that countries may not violate TRIPS and the other core IP treaties.³⁶ But this norm in Art. 1:1 of TRIPS goes well beyond the notion of *pacta sunt servanda*³⁷ and the latter's common application by demanding that national laws must comply with the minimum standards of IP protection. Its primary, but so far undervalued, importance lies in establishing a *condition on the ability to introduce more extensive IP protection*. Also, any form of TRIPS-plus protection may not contravene TRIPS. This is not necessarily self-evident. Given the history of international IP protection outlined above, and especially the general perception of IP treaties setting minimum standards only, taking the requirement that additional IP protection may not “contravene” TRIPS serious is in itself an important insight. As such, it does not set out any binding limits. It however opens the door for examining the consistency of TRIPS-plus norms with TRIPS provisions. As I discuss below, the latter may also include mandatory limits to IP protection.

Art. 1:1 of TRIPS hence employs a function that is contrary to the common test of whether national laws implementing TRIPS meet (minimum) standards of protection: Any additional protection must equally comply with TRIPS (maximum)³⁸ standards. In this sense, Art. 1:1 does not

legitimate trade”), art.41:1, TRIPS (regarding IP enforcement procedures) and arts.8:2, 40:1 (on abuses of IP protection and anti-competitive licensing practices). Cf. CORREA, *supra* note 33, at 25; ICTSD & UNCTAD, *supra* note 32, at 25 and K. Elfring, in TRIPS – INTERNATIONALES UND EUROPÄISCHES RECHT GEISTIGEN EIGENTUMS 84 (J. Busche & P.T. Stoll eds., 2007).

³⁶ A special thanks to Jayashree Watal here for her comments on art.1:1 TRIPS which helped to clarify the notion of “ceilings” further.

³⁷ Cf. art.26, VCLT.

³⁸ One could be tempted to argue that art.1:1, second sentence, TRIPS merely extends the minimum standards of TRIPS to TRIPS-plus protection – thereby preventing for example discriminatory TRIPS-plus laws (potentially infringing the national treatment or most favoured nation (MFN) obligations in arts.3 and 4, TRIPS). This prohibition of discrimination however already follows from art.3 and 4 itself and is confined to the scope of application of those provisions (*see* in particular the exceptions, the definition of protection in footnote 3 to art.3, TRIPS and the definition of intellectual property in art.1:2, TRIPS). Beyond discrimination, art.1:1, second sentence, TRIPS may certainly also apply as to *extend the TRIPS minimum standards to TRIPS-plus laws* (for example by requiring patent protection extensions to 25 or 30 years to continue to grant all the (minimum) rights

introduce any new category of norms, but simply delineates the scope of obligations that countries undertake in TRIPS. These obligations do not only impose a bottom line of protection which WTO Members must foresee in their national laws – but may function to prescribe some of the above limits or ceilings of IP protection as well. It is this change in perspective which needs to be further explored and which is at the heart of the “ceilings” approach.

B. The Prohibition to “Contravene” or be “Contrary to” Existing IP Treaties

The common qualification that additional IP protection (in national laws or in international agreements) must meet therefore, is that it may not “contravene”³⁹ or be “contrary to”⁴⁰ the provisions of the main international IP treaties, in particular the TRIPS Agreement. But when do TRIPS-plus norms “contravene” TRIPS? Answering this question demands a detailed scrutiny of:

1. The TRIPS-plus norm at stake;
2. Any potentially contrary TRIPS (or other international IP) obligations; and
3. The notion of “contravening” or being “contrary to.”

It is hence a matter to be determined according to the individual circumstances of the case – apart from the last issue which will now be addressed: The following initial analysis of the term “contravene” focuses on its role and meaning in the TRIPS Agreement. The online Oxford Dictionary explains this term as: 1. commit an act that is not in accordance

of art.28, TRIPS – and *vice versa* requiring any further (process) patent rights to be granted to the full (minimum) period of 20 years under art.33, TRIPS). But one can hardly argue that this is the only application of art.1:1, second sentence. Decisive is whether additional protection “contravenes” any TRIPS provisions. As we shall *see* below, this test may entail a limit on additional protection – and not only an extension of TRIPS minimum standards to such protection.

³⁹ *See* art.1:1, TRIPS and art.19, Paris Convention.

⁴⁰ *See* art.20, Berne Convention and art.22, Rome Convention – in case of these two provisions however this is only one of two alternative conditions (compare notes 9 and 30 above) and hence may arguably not employ the discussed door opener function since special agreements providing additional protection might be justified under the 1st alternative of arts.20 or 22 (providing more extensive protection) – even if that might be contrary to any binding limits in these conventions.

with (a law, treaty, etc.); 2. conflict with (a right, principle, etc.).⁴¹ At least under the first of these meanings, a provision may be “not in accordance” with TRIPS if, although respecting the letter of law as such, the results entailed by its application appear to contradict the spirit and purpose of TRIPS. By contrast, the second meaning (necessitating a conflict between a TRIPS-plus rule and TRIPS) is arguably narrower. Applying the interpretative tools of the Vienna Convention on the Law of Treaties (VCLT),⁴² no other TRIPS provision (constituting the relevant “context”)⁴³ enlightens the determination of the ordinary meaning of “contravene”.⁴⁴

However, an interpretation of the term in light of the TRIPS balancing objectives⁴⁵ and its public interest principles⁴⁶ may shed some light. Under

⁴¹ See COMPACT OXFORD ENGLISH DICTIONARY available at: www.askoxford.com/?view=uk (last visited 25 March, 2008).

⁴² By now it is well established that arts.31-33 VCLT – by virtue of art.3:2, Understanding on Rules and Procedures Governing the Settlement of Disputes (hereinafter DSU) – guide the interpretation of all WTO Agreements. See Appellate Body Report, *United States – Standards for Reformulated and Conventional Gasoline*, ¶ 16, WT/DS2/AB/R, (29 April, 1996); Appellate Body Report, *India – Patent Protection for Pharmaceutical and Agricultural Chemical Products*, ¶ 46, WT/DS50/AB/R (19 December, 1997); Appellate Body Report, *United States – Countervailing Duties on Certain Corrosion-Resistant Carbon Steel Flat Products from Germany*, ¶¶61-62, WT/DS213/AB/R (28 November, 2002). Cf. Michael Lennard, *Navigating by the Stars: Interpreting WTO Agreements*, 5(1) J. INT. ECON. L. 17 (2002).

⁴³ According to art.31, VCLT, the treaty context (comprising its complete text including preamble and annexes as well as further agreements (on interpretation) between the parties under para.2 and 3) is one of the key sources for treaty interpretation, on art.31, VCLT. See generally IAN SINCLAIR, *THE VIENNA CONVENTION ON THE LAW OF TREATIES* (2d. ed., 1984); Draft Articles on the Law of Treaties with Commentaries, U.N. Doc. A/CN.4/191 (1966), reprinted in 2 Y.B. Int'l L. Comm'n 187, 253 (1966)

⁴⁴ The same language in art.19, Paris Convention arguably constitutes treaty context under art.31, VCLT (as it is explicitly incorporated into TRIPS via the reference in art.2:2, TRIPS), but does not offer any further guidance on how the term “contravening” is to be understood.

⁴⁵ See art.7, TRIPS which states that:

[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.

⁴⁶ See art.8:1, TRIPS, providing that:

Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health

Art. 31 of VCLT, a treaty's objective is the third crucial element relevant for the interpretation of its provisions. In this sense, especially for the TRIPS Agreement, the objectives and principles expressed in Arts. 7 and 8 have an important role to play.⁴⁷ In the Doha Declaration on TRIPS and Public Health,⁴⁸ WTO Members unanimously expressed their consensus that "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." Applying Arts. 7 and 8 of TRIPS to determine whether a TRIPS-plus rule "contravenes" TRIPS, can make findings of conflict more likely wherever the TRIPS-plus norm is clearly unbalanced⁴⁹ – for example, by focussing solely on the interests of right holders and neglecting the interests of users;⁵⁰ or by preventing measures to promote public interests such as public health and nutrition.⁵¹ But then again, the process of balancing is in itself a normative process, which, arguably, gives discretion and policy space to individual WTO Members to exercise this balance according to their domestic needs.⁵² Nevertheless, the balancing objective,

and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

⁴⁷ On the role of the art.7 objectives see Henning Grosse Ruse – Khan, *Proportionality and Balancing within the Objectives of Intellectual Property Protection in INTELLECTUAL PROPERTY AND HUMAN RIGHTS* 161-194 (Paul Torremanns ed., 2008).

⁴⁸ Formally, the Doha Declaration on TRIPS and Public Health (*supra* note 17) can be considered as a source for interpreting TRIPS equivalent to treaty "context" as it amounts to a "subsequent agreement between the parties regarding the interpretation of the treaty or the application of its provisions" under art.31(3)(a), VCLT. See Frederick Abbott, *The Doha Declaration on the TRIPS Agreement and Public Health: Lighting a Dark Corner at the WTO* 5(2) J. INT. ECON. L. 491 (2002); ICTSD & UNCTAD, *supra* note 32, at Part One, ch. 6 (6.2.1); Grosse Ruse – Khan, *supra* note 47 at 184. See also Steve Charnovitz, *The Legal Status of the Doha Declarations*, 5(1) J. INT. ECON. L. 207-211 (2002).

⁴⁹ Compare art.7, TRIPS according to which "[t]he protection and enforcement of intellectual property rights should contribute to (...) a *balance* of rights and obligations" (emphasis supplied).

⁵⁰ Art.7, TRIPS further calls for IP protection to be supportive "to the *mutual advantage of producers and users* of technological knowledge" (emphasis supplied).

⁵¹ Art.8, TRIPS, *inter alia*, allows Members to adopt measures necessary to achieve these goals and to "promote the public interest in sectors of vital importance to their socio-economic and technological development".

⁵² See Henning Grosse Ruse – Khan, *A Comparative Analysis of Policy Space in WTO Law* (Max Planck Papers on Intellectual Property, Competition & Tax Law Research Paper No. 08-02, November 26, 2008) available at: <http://ssrn.com/abstract=1309526> (last visited 10 July, 2009).

as well as the public interest principle, favour a wider understanding of “contravene” that may cover TRIPS-plus rules which neglect clearly identifiable user or wider public interests.

C. *An Option to Safeguard TRIPS Flexibilities?*

It still seems rather difficult to argue that a TRIPS-plus rule fails the test of Art. 1:1, second sentence, merely on the basis that it is not in accordance (or even conflicts) with Arts. 7 or 8 of TRIPS. This is primarily because both provisions are written in *permissive* terms: Under Art. 8, WTO Members “may” take certain public interests measures; under Art. 7, IP protection “should” contribute to a balance. In fact, this is the case with almost all provisions in international IP law concerning exceptions and limitations to IP protection.⁵³ Anecdotal evidence from TRIPS shall suffice here: All versions of the so called “three step test” which allow countries to introduce exceptions to the exclusive rights of copyright, trademark, industrial design or patent holders are optional.⁵⁴ The same applies to the right to introduce compulsory licensing under Art.31 of TRIPS and to exclude certain issues from the scope of protected subject matter under Art. 27:2, 3 and Art. 15 of TRIPS. This is why these provisions are primarily referred to as “TRIPS flexibilities.”⁵⁵ Indeed, *mandatory* rules in the area of exceptions and limitations to IP protection are rare in international IP law⁵⁶ where most rules take the form of optional provisions, which allow a country to foresee a specific exception in its national IP regime.

⁵³ See Okediji, *supra* note 10. Okediji makes the point that “[t]he model of ‘mandatory rights’ and ‘permissive limitations’ dominates all the international treaties” on IP protection.

⁵⁴ See arts.13, 17, 26:2 and 30, TRIPS (and further art.9:2 and art.10, WCT and art.16, WPPT). The language of art.13, TRIPS does not indicate a binding obligation to foresee exceptions – but rather that whenever a country chooses to introduce them, it must confine these to meeting the three conditions of the test.

⁵⁵ See Doha Declaration, *supra* note 17, at paras.4 & 5(a) – (d), which explicitly uses this term and lists some public health related flexibilities.

⁵⁶ For an useful overview see Appendix B to P. Bernt Hugenholtz, Ruth Okediji, *Conceiving an International Instrument on Limitations and Exceptions to Copyright*, (Institute for Information Law, University of Amsterdam and University of Minnesota Law School Final Report, 6 March, 2008) available at: <http://www.ivir.nl/publicaties/hughholtz/finalreport2008.pdf> (last visited on 11 July, 2009) (hereinafter Hugenholtz & Okediji).

At first sight this *permissive*, instead of *mandatory*, language suggests that a TRIPS-plus rule that diverges from such a discretionary TRIPS provision cannot be seen as “contravening” TRIPS. This finds support in a stringent interpretation of the general international law notion of norm conflict – that is, *what is perceived as a conflict between norms*.⁵⁷ In the strict sense, only a direct incompatibility, that is where complying with one rule necessitates the violation of another, is considered as a conflict.⁵⁸ The WTO Appellate Body seems to follow this view.⁵⁹ But this is not the only perspective on norm conflict:⁶⁰ A wider understanding furthermore takes into account (optional) rights given by treaties and finds conflicts also when one treaty obligation limits or prevents the exercise of a right another treaty provides for.⁶⁰ Applied to our scenario, a TRIPS-plus rule may be in conflict with an optional TRIPS provision as soon as it limits the ability of a WTO Member to exercise a “right” or flexibility TRIPS provides for, considering that the notion of “contravene” – coloured by the objectives and principles of Arts. 7 and 8 of TRIPS – is rather wide when it comes to interferences with user or wider public interests. Also, a TRIPS-plus rule which prevents the exercise of an (optional) TRIPS flexibility could be considered as failing the test of Art. 1:1, second sentence. This would make TRIPS flexibilities, in themselves, inviolable and untouchable – as inalienable rights of WTO Members which cannot be taken away. Some support for such a position comes from para.4 of Doha Declaration on TRIPS and Public Health where WTO Members “reaffirm the *right of WTO Members to use, to the full, the provisions in the TRIPS Agreement, which provide flexibility*” (emphasis supplied) – in that case for purpose of public health protection.

⁵⁷ Instructive on this topic in general is JOOST PAUWELYN, *CONFLICT OF NORMS IN PUBLIC INTERNATIONAL LAW* (2003) (Hereinafter PAUWELYN).

⁵⁸ *Id.* at 166-167 – citing Wilfred Jenks, *The Conflict of Law-Making Treaties*, 30 *British Yearbook of International Law* 401, 426, 451 (1953).

⁵⁹ See Appellate Body Report, *Guatemala – Antidumping Investigation Regarding Portland Cement from Mexico (Guatemala – Cement)*, ¶ 65, WT/DS60/AB/R (5 November, 1998). Here the Appellate Body defined conflicts as “a situation where adherence to the one provision will lead to the violation of the other provision.”

⁶⁰ For a response to Pauwelyn’s definition of “conflict” see Adarsh Ramanujan, *Conflicts Over “Conflict”: Preventing Fragmentation of International Law*, 1(1) *TRADE L. & DEV.* 172 (2009).

⁶⁰ Joost Pauwelyn, *The Role of Public International Law in the WTO: How far can we go?* 95 *AM. J. INT’L. L.* 535, 551 (2001). For an overview on various different approaches to “conflicts” or “inconsistencies” see PAUWELYN, *supra* note 57, at 167-174.

Still, such a far-reaching effect seems to contradict the overall notion of optional flexibilities in TRIPS. A WTO Member may choose to implement them (*i.e.*, to exercise its right) – but may equally choose not to do so. One must keep in mind that it is the own domestic IP law which provides for the additional protection – not some external rule imposed upon a country wishing to exercise a TRIPS flexibility. If a WTO Member thus decides to waive its right to use a certain flexibility available to it under the TRIPS, this is equally a way of exercising its right and part of the flexibility that TRIPS provides. Applying the qualification in Art. 1:1, second sentence so as to prevent a WTO Member from doing so, in effect turns the optional rule into a mandatory one. The same applies when the domestic TRIPS-plus rule results from an FTA imposing TRIPS-plus obligations. While most (developing) countries agree to such obligations only in order to obtain preferential market access concessions in areas of their interests, formally they also consent to the IP obligations which are often *conditio sine qua non* for the preferential treatment they strive for. This assessment does not ignore the political bargaining and use of economic might by dominant trading powers and the consequence that countries are often “bullied” into signing TRIPS-plus FTAs.⁶¹ It however, seems very difficult to interfere in this process or to safeguard the “free will” (or perceived best interests) of WTO Members in order to uphold TRIPS flexibilities.⁶² One could consider the idea of creating a type of limitation which is not absolute, but which only sets out that countries may not “be obliged” towards another contracting party to introduce additional protection.⁶³ But still: Which country would bring such a case to the WTO dispute settlement system? And who would be in a position to decide whether the domestic TRIPS-

⁶¹ Peter Drahos, *Expanding Intellectual Property's Empire: the Role of FTAs* (November, 2003) available at: <http://ictsd.net/downloads/2008/08/drahos-fta-2003-en.pdf> (last visited 22 June, 2009); Pedro Roffe, *Bilateral Agreements and a TRIPS-Plus World: The Chile-USA Free Trade Agreement* (ICTSD, Geneva, 2004) available at: <http://www.quno.org/geneva/pdf/economic/Issues/Bilateral-Agreements-and-TRIPS-plus-English.pdf> (last visited 22 June, 2009); Susan Sell, *Industry Strategies for Intellectual Property and Trade: The Quest for TRIPs. and Post-TRIPs Strategies* 10 CARDOZO J. INT'L. & COMP. L. 79 (2002) available at: www.courses.fas.harvard.edu/~anth261/Articles/LexisNexis_Sell1.htm (last visited 22 June, 2009).

⁶² In analogy to notions in private law to protect the weaker party (consumers, employees, tenants), one could rather think about extending the international law of treaties to address such issues. In the end however, in absence of a central authority in international relations between countries, international law is not the all-powerful tool to prevent political pressure and the exercise of economic might.

⁶³ See Kur & Grosse Ruse – Khan, *supra* note 8, at 34.

plus rule came about against the will or interests of the country that enacted this rule in the first place?

The “non-contravention” qualification in Art. 1:1, second sentence, hence, cannot function to safeguard TRIPS flexibilities against WTO Members who decide not to exercise them. A TRIPS-plus rule in national law thus does not contravene with an optional TRIPS provision allowing for certain exceptions and limitations to IP protection. This leads to the conclusion that instances where the Art. 1:1 qualification applies are generally cases where one can point to conflicts with a *mandatory* provision instead of an optional one.⁶⁴ As noted above, mandatory rules in the area of exceptions and limitations to IP protection are not so common. But some do exist in international IP treaties, including the TRIPS Agreement.⁶⁵ In the next section, I will provide a few examples in order to illustrate different rationales behind the idea of maximum standards or ceilings.

III. RATIONALES FOR CEILINGS

Several underlying objectives relating to, or affected by, IP protection may be supported by, and even demand, maximum standards or ceilings within the international IP system. This section examines some rationales, the implementation of which can be facilitated by mandatory limits to IP protection.

A. Legal Security and Predictability about Exceptions and Limitations to IP

International treaty norms are often broad and ambiguous. They not only invite further questions (and potential disputes) over their concrete meaning and “proper” application to a specific case, but also to controversies as to who has the right to interpret and apply these norms –

⁶⁴ One could further examine whether the notion of non-contravention can be applied to scenarios where a TRIPS-plus rule contradicts not a specific operational flexibility, but rather the “spirit” of TRIPS as expressed in its balancing objective of art.7. However a more promising route may be to use these objectives liberally when interpreting the term “contravene” and the scope of any relevant mandatory limitation within TRIPS.

⁶⁵ For a more comprehensive analysis of these mandatory exceptions see Kur & Grosse Ruse – Khan, *supra* note 8 and Thomas Jaeger & Henning Grosse Ruse – Khan, *Policing Patents Worldwide? EC Border Measures against Transiting Generic Drugs under EC- and WTO Intellectual Property Regimes*, 40(4) I.I.C. *forthcoming* (2009) (hereinafter Jaeger & Grosse Ruse – Khan).

and with what discretion, if any.⁶⁶ One way to address this ambiguity is establishing a comprehensive and sophisticated system for the settlement of disputes – which should further have sufficient “teeth” to secure the implementation of its decisions.⁶⁷ With the inauguration of the WTO, the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) created such a system to serve as “a central element in providing *security and predictability* to the multilateral trading system.”⁶⁸ Although it must “preserve the rights and obligations of [WTO] Members under the covered agreements”, it aims to “clarify the existing provisions of those agreements in accordance with customary rules of interpretation of public international law.”⁶⁹

While the WTO system builds on and extends the previous GATT 1947 dispute settlement practice, its application to international IP law was certainly a most revolutionary change. Previously, disputes over the implementation and interpretation of IP treaties had not been resolved by international courts or tribunals – even though both the Paris Convention and the Berne Convention do foresee the option to bring a case to the International Court of Justice at The Hague.⁷⁰ Under the DSU, TRIPS – the hitherto most comprehensive multilateral agreement on IP – is subject to: (1) A compulsory jurisdiction of Panels with the option of an Appellate Body review;⁷¹ (2) binding decisions from the dispute settlement body;⁷² (3)

⁶⁶ See generally Gregory Shaffer, *Recognizing Public Goods in WTO Disputes Settlement: Who Participates? Who Decides? The Case of TRIPS and Pharmaceutical Patent Protection*, 7(2) J. INT. ECON. L. 459 available at: <http://ssrn.com/abstract=528243> (accessed 18 June, 2009).

⁶⁷ Cf. Andreas Lowenfeld, *Remedies Along with Rights: Institutional Reforms in the New GATT*, 88 AM. J. INT'L. L. 479, 481 (1994); OXFAM, RIGGED RULES AND DOUBLE STANDARDS 251 (2002) available at: www.maketradefair.com/assets/english/report_english.pdf (last visited 24 January, 2008); COMMISSION ON INTELLECTUAL PROPERTY RIGHTS (CIPR), INTEGRATING INTELLECTUAL PROPERTY AND DEVELOPMENT POLICY 157 (2002) available at: www.iprcommission.org (last visited 31 January, 2008).

⁶⁸ See the first sentence of art.3:2, DSU (emphasis supplied).

⁶⁹ See the second sentence of art.3:2, DSU. That provision then further balances national state autonomy and international obligations by stating in the third sentence: “Recommendations and rulings of the DSB cannot add to or diminish the rights and obligations provided in the covered agreements.”

⁷⁰ See art.33, Berne Convention and art.28, Paris Convention.

⁷¹ Cf. arts. 6, 7, 17 and 23, DSU.

⁷² See arts.19, 21:1, 16 and 17:14, DSU – the important shift from positive consensus to the negative consensus means that in order to prevent the adoption of a Panel- (subject

and a system of enforcement that allows for retaliatory countermeasures (in form of suspending equivalent concessions or other WTO obligations) in case of non-compliance.⁷³ Against this background, it is quite understandable that international adjudication relating to IP protection under TRIPS has received a lot of attention.⁷⁴ The WTO settlement of disputes relating to TRIPS has led to a number of (mostly Panel) Reports which have interpreted several of its provisions.⁷⁵ Some of the high profile cases involved key TRIPS norms on exceptions and limitations – such as Art. 13 on copyright, Art. 17 on trademark and Art. 30 on patent exceptions.⁷⁶

However, these decisions have not provided sufficient clarity and guidance on what exceptions or limitations to IP rights a WTO member may introduce in its national law in order to be TRIPS compliant. While the Panel Reports do interpret the specific terms used in the various versions on the three-step test in great technical detail,⁷⁷ the relevant TRIPS provisions themselves are not apt to offer any “security and predictability”

to appellate review) or Appellate Body Report, the Dispute Settlement Body (DSB), representing all WTO Members, must decide by consensus (hence including the prevailing party) that the report shall *not* be adopted.

⁷³ See art.22, DSU, in particular.

⁷⁴ See, for example, Jane Ginsburg, *Toward Supranational Copyright Law? The WTO Panel Decision and the “Three Step Test” for Copyright Exceptions*, 187 R.I.D.A. 3 (2001); Martin Senftleben, *Towards a Horizontal Standard for Limiting Intellectual Property Rights?* 4 I.I.C. 407 (2006); Mihaly Fiscor, *How Much of What? The Three Step Test and Its Implications in two Recent WTO Dispute Settlement Cases*, 192 R.I.D.A. 111 (2002); and WIPO Standing Committee on Copyright and Related Rights, *WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment (prepared by Sam Ricketson, WIPO Doc. SCCR/9/7, 2003) available at: www.wipo.int/edocs/mdocs/copyright/en/sccr_9/sccr_9_7.pdf* (last visited 11 July, 2009).

⁷⁵ For a comprehensive database about TRIPS related jurisprudence see the online WTO ANALYTICAL INDEX Section on TRIPS, available at: www.wto.org/english/res_e/booksp_e/analytic_index_e/trips_e.htm (last visited 16 June, 2009).

⁷⁶ See Panel Report, *Canada – Patent Protection of Pharmaceutical Products (Canada – Patents)*, WT/DS114/R, (17 March, 2000); Panel Report, *United States – Section 110(5) of US Copyright Act (US – copyright)*, WT/DS160/R (15 June, 2000); Panel Report, *European Communities – Geographical Indications*, WT/DS/174R (15 March, 2005).

⁷⁷ Cf. Martin Senftleben, *supra* note 75; Annette Kur, *Of Oceans, Islands, and Inland Water - How Much Room for Exceptions and Limitations under the Three Step-Test?* (Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper Series No. 08-04), available at: <http://ssrn.com/abstract=1317707> (last visited 5 June, 2009).

in relation to the TRIPS consistency of domestic exceptions to IP rights. This is because the three-step test primarily focuses on the economic interests of right holders whose options for exploitation must be preserved.⁷⁸ Thus far, it does not tell WTO Members in concise terms what they can do – but only in very general and abstract language what they may not do. Apart from one example given in Art. 17 of TRIPS,⁷⁹ there is *no guidance as to which exceptions may qualify to meet the conditions set out in the various versions of the test*.⁸⁰ The resulting ambiguity, paired with the restrictive technical interpretation adopted by the Panels, has a chilling effect on countries which aim to devise new exceptions corresponding to their individual economic, cultural and technological level of development. This may be less of a problem with countries that have a long history and tradition in formulating (statutory or judicial) exceptions to exclusive rights.⁸¹ But for developing countries – where often a laxer system of IP protection or enforcement has caused little demand for a comprehensive set

⁷⁸ For a detailed analysis see Annette Kur, *supra* note 78. For a more liberal interpretation see the *Declaration On a Balanced Interpretation of the Three Step Test in Copyright Law*, 39(6) IIC 707 (2008), available at http://www.ip.mpg.de/ww/de/pub/aktuelles/declaration_on_the_three_step_cfm (last visited 30 September, 2008) and Henning Grosse Ruse – Khan, *A Comparative Analysis of Policy Space in WTO Law* 58-63 (Max Planck Papers on Intellectual Property, Competition & Tax Law Research Paper No. 08-02, November 26, 2008) available at: <http://ssrn.com/abstract=1309526> (last visited 10 July, 2009). (Focussing on an extended role of the WTO and TRIPS objectives in interpreting TRIPS provisions.)

⁷⁹ Art.17 mentions “fair use of descriptive terms” as an example of a limited exception to trademarks (but is then further conditioned by the phrase “provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties”).

⁸⁰ Kur & Grosse Ruse – Khan, *supra* note 8, at 8. WTO jurisprudence on this matter has often been criticised as siding with economic interests of right holders and neglecting the public policy purposes behind the respective exceptions at stake as well as the objectives of the TRIPS Agreement set out in particular in art.7. In WCT context, however, an “[a]greed statement concerning Article 10” provides some guidance on what is actually allowed under the (almost identically worded) WCT three step test regarding copyright exceptions.

⁸¹ Challenges to the general “fair use” doctrine in US copyright or some of the pre-TRIPS statutory exceptions to exclusive rights in Civil Law countries are rather unlikely – unless they involve applying these established systems of exceptions to new (technological) environments such as the internet. However, countries with more experience in drafting exceptions – when confronted with new technologies, modes of exploitation and business models relating to the utilisation of IP protected subject matter – may well face internal and external challenges when attempting to devise new exceptions tailored towards these new developments.

of exceptions and limitations as checks and balances – this ambiguity can significantly constrain the introduction of new limits to IP protection.⁸² The uncertainty over the TRIPS consistency of the envisioned exception may well function as a regulatory chill.⁸³ Furthermore, any threats from other WTO Members to initiate a WTO dispute settlement process – with the potential of facing trade sanctions in areas of primary importance for the domestic exporters – will often serve as strong incentive not to introduce the exception or to abolish it.⁸⁴

A (mandatory) set of rules prescribing clearly, and in sufficient detail, what types of exceptions must be allowed in national laws would offer the security and predictability currently lacking. It would hence provide a clearer and more concrete picture of what can (or must) be accepted as an exception in international IP law.⁸⁵ Existing treaties, and especially current proposals, offer some examples: Art. 10(1) of Berne Convention states that:

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.⁸⁶

⁸² Cf. Okediji, *supra* note 10 at 24. Okediji emphasises this problem in bilateral FTA relations.

⁸³ One can compare the effect of the three step test to what is referred to as “regulatory chill” or “freeze” effect in international investment law where certain investment protection standards in Bilateral Investment Treaties (BITs) may prevent the host country from introducing environmental or other public interests measures fearing that they might be challenged by investors as conflicting with these investment protection standards.

⁸⁴ On the impact of TRIPS-plus FTAs on domestic use of TRIPS flexibilities see United Nations Human Rights Council, *Report of the Special Rapporteur on the Right of Everyone to the Enjoyment of the Highest Attainable Standard of Physical and Mental Health*, paras.68-94, U.N. Doc. A/HRC/11/12 (31 March, 2009) (hereinafter UNHRC 2009).

⁸⁵ Kur & Grosse Ruse – Khan, *supra* note 8 at 8; P. Bernt Hugenholtz & Ruth Okediji, *Conceiving an International Instrument on Limitations and Exceptions to Copyright*, 4, 41, (Institute for Information Law, University of Amsterdam and University of Minnesota Law School Final Report, 6 March, 2008) available at: www.ivir.nl/publicaties/hughholtz/finalreport2008.pdf (last visited 11 July, 2009); Cf. WIPO, *Proposal by Brazil, Chile, Nicaragua and Uruguay for Work Related to Exceptions and Limitations*, 1-2, (WIPO Doc. SCCR/16/2, 17 July, 2008) available at: www.wipo.int/edocs/mdocs/copyright/en/sccr_16/sccr_16_2.pdf (last visited 18 June, 2009).

⁸⁶ Art.10(1), Berne Convention (emphasis supplied).

This “quotation right” is not only drafted in mandatory terms, but also offers sufficient guidance as to its scope and the conditions attached. Even within the Berne Convention, with its relatively large amount of specific exceptions and limitations,⁸⁷ the binding language used is an exception in international IP treaties.⁸⁸ Another treaty norm – which arguably also serves the goal of clarity as to the scope of IP protection and must be considered as an exception – can be found in Art.5*ter* of the Paris Convention. It provides that:

In any country of the Union the following shall not be considered as infringements of the rights of a patentee:

1. The use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter the waters of the said country, provided that such devices are used there exclusively for the needs of the vessel;
2. The use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories of such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the said country.⁸⁹

Again, a compulsory exception – here from the territorial reach of patent protection – provides clear guidance on what must not be considered as part of IP protection. For operators of vessels or aircrafts, the compulsory nature is decisive, only this offers security and predictability against patent infringement claims within the territories of all contracting parties.

Finally, a recent initiative lends itself as an example for increasing attempts to introduce greater security and predictability on the issue of exceptions and limitations to international IP protection. The initiative

⁸⁷ See, e.g., arts.2 (8), 2*bis*, 10, 10*bis*, 11*bis* (2), 13, Berne Convention.

⁸⁸ See Kur & Grosse Ruse – Khan, *supra* note 8, at 38-39, explaining that the formulation of the quotation right in a mandatory form appears as a consequence of the fact that quotation, by contrast to the other provisions limiting authors’ rights in favour of public interests, is crucially important to authors themselves, and therefore fits into the scheme of the Berne Convention as being one specific type of minimum rights that authors are entitled to enjoy.

⁸⁹ A corresponding provision can be found in art.27 of Convention on International Civil Aviation, December 7, 1944, seeking to promote unimpeded international air traffic.

originates from a proposal by Brazil, Chile, Nicaragua and Uruguay for “Work related to Exceptions and Limitations” presented to the WIPO Standing Committee on Copyright and Related Rights (SCCR) in March 2008.⁹⁰ The proposal asks the SCCR to begin work on *prescribing a minimum framework of public policy exceptions*, which must be available in all national laws. The proposal calls upon the SCCR, *inter alia*, to work towards “agreement on exceptions and limitations for purposes of public interest that must be envisaged as a minimum in all national legislations.”⁹¹ It suggests a work plan with the objective of achieving “a consensus on minimum mandatory exceptions and limitations particularly with regard to educational activities, people with disabilities, libraries and archives, as well as exceptions that foster technological innovation.”⁹² Examples of mandatory exceptions or “user rights” are the “right for the disable community to export and import works produced under a copyright exception, or an exception in favour of libraries to the public lending right when it has been recognized.” The proposal suggests a five-phase work plan⁹³ which, *inter alia*, foresees the SCCR to select those exceptions “that should form part of a prescriptive minimum global framework of exceptions.”⁹⁴ It foresees the following result at the end of this process:

Fifth and finally, the Committee should adopt a formal recognition of, and commitment to creating mandatory minimum exceptions and limitations through means it deems appropriate. For instance, this could take the form of a recommendation for action to be adopted by the WIPO General Assembly.⁹⁵

While it is apparent that this proposal aims for the global protection of certain users rights (as discussed below), it also serves to create legal security and predictability as to exceptions and limitations that must be available in

⁹⁰ See WIPO, *Proposal by Brazil, Chile, Nicaragua and Uruguay for Work Related to Exceptions and Limitations* (WIPO Doc. SCCR/16/2, 17 July, 2008), available at: www.wipo.int/edocs/mdocs/copyright/en/sccr_16/sccr_16_2.pdf (last visited 18 June, 2009)

⁹¹ *Id.*

⁹² *Id.* at 2.

⁹³ The proposed work plan consists of (1) first mapping the international framework of exceptions, (2) then exchanging information on various national systems for copyright exceptions, (3) thirdly discussing their justifications before (4) selecting potential candidates for ceilings which then (5) are finally to be formally recognised by WIPO. *See id.* at 2-3.

⁹⁴ *Id.* at 2.

⁹⁵ *Id.* at 3.

domestic laws. The mandatory character links the aspects of security and predictability to yet another objective explored below: Global trade in goods or services produced on the basis of limits to IP protection rely on their international availability in order to be traded freely. The absence of such limits then serves as a market barrier.⁹⁶ Indeed, the idea of an “information society” and “knowledge economy” does not only entail incentivizing the development and production of new knowledge capital *via* IP exclusivity, but also safeguards for access, use and dissemination of the existing building blocks of knowledge. In more metaphorical terms: In order to be able to “stand on the shoulder of giants”⁹⁷ IP exclusivity must exist in balance with a strong public domain – otherwise, new innovators may have to “re-invent the wheel”. To ensure such a balance and the free movement of information and information goods and services on the international level, maximum standards to IP protection may be as relevant as minimum standards.

B. *Global Protection of User's Rights*

Another rationale for ceilings in international IP protection follows from the idea to prescribe specific rights of users of IP protected subject matter. Such “minimum user rights” can be the necessary counterpart to the minimum rights for the holders of IP.⁹⁸ To the extent that they introduce a mandatory limit to IP protection – for example by means of obligatory exemptions from protected subject matter, the scope of protection or exceptions from exclusive rights – they are a functional equivalent to mandatory maximum standards or ceilings.⁹⁹ In the following discussion,

⁹⁶ An interesting parallel can be drawn to the *Magill Cases* (Cases C-241/91 P & C-242/91 P, *Radio Telefis Eireann (RTE) and Independent Television Publications Ltd. (ITP) v. Commission of the European Communities*, 1995 E.C.R. 1-743 (1995) (Judgment of 6 April, 1995)), where stringent copyright protection for compilations of information (here, TV programme listings) prevented the introduction of a new product (a comprehensive TV guide) for which there was consumer demand.

⁹⁷ Quote from Sir Isaac Newton where he describes his contribution to scientific and technological progress in a letter to his rival Robert Hooke (dated 5 February, 1676): “If I have seen a little further it is by standing on the shoulders of Giants.” See http://en.wikiquote.org/wiki/Isaac_Newton (last visited 3 July, 2009).

⁹⁸ Cf. Okediji, *supra* note 10, at 23. Okediji emphasises the need for a balance via mandatory minimum exceptions and limitations in the area of international copyright law.

⁹⁹ Cf. Graeme Dinwoodie, *The International Intellectual Property Law System: New Actors, New Institutions, New Sources*, 10(2) *Marquette Intellectual Property Law Review* 214 (2006)

two different initiatives are presented as examples of user's rights exercised either by directly introducing binding limits to IP protection, or at least urging countries not to push for TRIPS-plus protection. The first concerns copyright and the introduction of binding safeguards to ensure accessibility of copyrighted works for the visually impaired. The second attempts to give effect to the human right to health in its interface with IP protection for pharmaceutical products: Doing so may entail imposing limits on IP protection – in particular for the TRIPS Agreement and TRIPS-plus FTAs.

1. Access Rights for Visually Impaired Persons

In May, 2009 Brazil, Ecuador and Paraguay tabled a proposal for a “WIPO Treaty for Improved Access for Blind, Visually Impaired and other Reading Disabled Persons” at the 18th session of the WIPO Standing Committee on Copyright and Related Rights (SCCR).¹⁰⁰ The rationale of introducing minimum user's rights on the international level becomes evident in the explicit aims of the proposed treaty. In Art. 1, the object and purpose is described:

[T]o provide the necessary minimum flexibilities in copyright laws that are needed to ensure full and equal access to information and communication for persons who are visually impaired or otherwise disabled in terms of reading copyrighted works¹⁰¹

available at: <http://ssrn.com/abstract=749349> (last visited 8 June, 2009). Dinwoodie uses the terms substantive maxima or (minimum) user's rights simultaneously.

¹⁰⁰ See WIPO, Proposal by Brazil, Ecuador and Paraguay, Relating to Limitations and Exceptions: Treaty Proposed by the World Blind Union, (WIPO Doc. SCCR/18/5, 25 May, 2009), available at: www.wipo.int/edocs/mdocs/copyright/en/sccr_18/sccr_18_5.pdf (last visited 18 June, 2009). The supporting countries make clear that this draft treaty is an example for norm setting activity to establish a core of minimum mandatory exceptions in international copyright law. It is equally presented as contributing to the WIPO Development Agenda recommendations relating to norm setting. *Id* at 1.

¹⁰¹ Art.1, WIPO Treaty for Improved Access for Blind, Visually Impaired and other Reading Disabled Persons, goes on in clarifying that the focus shall be “in particular on measures that are needed to publish and distribute works in formats that are accessible for persons who are blind, have low vision, or have other disabilities in reading text, in order to support their full and effective participation in society on an equal basis with others, and to ensure the opportunity to develop and utilize their creative, artistic and intellectual potential, not only for their own benefit, but also for the enrichment of society.” It hence includes a further, societal benefit aim beyond the “mere” protection of the interests on visually impaired in access to copyrighted works.

According to the nature and scope of obligations defined in Art.2:1, this goal is to be achieved by undertaking “certain measures to enable full and equal access to information and communication for persons who are visually impaired or have other disabilities in accessing copyrighted works.” The measures envisioned to secure access are primarily “Limitations and Exceptions to Exclusive Rights Under Copyright” which are further set out in Art. 4. Written in binding terms, the minimum exceptions include:

(a) It shall be permitted without the authorisation of the owner of copyright to make an accessible format of a work, supply that accessible format, or copies of that format, to a visually impaired person by any means¹⁰²

(b) A visually impaired person to whom a work is communicated by wire or wireless means as a result of activity under paragraph (a) shall be permitted without the authorisation of the owner of copyright to copy the work exclusively for his or her own personal use. This provision is without prejudice to any other limitations and exceptions that a person is able to enjoy.¹⁰³

In analogy to Art. 1:1, second sentence of TRIPS, the proposal even addresses the issue of whether countries may go beyond the proposed minimum exceptions – *i.e.*, whether they can introduce “exceptions-plus” provisions. While the set of mandatory minimum exceptions and limitations would be common to all Member States, that baseline would not preclude Member States from adopting broader exceptions – unless this “contravenes” the provisions of the proposed treaty.¹⁰⁴

¹⁰² Art.4:1, WIPO Treaty for Improved Access for Blind, Visually Impaired and other Reading Disabled Persons, further specifies the types of acts which must be considered as a lawful exception to copyright – but also includes 4 conditions which have to be met (*inter alia* lawful access to a copy of the work, supply of an accessible format exclusively for the use by visually impaired and the non-profit character of the activity).

¹⁰³ Under art.4 (c), WIPO Treaty for Improved Access for Blind, Visually Impaired and other Reading Disabled Persons, for-profit activities of making accessible formats for visually impaired are allowed under certain alternative conditions, *inter alia* that the relevant copyrighted work is “not reasonably available in an identical or largely equivalent format enabling access for the visually impaired, and the entity providing this accessible format gives notice to the owner of copyright of such use and adequate remuneration to copyright owners is available.”

¹⁰⁴ See art.2(d), WIPO Treaty for Improved Access for Blind, Visually Impaired and other Reading Disabled Persons, stating: “Contracting Parties may, but shall not be obliged to, implement in their law more extensive protections for the visually impaired and reading disabled than are required by this Treaty, provided that such measures do not contravene the provisions of this Treaty.”

The ceilings character of the draft treaty is further emphasized by the following three elements: Art. 6 on “Circumvention of Technological Measures” contains an obligation under which “[c]ontracting parties shall ensure that beneficiaries of the exception provided by Article 4 have the means to enjoy the exception where technological protection measures have been applied to a work, including when necessary the right to circumvent the technological protection measure so as to render the work accessible.” Under Art. 7 on the “Relationship With Contracts,” this safeguard for the minimum user rights is taken another step further: “Any contractual provisions contrary to the exception provided in Article 4 shall be null and void.” The two provisions hence contain obligations which secure the rights of access for visually impaired against restrictions imposed by technological measures or contract clauses. Both these restrictions play an increasingly major role as an inhibiting factor for accessing and using copyrighted works in the digital context – even if such access or use is backed by an exception or limitation to copyright.¹⁰⁵ Effectively prohibiting them in an international treaty is a novel approach¹⁰⁶ – but one which takes the notion of users rights seriously and may be a necessary part of the concept of maximum standards.¹⁰⁷

Art. 3, addressing “Relations to Other Agreements,” then comprises the final element reinforcing the idea that the minimum user rights for visually impaired are indeed ceilings on IP protection: Under section (a) “Contracting Parties agree that the provisions of this Treaty are consistent with obligations set out under,” *inter alia*, the Berne Convention; the WIPO

¹⁰⁵ Compare Severine Dussoier, *Electrifying the Fence: The Legal Protection of Technological Protection Measures for Protecting Copyright*, 21 E.I.P.R. 285 (1999).

¹⁰⁶ Examples of such mandatory exceptions which can override contractual limitations are art.5 sections 2, 3 (making of back up copies; idea – expression dichotomy) and art.6 (decompilation), both in connection with art.9 section 1, of the Council Directive 91/250/EEC, 1991 O.J. (L 122) 42, on the legal protection of computer programs (hereinafter Software Directive) as well as art.5 section 1 (certain temporary acts of reproduction) of the Council Directive 2001/29/EC, 2001 O.J. (L 167) 10, 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 (EC hereinafter Copyright Directive) and further art.6 section 1, art.8 and 15 of the Council Directive 96/9/EC, 1996 O.J. (L 077) 20, on the legal protection of databases. art.6, section 4 of the EC Copyright Directive further to some extent addresses the relation between exceptions and technological protection measures.

¹⁰⁷ See Kur & Grosse Ruse – Khan, *supra* note 8 at 14-16.

Copyright Treaty; the Rome Convention; the WIPO Performances and Phonograms Treaty 1996 and the TRIPS Agreement. Under section (b):

Contracting Parties agree that, to the extent that this treaty applies to literary and artistic works as defined in the Berne Convention, it is a special agreement within the meaning of Article 20 of that Convention, as regards Contracting Parties that are countries of the union established by that Convention.

These are crucial clarifications on the relationship with the existing IP treaties whose provisions – such as the three-step test, which significantly curtails the ability to introduce exceptions – might otherwise be understood to be in conflict with the exceptions in the proposed treaty.¹⁰⁸ Indeed, the notion of ceilings in international IP law entails that the relation between subsequent (IP) agreements be addressed. This must be done in a way which ensures that the ceiling treaty is not “subject to” treaties providing additional protection beyond the ceilings.¹⁰⁹ Instead, “conflict norms” in the ceiling treaty (such as Art. 3 here) are needed to ensure that in establishing a hierarchy of application, the provisions of the ceilings treaty prevail in case of a “conflict”.¹¹⁰ One must however keep in mind that such a conflict

¹⁰⁸ In this regard, one might consider art.3 and its assurance of consistency as a form of “indirect” interpretation of the three-step test – in a way that allows the exceptions mandated under the proposed treaty for the blind. However, this can of course be only a relevant interpretation amongst those WTO Members, Berne Union Countries or WCT contracting parties which will accede to the draft treaty (*compare* art.31 (3) (a), VCLT). Under the general principle of *pacta tertiis nec nocent nec prosunt*, other countries certainly will not be bound by any such “interpretation” – this is expressed in art.34, VCLT: “A treaty does not create either obligations or rights for a third State without its consent.”

¹⁰⁹ *Cf.* art.30(2), VCLT under which such clauses would have to be understood as establishing a hierarchy in application in favour of the treaty including IP protection beyond what the ceiling treaty allows: “When a treaty specifies that it is subject to, or that it is not to be considered as incompatible with, an earlier or later treaty, the provisions of that other treaty prevail.”

¹¹⁰ Again, the question of defining conflict between two norms arises (*see* section II.B, C) above, especially notes 57-61 and accompanying text). Whether ceiling provisions are of the quality as to actually put a binding limitation on the country’s ability to “contract out” of the ceiling limitations - particularly via later *inter-se* agreements (such as FTAs) - is a comprehensive question which depends on: 1. conflict clauses in the ceiling treaty (art.1:1, second sentence, TRIPS most likely not being one - as it only refers to additional protection *in national laws* of WTO Members; whereas art.19 of the Paris Convention clearly speaks about subsequent *special agreements between Paris Union countries* which may not contravene the Paris Convention); 2. conflict clauses in the subsequent agreement containing additional protection (here most FTAs contain clauses stating that they adhere

clause can only regulate the hierarchy of application for countries which are contracting parties to both treaties¹¹¹ – and therefore would need to be signed, for example, by all WTO Members in order to introduce ceilings *erga omnes* on IP protection under TRIPS.

In sum, the treaty proposal now pending with the WIPO SCCR serves as a good example for ceilings to IP protection in order to establish and give effect to minimum user's rights.¹¹² While it is certainly too early to judge on its chances for success, the proposal represents another sign that time – at least for some policy makers – is ripe to engage in a serious discussion over binding minimum exceptions and limitations to IP protection.

2. Human Right to Health

The second example where ceilings may be instrumental in giving effect to certain user's rights on a global level relates to the international protection of human rights: Implementing the right to health¹¹³ (and the corresponding state duty to offer, or at least facilitate access to medication)¹¹⁴ could take the approach of introducing binding limits on

to TRIPS obligations, do not wish to alter/modify WTO obligations or that the latter prevail); and, lastly 3. conflict clauses in general public international law (such as arts.30, 42 VCLT, as well as the notions of *lex superior*, *lex specialis* and *lex posterior* (all of which are partly embodied in arts.30 & 42, VCLT)). On this matter compare Joost Pauwelyn, *The Role of Public International Law in the WTO: How far can we go?* 95 AM. J. INT'L. L. 535, 537-538 (2001).

¹¹¹ Cf. arts. 34 & 30(3), (4), VCLT as well as the explanations at *supra* note 110.

¹¹² Interestingly, the structure and provisions of the proposed text resemble those of a draft treaty on access to knowledge (*see, for example*, the draft prepared by civil society groups such as the Consumer Project on Technology (now dubbed Knowledge Ecology International) – *available at*: www.cptech.org/a2k/a2k_treaty_may9.pdf (last visited 8 January, 2009) which has emerged from the “Access to Knowledge” (A2K) movement (*see* www.cptech.org/a2k/, <http://research.yale.edu/isp/eventsa2k2.html>) (last visited 8 January, 2009).

¹¹³ The right to health is expressed in art.25 of the Universal Declaration of Human Rights, G.A. Res. 217A (III), at 71, U.N. Doc. A/810 (12 December, 1988) (hereinafter UDHR). It is further incorporated in art.12 of the International Covenant on Economic Social Cultural Rights (hereinafter ICESCR) where parties recognise the “right of everyone to the enjoyment of the highest attainable standard of physical and mental health.”

¹¹⁴ The entitlements of *inter alia* availability, accessibility and affordability of essential medication flowing from the right to health as expressed in the ICESCR are further defined in U.N. Econ. & Soc. Council [ECOSOC], Committee on Economic, Social and

patent protection for essential drugs under TRIPS or TRIPS-plus FTAs.¹¹⁵ The existing law does not go so far, although WTO Members responded to the access to essential drugs issue by issuing the Doha Declaration on TRIPS and Public Health¹¹⁶ as well as the 2003 and 2005 decisions¹¹⁷ on a waiver of Art. 31(f) TRIPS, this “solution” arguably does not fully resolve any potential conflict with the human right to health. In particular, it does not involve any (existing or forthcoming)¹¹⁸ TRIPS treaty language, which expressly contains mandatory limits to IP protection motivated by human rights or public health concerns. Based on the wide understanding of ceilings which includes potentially binding limitations on IP protection on the basis of obligations deriving from other sources of international law,¹¹⁹ this does not mean that no binding limits exist. However, no binding limits *within* the international IP system have been proposed so far, let alone negotiated at the international stage.

In a nutshell, the human right to health has been described to include the obligation that:

- (a) All health services, goods and facilities shall be available, accessible, acceptable and of good quality. In the context of access to medicines this requires States to ensure that medicines are available, accessible, culturally acceptable, and of good quality.
- (b) States have a duty to respect, protect and fulfil the right to health.¹²⁰

Cultural Rights, General Comment No. 14 (2000) - *The Right to the Highest Attainable Standard of Health*, U.N. Doc. E/C.12/2000/4 (11 August, 2000) (hereinafter UNECOSOC 2000). See also Alicia Yamin, *Not just a Tragedy: Access to Medications as a Right under International Law*, 21 B. U. INT'L. L. J. 101 (2001).

¹¹⁵ For a human rights perspective on TRIPS see U.N. Econ. & Soc. Council [ECOSOC], Sub-Comm'n on the Promotion & Prot. of Human Rights, *The Impact of the Agreement on Trade Related Aspects of Intellectual Property Rights on Human Rights*, U.N. Doc. E/CN.4/Sub.2/2001/13 (27 June, 2001); United Nations – Human Rights Council, Sub-Commission on Human Rights, Intellectual property rights and human rights, resolution 2000/7.

¹¹⁶ Doha Declaration, *supra* note 17.

¹¹⁷ General Council, Decision of 30 August 2003, WT/L/540 and Corr.1, (1 September, 2003) and General Council, Decision of 6 December 2005, WT/L/641, (8 December, 2005).

¹¹⁸ See the new art.31*bis* and the new Annex, TRIPS – agreed by WTO Members in the Decision of 6 December 2005, *id.* – but not yet in force (as of June 2009).

¹¹⁹ An example relevant in this context is the duty to protect human rights by virtue of *jus cogens* or treaty obligations.

¹²⁰ UNHRC 2009, *supra* note 85, para.10.

It follows that medical care in the event of sickness, as well as the prevention, treatment and control of diseases, are central features of the right to health. These features depend upon access to medicines. Therefore, access to medicines forms an indispensable part of the right to health.¹²¹ This has been further interpreted to mean that “[s]tates have an obligation under the right to health to ensure that *medicines are available, financially affordable, and physically accessible* on a basis of non-discrimination to everyone within their jurisdiction.”¹²² Developed Countries also have a responsibility to take steps towards the full realization of the right to health through international assistance and cooperation.¹²³ Moreover, all State Parties to the International Covenant on Economic, Social and Cultural Rights have a legal obligation not to interfere with the rights conferred under the Universal Declaration of Human Rights and the Covenant, including the right to health.¹²⁴

So how does IP protection (in particular *via* patents – but also by means of test data protection) interfere with the right to health? The general argument made is that patent protection for pharmaceutical products entails legal exclusivity which allows the patent holder to prevent price competition and charge monopoly prices. During the patent term (a minimum of 20 years under the TRIPS),¹²⁵ no generic competitor may produce, use or sell¹²⁶ the patented drug. Generic competition, however, has the potential to significantly lower prices and so increase access to (essential) medicines – in particular for poor populations in developing countries.¹²⁷ This article does not attempt to engage in a comprehensive debate about the inter-relationships

¹²¹ Cf. UNECOSOC 2000, *supra* note 116.

¹²² UNHRC 2009, *supra* note 85, at para.11.

¹²³ U.N. Econ. & Soc. Council [ECOSOC], Commission on Human rights, Report of the Special Rapporteur on the Right to Health, *Addendum: Mission to the WTO*, para.28, U.N. Doc. E/CN.4/2004/49/Add.1 (1 March, 2004) (*prepared by* Paul Hunt).

¹²⁴ UNHRC 2009, *supra* note 85, at para.11. – referring to art.30 of the UDHR and art.5 of the ICESCR, *supra* note 115.

¹²⁵ See art.33, TRIPS (the term of protection available shall not end before the expiration of a period of twenty years counted from the filing date).

¹²⁶ Compare the exclusive (minimum) rights under art.28, TRIPS.

¹²⁷ See UNHRC 2009, *supra* note 85, at para.19. (Illustrating that in the case of antiretroviral drugs (AVRs) the availability of cheaper generic AVRs from developing countries in 2001 led to price reductions from over US\$10,000 per patient per year to less than US\$350, per patient per year for a first line combination therapy.)

between IP protection, the incentives¹²⁸ it may offer for the development of new, innovative drugs and the limits¹²⁹ it imposes on accessing protected drugs.¹³⁰ It however seems clear that extending IP protection applicable to medicines beyond the TRIPS minimum standards – in particular *via* FTAs – generally tends to reduce access to drugs further.¹³¹ Even more problematic from a right to health perspective are provisions designed to undermine the TRIPS flexibilities which are “supportive of WTO Members’ right to protect public health and, in particular, to promote access to medicines for all.”¹³²

One recent example, which relates to both concerns, is the European Union’s expansion of border measures to cover alleged patent infringing goods (including generic drugs) even if they are merely in transit through EC ports.¹³³ Sufficient to trigger the EC measures is patent protection in its

¹²⁸ As the case of neglected diseases prevalent in developing countries indicates, the incentive IP aims to offer only functions where a market (that is potent consumers – patients or public health care systems – with means to pay) exists and fails where those in need of particular drug have no means to pay for it.

¹²⁹ IP law at the same time offers several tools (in the TRIPS context generally referred to as “flexibilities”) to counter these negative impact on access – for example by a narrow definition of patentability, the issuance of compulsory licenses, allowing parallel imports under a international exhaustion rule, drafting appropriate exceptions (allowing the use for obtaining regulatory approval or experimenting) and opposition or revocation procedures relating to patent grants.

¹³⁰ These two poles are well illustrated in the Doha Declaration, *supra* note 17, at para.3, where WTO Members “recognize that intellectual property protection is important for the development of new medicines. We also recognize the concerns about its effects on prices.”

¹³¹ Typical TRIPS-plus extensions are allowing second use patents (known as “evergreening”), introducing periods of data exclusivity beyond the “unfair commercial use” requirement in art.39, TRIPS, linking marketing approval for generic versions to the expiry of patent protection for the original, extending the patent term or strengthening IP enforcement mechanisms (for example by introducing border measures for allegedly patent infringing goods and those merely in transit).

¹³² Doha Declaration, *supra* note 17, at para.4. In para.5, the Doha mentions some of the “health” related TRIPS flexibilities listed *supra* note 130. For a discussion on provisions that undermine flexibilities see Peter Drahos, *BITs and BIPs: Bilateralism in Intellectual Property*, 4 J. WORLD INTELL. PROP. 791 (2001)

¹³³ Starting in 2008, Dutch authorities in particular have delayed and returned several shipments of generic drugs originating in India, transiting EU ports *en route* to destinations in South America and Africa on account of suspected patent infringements. The drugs at issue were protected in the EU, but apparently not in the countries of origin or destination. Cf. *Brazil to Object Seizure of Generic Drug*, REUTERS, 23 January 2009, available at: www.reuters.com/article/marketsNews/idUSN2327254420090123 (last visited 22 April,

transit territory – disregarding that usually no patent exists in the country of production and the country of final destination.¹³⁴ The “health” dimension is well demonstrated by an incident where Dutch custom authorities confiscated a shipment of generic second-line HIV/AIDS drugs produced in India and destined for Nigeria for a programme implemented by the Clinton Foundation on behalf of UNITAID.¹³⁵ It is argued that the wider implications of these actions severely hamper the medicine distribution to needy populations – given the risk that on key transit routes, supplies may be regularly intercepted based on the assertion of patent infringement in the transit country.¹³⁶ The WHO, in particular, has voiced concerns over the “potential consequences for the supply of medicines in developing countries”,¹³⁷ calling for an appropriate balancing of the interests of trade and health so as not to impede the flow of legitimate generic medicines.

These TRIPS-plus¹³⁸ border enforcement measures by the EC can seriously undermine measures for protecting public health and promoting access to medicines in the, usually developing, country of final destination. Easy access to drugs based on TRIPS flexibilities such as allowing parallel imports or utilising ongoing transition periods in that country is hampered

2009); ICTSD, *Dutch Seizure of Generic Drugs Sparks Controversy*, 13(3) BRIDGES NEWS, available at: <http://ictsd.net/i/news/bridgesweekly/38841/> (last visited 22 April, 2009).

¹³⁴ For an assessment of the consistency of the EC border measures under EC and WTO IP regimes see Jaeger & Grosse Ruse – Khan, *supra* note 66. See also, Shashank Kumar, *Freedom of Transit and Trade in Generic Pharmaceuticals: An Analysis of the EU Border Enforcement Law and the International Intellectual Property Regime*, 31 E.I.P.R. *forthcoming* (2009), available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1383067.

¹³⁵ See UNITAID *Statement on Dutch confiscation of medicines shipment* available at: www.unitaid.eu/en/20090304156/News/UNITAID-statement-on-Dutch-confiscation-of-medicines-shipment.html (last visited 16 July, 2009).

¹³⁶ Compare the WTO General Council Statements of India and Brazil (as well as an initial response by the EC), available at: www.ip-watch.org/weblog/2009/02/03/concern-erupts-over-wto-system-and-medicines-shipments-trips-talks-rekindling/ (last visited 22 April, 2009); see also the TRIPS Council statements of India and of Brazil – both under Agenda Item M (Other Business), Public Health Dimension of the TRIPS Agreement, available at: www.ip-watch.org/weblog/2009/03/05/concerns-continue-over-generics-drug-seizures-as-legality-debates-begin/ (last visited 18 April, 2009).

¹³⁷ World Health Organization, *Access to Medicines* (Statement of 13 March 2009) available at: www.who.int/mediacentre/news/statements/2009/access-medicines-20090313/en/index.html (last visited 22 April, 2009).

¹³⁸ Arts.51-60, TRIPS merely demand that WTO Members provide for border measures against the importation of counterfeit trademarked and pirated copyrighted goods.

by seizures or detentions in the transit country.¹³⁹ Further, an effective implementation of the “paragraph six mechanism”¹⁴⁰ could also be at risk whenever medication produced under a compulsory license for export to a country with insufficient manufacturing capacity transits through EC ports.¹⁴¹ In all these examples, the EC would directly contradict the flexibilities the TRIPS offers as well as the efforts undertaken by the WTO and its Members to promote access to medicines.

Could ceilings within the international IP system provide a tool to safeguard the human right to health against impact from certain forms of IP protection for medicines? A recent report of the Special Rapporteur on the right to health recommends countries, especially developing nations, to make full use of the “health-related” TRIPS flexibilities.¹⁴² The report urges them not to introduce TRIPS-plus standards in their national laws. Furthermore, “[d]eveloped countries should not encourage developing countries and LDCs to enter into TRIPS-plus FTAs and should be mindful of actions which may infringe upon the right to health.”¹⁴³ These recommendations suggest that a maximal use of TRIPS flexibilities and abstaining from TRIPS-plus protection is a way to give effect to the right to health and to minimise the negative impact of IP rights on access to medicines.

Taking this a step further, the right to health may mandate or even demand the introduction of maximum standards in IP protection with significant impact on access. One option is to make some “health-related” TRIPS flexibilities mandatory – inalienable against TRIPS-plus protection which undermines their ability to facilitate access. One can think of a form of safeguard clause which prevents that health measures, if based on accepted TRIPS flexibilities, are frustrated by the exercise of TRIPS-plus IP

¹³⁹ See also UNHRC 2009, *supra* note 85, at para.92. (Stating that “such actions can bring to naught TRIPS flexibilities exercised by developing countries and LDCs, and de facto impose IP protection on LDCs that are not yet required to comply with TRIPS as generic medicines they need do not reach them.”)

¹⁴⁰ See General Council, Decision of 30 August 2003, WT/L/540 and Corr.1, (1 September, 2003) and General Council, Decision of 6 December 2005, WT/L/641, (8 December, 2005).

¹⁴¹ Cf. Statement by India, *supra* note 138.

¹⁴² UNHRC 2009, *supra* note 85, at paras.97-105.

¹⁴³ *Id.* at para.108.

norms.¹⁴⁴ The above analysis suggests that the existing prohibition to “contravene” TRIPS provisions does not function to uphold these (optional) flexibilities against TRIPS-plus curtailment.¹⁴⁵ The question remains whether the right to health entails an *obligation* which makes the exercise of these flexibilities (and not demanding their removal) mandatory from a human rights perspective. While a wide understanding of the obligation under the right to health to ensure that medicines are available, financially affordable and physically accessible¹⁴⁶ could support this position, the recommendations of the Special Rapporteur to use these flexibilities (and not to remove them *via* FTAs) are all clad in non-binding language.¹⁴⁷

Finally, as to the example of the EC border measures applied to generics in transit, I have argued elsewhere¹⁴⁸ that a public-health oriented interpretation of the obligation to require right holder applicants to show a *prima facie* infringement based on the “*law of the country of importation*”¹⁴⁹ can function as a ceiling. The EC measures are based on alleged infringements under the law of the transit country. If the “country of importation” does not include transit countries, the EC measures are inconsistent with TRIPS. Apart from other contextual and teleological arguments based on Arts. 7, 8 41:1 and Footnote 13 to Art. 51 of TRIPS as well as Art. V of GATT, the right to health may also be relevant: In application of Art. 31(3)(c) of VCLT, it may be considered part of the “relevant rules of international law applicable in the relations between the parties” which guide treaty interpretation. As it includes an obligation to ensure that “medicines are available, financially affordable, and physically accessible”, it may well colour the interpretation of TRIPS so as to facilitate such access and invalidate measures that inhibit access.

¹⁴⁴ Doha Declaration, *supra* note 17, at para.4. Where WTO Members “reaffirm the *right of WTO Members to use, to the full, the provisions in the TRIPS Agreement, which provide flexibility*” (emphasis supplied) for purpose of public health protection may support this. Interestingly, an even stronger formulation can be found in art.139:2, EC – CARIFORUM EPA, *supra* note 12. The phrase “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” may prevent an application of IP protection which curtails flexibilities promoting access to drugs.

¹⁴⁵ See section II.C, *supra*.

¹⁴⁶ Cf. UNHRC 2009, *supra* note 85, at para.94 (written in binding terms).

¹⁴⁷ *Id.* at paras.97-109.

¹⁴⁸ See Jaeger & Grosse Ruse – Khan, *supra* note 66.

¹⁴⁹ See art.52, TRIPS (emphasis supplied).

Overall, the right to health as a “user’s right” offers some promising arguments for the (future) introduction of ceilings within international IP law – although current IP treaties do not contain these explicitly. As this example shows, they may, however, be interpreted and implemented in a way that they contain maximum standards which are motivated, *inter alia*, by the human right to health.

C. Free Movement of Goods, Services and Information

From a trade perspective, territorial IP rights have traditionally been viewed as a barrier to international trade in goods and services, which may receive IP protection in some jurisdictions, but not in others.¹⁵⁰ This perception changed, *inter alia*, with the increasing importance of IP protection for high-technology goods where original producers in industrialised countries feared growing competition (at home and in new markets abroad) from imitations and generic copies from developing countries with increasing technological capabilities but “insufficient” IP protection. IP dependant industries in the US, Europe and Japan lobbied their governments to demand for a harmonised level of strong IP protection and enforcement around the globe.¹⁵¹ Against this background, advocates of strong IP protection negotiated TRIPS with the idea that the absence of “effective and adequate protection of intellectual property rights” leads to “distortions and impediments to international trade”.¹⁵² At the same time, TRIPS balances this conception against the need to “to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.”¹⁵³

¹⁵⁰ Expression of this perception is *inter alia* art.XX (d), GATT who considers trade barriers based on national IP rights under certain conditions as exceptions to the GATT obligations aiming for trade liberalisation. Going even further back in history, discriminatory treatment of foreign right holders and the plain rejection of IP protection for their inventions, works or trademarks however had been the initial rationale for international treaties on IP protection which primarily aimed at recognition and equal treatment of foreign right holders; see INTERNATIONAL ENCYCLOPAEDIA OF INTELLECTUAL PROPERTY TREATIES (Alfredo Ilardi & Michael Blakeney eds., 2004).

¹⁵¹ Cf. Susan Sell, *Industry Strategies for Intellectual Property and Trade: The Quest for TRIPs. And Post-TRIPs Strategies* 10 CARDOZO J. INT’L. & COMP. L. 79 (2002) available at: www.courses.fas.harvard.edu/~anth261/Articles/LexisNexis_Sell1.htm (last visited 22 June, 2009).

¹⁵² Preamble, first paragraph, TRIPS.

¹⁵³ *Id.* This is further emphasised in arts.8:2, 40 & 41:1, TRIPS – the last provision obliges WTO Members that IP enforcement “procedures shall be applied in such a manner

International trade and the free movement of goods and services hence demands a balanced approach to IP protection where national differences, both in the form of under, as well as over-protection may serve as barriers to trade. While several developed countries continuously stress the need for stronger IP rights to serve the trade interests of their industries, others view IP “over-protection” as a “new form of protectionism”¹⁵⁴ which inhibits global trade and dissemination in goods and services that rely on a robust public domain or exceptions and limitations to IP in the country of production. For example, internet services employing innovative business methods which are free from patent protection in most countries, may infringe US patents due to the lax approach to patentability.¹⁵⁵ Since any content or service offered online is globally accessible, these patents may not only serve as a barrier to the US market, but even prevent companies from offering such services online in the first place.¹⁵⁶ The same applies to software developed by making use of copyright exceptions for achieving interoperability,¹⁵⁷ which may not be traded in countries that do not recognise such an exception. Domestic “patent thickets”¹⁵⁸ in IT industries may prevent foreign innovative products to enter local markets – merely because of lack of legal security as to whether that product infringes any domestic patents. Various ways of extending patent protection for

as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.” On the role of these provisions for the TRIPS consistency of trade-inhibiting EC border measures against generics in transit. *See* Jaeger & Grosse Ruse – Khan, *supra* note. 66.

¹⁵⁴ *See* Frederick M. Abbott, *Worst Fears Realised; The Dutch Confiscation of Medicines Bound from India to Brazil*, 13(1) BRIDGES (March 2009) available at: <http://ictsd.net/i/news/bridges/44192/> (last visited 12 July, 2009). Professor Abbott points to the severe implications of the EC border measures against generic drugs in transit for international trade. On the public health perspective and the option to address such measures by TRIPS maximum standards *see* Section III.B.2, *supra*.

¹⁵⁵ Instructive for the practice of business patenting is the decision of the US Court of Appeals for the Federal Circuit (CAFC) dated 23 July, 1998, *State Street Bank & Trust Company v. Signature Financial Group, Inc.*, 149 F.3d 1368. For the restrictive European approach *see* art.52 (1), (2) (c) of the European Patent Convention, 1973.

¹⁵⁶ In particular if these companies have assets in the US, a US court decision finding their online service as infringing a US business method patent could be enforced in the US holding these local assets liable.

¹⁵⁷ *See* art.6, Software Directive, *supra* note 108.

¹⁵⁸ The term “patent thickets” refers to a situation common in the IT and other high tech industries where an enormous amount of patents (and copyrights) applies to the state of the art technology and new innovations can seldom be realised without the (potential) infringement of one or more likely several of the existing IP rights.

pharmaceutical products in domestic laws will inhibit the importation of generics from countries, which do not adopt such extension and follow a more stringent approach to patentable subject matter.¹⁵⁹

The insight underlying these examples is that a robust “public domain”¹⁶⁰ and well tailored boundaries of IP protection are not only important for consumers of IP and the general public, but also have enormous (economic) significance for the development and production of new innovative and creative goods and services by allowing these to build upon the existing abstract body of knowledge of mankind.¹⁶¹ In a “knowledge economy” the *free movement* of such knowledge is a crucial element. A “knowledge economy” is increasingly reliant on (scientific) knowledge and information as a resource for future innovations and hence must ensure its free circulation¹⁶² – next to providing incentives for the

¹⁵⁹ In particular, extending patentability to second uses of an existing drug or allowing patents of biological material beyond microorganisms may serve as a barrier for generic imports.

¹⁶⁰ The term public domain has different connotations: Here it is understood not in a narrow sense (of comprising only formerly IP protected subject matter which due to the lapse of the protection period is now freely available), but wider as encompassing plain facts, information, ideas, discoveries, mathematical concepts, laws of nature and other elements traditionally outside the scope of IP protection. It is the “common cultural and intellectual heritage of humanity” which “provides a fertile foundation on which creators [and innovators] can build” and a rich source of content for public access (see Uma Suthersanen, *A2K and the WIPO Development Agenda: Time to List the ‘Public Domain’*, 4 (ICTSD Policy Brief No.1, December 2008) available at: www.unctad.org/en/docs/iprs_pb20091_en.pdf (last visited 22 June, 2009)).

¹⁶¹ Christophe Geiger, *Copyright and the Freedom to Create, A Fragile Balance* 38(6) I.I.C. 707 (2007) and Christophe Geiger, *Die Schranken des Urheberrechts als Instrumente der Innovationsförderung – Freie Gedanken zur Ausschließlichkeit im Urheberrecht*, 57(6) Gewerblicher Rechtsschutz und Urheberrecht - Internationaler Teil 459 (2008). Cf. Okediji, *supra* note 10, at x; see also Consumer’s International, *IP Watchlist 2009*, 4, (April, 2009) available at: <http://a2knetwork.org/watchlist> (last visited 22 June, 2009) citing studies by Rufus Pollock (*the Value of the Public Domain* (2006)) and Thomas Rogers & Andrew Szamoszegi (*Fair Use in the US Economy: Economic Contribution of Industries Relying on Fair Use* (2007)) that the economic value of the public domain and the fair use exception in US copyright law is extremely high – contributing US\$ 4.5 trillion to the US economy in annual revenue.

¹⁶² In Europe, the EU Commission recently set out the notion of the “fifth freedom” (beyond the free movement of goods, services, capital and labour): In its review of the Single Market (see *Communication from the Commission to the European Parliament, the Council, the Economic and Social Committee and the Committee of Regions, A Single Market for 21st Century Europe*, COM (2007) 724 final (20 November, 2007) available at: http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007_0724en01.pdf (last visited 12 July,

development and production of further knowledge and innovation *via* IP exclusivity or by other means. This implies that IP exclusivity must exist in a balance with a strong public domain, which safeguards the access, use and dissemination of the existing building blocks of knowledge.

Maximum standards or ceilings to IP protection can function as these kind of safeguards. To secure global trade in goods and services that rely on a robust public domain or exceptions and limitations to IP, these safeguards must be made internationally mandatory,¹⁶³ otherwise, domestic IP protection which oversteps such maximum standards serves as a barrier to enter that domestic market, thereby inhibiting free trade. Equally, to establish a concept of an international free movement of information and knowledge,¹⁶⁴ the necessary access, use and dissemination guarantees must become an obligatory part of a global *acquis*. A “global commons” of scientific knowledge and world-wide availability of the relevant information and plain data stands against IP over-protection. This is not to replace the

2009)) the Commission highlighted the need to promote free movement of knowledge and innovation as the “Fifth Freedom” in the single market. In relation to IP protection and copyright in particular, a Commission Green Paper (*Green Paper: Copyright in the Knowledge Economy*, COM (2008) 466/3 available at: http://ec.europa.eu/internal_market/copyright/docs/copyright-info/greenpaper_en.pdf (last visited 5 November, 2008)) focuses on how research, science and educational materials are disseminated to the public and whether knowledge is freely circulating in the internal market. The Green Paper interestingly raises the issue of making certain copyright exceptions mandatory throughout Europe to achieve this goal. *Id.* at 6-20.

¹⁶³ For an equivalent position in the European context see Reto Hilty, Sebastian Krujatz, Benjamin Bajon, Alfred Frueh, Annette Kur, Josef Drexl, Christophe Geiger & Nadine Klass. *European Commission – Green Paper: Copyright in the Knowledge Economy - Comments by the Max Planck Institute for Intellectual Property, Competition and Tax Law*, 11 (Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper Series No. 08-05. December 3, 2008) available at: <http://ssrn.com/abstract=1317730> (last visited June 21, 2009) (hereinafter Hilty *et al.*) stating that “exceptions or limitations that are most relevant to scientific research should be mandatory, immune from contractual agreements and technological protection measures, and should be construed as providing a bottom line, which national legislation should not fall below.” *Cf.* Hugenholtz & Okediji, *supra* note 56, at 4, 41. They name the goal of facilitating trans-border trade, both online and in traditional media, as one central objective for an international agreement on copyright exceptions and limitations (including mandatory ones).

¹⁶⁴ Knowledge goods such as access to information are only then ‘global public goods’ whenever the welfare benefits from accessing and using them are available to users around the world, not only to those in the jurisdiction which allows access by drawing appropriate boundaries to IP protection; see Hugenholtz & Okediji, *supra* note 56, at 38.

still necessary mandatory (minimum) standards of IP protection, which incentivize further innovations and prevent discrimination and “free riding”. But these ceilings must become an *additional element of the international IP system*. They are the necessary counterparts to minimum rights. They can complement the hitherto mainly one-sided international obligations to grant (ever more) IP exclusivity and therefore provide an overall balanced system of IP protection at the international level.¹⁶⁵ In short, in a “knowledge economy”, maximum standards to IP protection are as relevant as minimum standards.

Does the existing international IP system offer any ceilings which primarily safeguard the public domain and access to information? Part III.A above has pointed to the relevance of the proposal by several developing countries for a treaty on (mandatory) exceptions and limitations to copyright. I wish to close with briefly addressing three related provisions in existing treaty law, whose “ceiling character” may be debated: Art. 2(8) of the Berne Convention states that “[t]he 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” (emphasis supplied). Further, by incorporating the so-called *idea – expression dichotomy*, Art. 9:1 of TRIPS provides that “copyright protection *shall* extend to expressions and *not* to ideas, procedures, methods of operation or mathematical concepts as such” (emphasis supplied). Whereas the wording of both provisions identifies them as mandatory limitations, it is sometimes argued that they only state what is self-evident, *i.e.*, they serve clarificatory rather than limiting purposes.¹⁶⁶ Finally, Art. 10:2 of TRIPS, in relation to copyright protection for compilations of data makes clear that protection “*shall not* extend to the data or material itself”.¹⁶⁷ Taken

¹⁶⁵ Cf. Okediji, *supra* note 10, at 23.

¹⁶⁶ For a detailed analysis of art.2(8), Berne Convention in the light of its history, see 1 SAMUEL RICKETSON & JANE GINSBURG, INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS 498-501 (2d. ed., 2006). Reference is made, *inter alia*, to the interpretation of art.2 (8) that was adopted as part of the main report by Committee at the 1967 Stockholm conference: “... the Convention does not protect mere items of information (...) That implies *a fortiori* that news items or the facts themselves are not protected...”. However, even if it only were about their “warning effect”, the importance of such provisions should not be underestimated – see Kur & Grosse Ruse – Khan, *supra* note 8, at 16, 40-42.

¹⁶⁷ Emphasis supplied. As to databases, copyright protection instead is limited to collections, which “by reason of the selection or arrangement of their contents constitute intellectual creations.” Art.10:2, TRIPS).

together, these provisions establish an important dividing line between copyright protection and the public domain.¹⁶⁸ Access to, and utilisation of, ideas, concepts and also information – plain facts – cannot be exclusive to anyone. This limitation in the scope of copyright protection should enable others to build on the underlying ideas, concepts or plain facts even if they are embodied in a protected work and re-utilize them without restriction.¹⁶⁹ In an ideal scenario, this basic paradigm should hence safeguard access to, and dissemination of, knowledge. From an economic perspective, the *idea – expression dichotomy* would ensure that second comers have the ability to build on existing ideas, facts and knowledge in order to develop value added products and facilitate competition as well as the overall progress of science and the arts in society.¹⁷⁰ From an educational and scientific viewpoint, it prohibits copyright restrictions on access to, and dissemination of, the basic building blocks of knowledge.

But do these provisions, in particular the *idea – expression dichotomy*, serve as enforceable ceilings, which can safeguard the global free movement of information as well as goods and services building on a robust public domain? Apart from questions whether the binding terminology used (the term “shall”) actually leads to mandatory maximum standards, the substance of these rules may be too ambiguous and abstract to function as a relevant ceiling. Commentators have observed that:

[I]t is an illusion that simply adhering to the idea-expression dichotomy doctrine in traditional copyright theory would guarantee that fundamental ideas and research findings are freely accessible. Although not copyright protected, the fundamental ideas and concepts are clustered in scholarly works or databases, which need to be distributed and read in order to gain access to the ideas and findings they convey. The freedom of fundamental ideas and knowledge is best served in a copyright framework providing effective exceptions or limitations privileging uses necessary to get access to embedded information and knowledge.¹⁷¹

¹⁶⁸ CORREA, *supra* note 33, at 120; ICTSD & UNCTAD, *supra* note 32, Chapter 7; Okediji, *supra* note 10, at 10.

¹⁶⁹ For example, copyright protection available for a scientific article or textbook applies to the *way* the author elaborates and describes scientific concepts and his ideas as well as the form how she/he presents information. It does not prevent anyone from using these ideas, concepts or information as such.

¹⁷⁰ *Cf.* CORREA, *supra* note 33, at 120.

¹⁷¹ Hilty *et al.*, *supra* note 165, at 10.

This critique indicates that the question whether any (TRIPS-plus) copyright protection may be considered as “contravening”¹⁷² the *idea – expression dichotomy* or the prohibition to protect mere fact and data itself is seldom straightforward. However, while it is rather unlikely to find a direct violation of Art. 9:2 of TRIPS,¹⁷³ indirect conflicts are certainly possible. This could be the case for example by extensive protection of the “look and feel” and functionality of software¹⁷⁴ or by granting copyright merely on the basis of “sweat of the brow” and investment into the production of compilations of data, texts or websites.¹⁷⁵ Even though not formally part of copyright, the so called *sui generis* right for non-original databases, granted merely on the basis of substantial investments and extending protection also to insubstantial elements (*i.e.*, data) of such a database, has the potential to effectively protect plain data, or other elements incorporated.¹⁷⁶ It can certainly be considered to be in conflict with the notion underlying the *idea – expression dichotomy* as well as Art. 10:2 of TRIPS and Art.2 (8) of the Berne Convention. Finding such conflicts is even more likely keeping in mind the objectives of Art.7 of TRIPS¹⁷⁷ which – by virtue of Art. 3:2 of DSU and Art. 31(1) of VCLT – should guide the interpretation of both Art. 1:1 as well as Arts. 9:2 and 10:2 TRIPS and Art.2 (8) of the Berne Convention.

¹⁷² In the sense of art.1:1, second sentence, TRIPS which establishes this requirement as general qualification for TRIPS-plus IP protection; see Section II.B, *supra*.

¹⁷³ For example in form of domestic IP laws or FTA obligations which mandate to protect ideas, concepts or procedures as such.

¹⁷⁴ One could argue that granting exclusivity under copyright protection for central functions available in software user-interfaces (protecting drop-down menus, *et cetera*) amounts to extending copyright protection to methods of operation, concepts and ideas.

¹⁷⁵ Here one may argue that protecting anything (within the literary and artistic domain) merely because of the money or labour invested into its production and extending this protection also to prohibit extractions or re-utilisations of non-original portions of that laborious work (“if it is worth copying, it is worth protecting”) effectively amounts to a protection of ideas, concepts or information as such if they are embodied in the non-original elements.

¹⁷⁶ See, in particular, art.7 (1), (5) of Commission Directive 96/6/EC, 1996 O.J. (L 49) 29, and the issue of so called “sole source” databases where a protected database amounts to the sole source for the data incorporated; see HENNING GROSSE RUSE – KHAN, DER EUROPÄISCHE INVESTITIONSSCHUTZ FÜR DATENBANKEN VOR DEM HINTERGRUND INTERNATIONALER ABKOMMEN 329-333 (2004).

¹⁷⁷ See art.7, TRIPS which is calling not only for a promotion of (technological) innovation but equally for a “*transfer and dissemination of technology* to the mutual benefits of users and producers of technological knowledge” (emphasis supplied).

Nevertheless, more specific exceptions and limitations, drafted in mandatory terms, may be needed to secure global access, use and dissemination of plain facts and scientific information. Additional support for this objective comes from a recent UN work on the implementation of the outcomes of the World Summit on the Information Society: A Report by the Commission on Science and Technology for Development highlighted the “ability to acquire, adapt, diffuse and adopt existing knowledge [a]s crucial for every country.”¹⁷⁸ The same need for more concrete ceilings applies for safeguarding global trade in goods and services which have been developed and produced under such an open knowledge regime. In the copyright context, several ongoing initiatives address this need.¹⁷⁹ In the same vein, concrete exceptions and other boundaries to patent, test data, industrial design, integrated circuit as well as trademark and geographical indications protection should be considered at the international level.¹⁸⁰ Due to the general need for domestic policy space and flexibility to tailor the IP regime towards national development needs, only those boundaries should be made mandatory which serve an internationally agreed common objective and are *necessary*¹⁸¹ to fulfil this objective. This proportionality test for balancing between common global aims and domestic policy space applies not only to ceilings safeguarding the free movement of information, goods and services, but is equally relevant for all of the other rationales discussed above.

¹⁷⁸ United Nations Commission on Science and Technology for Development, Report of the 11th Session, iii, U.N. Doc. E/CN.16/2008/5 (26-30 May, 2008).

¹⁷⁹ See in particular the proposal by several developing countries for *inter alia* mandatory exceptions and limitations to copyright discussed in the WIPO SCCR (*supra* note 86); the study on an “international instrument” on copyright limitations and exceptions by Hugenholtz & Okediji, *supra* note 56, which also proposes mandatory limits; and Ruth Okediji & Jerome Reichman, *Empowering Digitally Integrated Scientific Research: The Pivotal Role of Copyright Law’s Limitations and Exceptions*, (paper presented at the ICTSD-UNCTAD Side Event, WIPO Standing Committee on Copyrights and Neighbouring Rights, Geneva, May 29, 2009)

¹⁸⁰ See the “IP in Transition Project” assessing possibilities for a more balanced system of IP protection in the TRIPS Agreement (*see* INTELLECTUAL PROPERTY IN TRANSITION (Annette Kur & Marianne Levin eds., forthcoming, 2010) that incorporates several mandatory exceptions and limitations in relation not only to copyright, but various other IP rights.

¹⁸¹ One may ask whether there is a less (state autonomy) restrictive alternative which is equally able to meet the desired objective.

IV. CONCLUSION

This article has explored the notion of “ceilings” or maximum standards within the existing international IP framework – in particular by examining how additional IP protection is generally addressed within IP treaties and by reviewing some objectives which may demand binding limits to IP protection. I conclude that a paradigm shift in international IP is first and foremost a question of mindset: One should begin by questioning and analysing existing IP treaty provisions as to their capability to regulate and prescribe not only the lower, but also (some of)¹⁸² the upper limits of IP protection. In particular, under the general qualification in Art. 1:1, second sentence of TRIPS for additional IP protection not to “contravene” TRIPS provisions such an analysis is justified. While it does not, in itself, entail a mandatory boundary, it serves as a door opener for operationalizing the (relatively few) binding limits to IP protection within TRIPS.

With this change in perspective, the notion of TRIPS (in)consistency takes a new meaning: It is not only about whether a WTO Member has complied with, and given effect to, the international minimum standards for the protection of IP set out in the TRIPS. A country may also be in conflict with TRIPS obligations whenever it exceeds the maximum levels of IP protection set out in TRIPS. In other words, TRIPS consistency demands not only providing a floor of minimum standards, but also complying with any binding ceilings on additional IP protection in national laws. This functions as a comprehensive global framework and benchmark – instead of merely setting out (temporary) baselines on which further extensions can be pursued – may warrant a fresh look at recent TRIPS-plus initiatives. For ongoing efforts – such as the negotiations for an Anti-Counterfeiting Trade Agreement (ACTA) – one should examine whether the proposed text is consistent with TRIPS.¹⁸³ Due to the strong opposition of various

¹⁸² TRIPS however cannot be considered as the only (and not even as the main) source of binding ceilings to international IP protection. Instead, other bodies of international law (relating to areas like biodiversity, climate change and environmental protection, food security, human rights, etc) may serve as limits – if they are appropriately recognised and taken into account when determining the scope of international IP protection. *Cf.* Kur & Grosse Ruse – Khan, *supra* note 8.

¹⁸³ Due to their potentially strong impact on global trade and given the WTO/TRIPS aim to prevent barriers to legitimate trade, TRIPS-plus enforcement measures are particularly prone to be affected by binding ceilings in the WTO/TRIPS regime. *See* Jaeger & Grosse Ruse – Khan, *supra* note 66.

developing countries and NGOs against stronger enforcement measures, the negotiating countries should expect a detailed scrutiny of TRIPS-plus proposals against any applicable ceilings in TRIPS. Likewise, recently concluded FTAs between the US, the EU and Japan on the one side and developing countries on the other should be examined for their TRIPS consistency. Finally, domestic TRIPS-plus measures – such as the EC border measures against in-transit generics may be subject to such an analysis. Given the impact these measures can have on international trade and public health, this should not be perceived as an unwarranted interference with purely domestic matters.

Exploring some of the rationales which may be given effect by ceilings, existing international IP law certainly appears of limited value. Increasingly precise maximum standards are needed to provide for an overall balanced system of international IP protection which takes into account not only the interests of right holders but also of users and the public at large. There is a good argument not to leave these issues to other sources of international law (such as human rights, consumer, or competition law). In order to preserve or maybe even recover its legitimacy and credibility, the international IP system must address its linkages with other normative values and current global challenges. In today's interconnected world, it cannot develop further as a self-contained regime in relative isolation from other areas of international law or remain silent to issues such as climate change, food security, public health or access to knowledge and information.

To be clear, setting out explicit maximum standards within the international IP system is not the only or necessarily most preferred way to implement the rationales explored above. The need for domestic policy space in areas where no international consensus exists and the insight that IP regimes should be tailored towards national development needs, both demand a restrictive approach. Only those boundaries should be made mandatory which serve an internationally agreed common objective and are necessary to fulfil this objective. Finally, the potential drawbacks and problems inherent in a ceilings approach must be taken into account.¹⁸⁴ Overall, there are likely to be some areas where explicit mandatory limits within the international IP protection may be opportune and others where

¹⁸⁴ See in particular Kur & Grosse Ruse – Khan, *supra* note 8, at 26-37.

this approach is not yet, or not at all, the appropriate way to integrate public interest concerns and user's rights. On the basis of ongoing initiatives, concrete and mandatory exceptions to copyright are much more likely than in the area of patents. The latter, however, may be affected by the horizontal nature of the comprehensive provisions on IP enforcement within the TRIPS. Some of these may provide binding limits on TRIPS-plus enforcement measures – including those on patent enforcement.¹⁸⁵

¹⁸⁵ Jaeger & Grosse Ruse – Khan, *supra* note 66.