UNITED STATES PATENT AND TRADEMARK OFFICE

OFFICE OF THE GENERAL COUNSEL

June 05, 2013

VIA U.S. MAIL

Mr. James Love
Knowledge Ecology International
1621 Connecticut Ave, NW, Suite 500
Washington, DC 20009

Re: Freedom of Information Act (FOIA) Request No. F-13-00172

Dear Mr. Love:

The United States Patent and Trademark Office (USPTO or Agency) FOIA Office received your e-mail dated Tuesday, May 07, 2013, in which you requested, under the provisions of the Freedom of Information Act, 5 U.S.C. § 552, a copy of:

> All correspondence sent to the USPTO from Disney, Viacom, the MPAA or members of the MPAA, regarding the WIPO treaty on copyright exceptions for persons who are blind for the time period 2013.

On May 11, 2013, you amended your request to "include persons who represent the Motion Picture industry in the negotiations on the WIPO treaty for the blind, some of whom are lawyers or consultants."

The USPTO identified 142 pages of documents that are responsive to your request. A copy of this material is enclosed.[1]

Your request is considered complete with full disclosure. However, you have the right to appeal this initial determination to the General Counsel, United States Patent and Trademark Office, P.O. Box 1450, Alexandria, VA 22313-1450. An appeal must be received within 30 calendar days from the date of this letter. See 37 C.F.R. § 102.10(a). The appeal must be in writing. You must include a copy of your original request, this letter, and a statement of the reasons why this initial determination was in error. Both the letter and the envelope must be clearly marked "Freedom of Information Appeal."

The processing fee was less than $20.00 and is hereby waived.

[1]The Agency has not included the attachment to the email dated May 7, 2013 6:58pm from Marla Grossman to Shira Perlmutter because it was inadvertently sent to the USPTO and is not an Agency record. The Agency also has not included the attachment to the email dated March 12, 2013 12:23am from Scott Martin to Shira Perlmutter because it is not an Agency record.

Sincerely,

Kathryn Siehndel

Kathryn Siehndel
USPTO FOIA Officer
Office of General Law

Enclosure

Seldon, Karon

From: Martin, Scott - Paramount <Scott_Martin@Paramount.com>
Sent: Monday, April 15, 2013 11:06 AM
To: Perlmutter, Shira
Attachments: Advice WIPO VIP Negotiations CLEAR (rev. 04 04 13).doc

Shira—

Good morning! Hope you had a smooth trip home.

I was wondering if you had any discussion at lunch with Francis on Friday of his concept of getting an opinion from Edward Kwakwa in his role of WIPO Legal Counsel regarding making ratification of the WCT a condition to the ratification of the VIP (the extended Japanese proposal).

thanks
S

p.s.
after our Thursday meeting with Francis, we sent him a copy of Brigitte's memo (attached) which considered that approach:

> Option 2:
> If no change can be achieved with regard to elevating the three-step test to a general rule in the proposed instrument, another option could consist in requiring future Contracting Parties to the proposed instrument to also adhere to the relevant international agreements whose rights are to be restricted as a result of the proposed instrument. In such a case, the three-step test would apply indirectly on the basis of membership in Berne, TRIPS and WCT.
>
> While there was reluctance during the discussions in the Standing Committee to make ratification of WCT a prerequisite for the adherence to the proposed instrument, it must be born in mind that the proposed instrument concerns limitations and exceptions to rights which are provided under WCT as well as Berne and TRIPS. Consequently, the proposed instrument is of interest where a Contracting Party provides for the relevant rights which are then subjected to the proposed limitations and exceptions. This being said, during the debates on the proposed instrument, a reference was made by India and Egypt to the Agreed Statement to Article 1 BTAP which clarifies that Contracting Parties are not required to ratify or accede to WPPT[1]. However, in the case of the BTAP, new rights had to be provided and the obligation to introduce yet more rights under WPPT might have created an obstacle to adherence to the BTAP. The present case is different: a limitation or exception only makes sense, if the relevant rights exist.

Scott Martin | Executive Vice-President, Intellectual Property | Paramount Pictures | 5555 Melrose Avenue | Lubitsch 324 | Hollywood, CA 90038 | ☎ PHONE 323.956.5570 |

[1] Report of the 24th Session of the SCCR, WIPO-Doc. SCCR/24/12 Prov. of 27 July 2012, at paras. 303-310 (304 and 309): the issue relates to fears expressed by a number of delegations (Egypt, India, Nigeria in particular), that a mere reference in the Preamble to WCT could lead to making the

accession or ratification of WCT compulsory for future Contracting Parties of the proposed instrument to which these delegations were fiercely opposed.

ADVICE
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WIPO VIP NEGOTIATIONS
Reference to fair use
Incorporation of three-step test

The present advice was prepared at the request of the Motion Picture Association and explores the possible implications of the reference to fair use and the specific manner of incorporation of the three-step test in the Draft Text of an International Instrument/Treaty on Limitations and Exceptions for Visually Impaired Persons/Persons with Print Disabilities (WIPO-Doc. SCCR/25/2 Rev.).

1. Background

The proposed instrument is a novelty in the international legal framework of copyright insofar as its focus is on limitations and exceptions rather than the respective rights that are the subject of the proposed restrictions. As at present the proposed instrument does not oblige Contracting Parties to adhere to and ratify existing international conventions, notably WCT, there may be instances in which the mandatory limitations and exceptions refer to rights which may not even exist in the national law of a particular Contracting Party. From this angle, the nature of the proposed instrument and the relationship with existing treaties is crucial for arriving at a sensible outcome. Some of the aspects discussed in this document depend on it.

The proposed instrument first of all would oblige Contracting Parties to make provision for certain limitations and exceptions to the reproduction, distribution and making available rights for the benefit of visually-impaired persons (VIPs). Secondly, the proposed instrument would permit certain limitations and exceptions to the rights of public performance, and possibly translation. In this context, it is worth mentioning that legislators would already now have the possibility to provide for limitations and exceptions for the benefit of VIPs under existing international conventions and treaties in the copyright field. Under the Berne Convention, exceptions to the reproduction right for the benefit of VIPs could be based on Article 9(2) Berne Convention, subject to the three-step test. Implied exceptions apply to the translation right in Article 8[1], as well as to the public performance right in Article 11 of the Berne Convention in the form of so-

[1] Cf. Ricketson, S./Ginsburg, J., International Copyright and Neighbouring Rights, 2nd edition (2006), at para. 13.85: Article 9(2) Berne Convention is applied to the translation right by way of interpretation resulting from the Records of the 1967 Stockholm Conference.

called minor exceptions[2]. The exceptions and limitations allowed under the Berne Convention, including implied and minor exceptions, are also subject to the three-step test in application of Article 13 TRIPS[3] and Article 10(2) WCT[4]. Likewise, exceptions and limitations to the distribution and making available rights could be possible within the parameters of Article 10 (1) WCT, equally subject to the three-step test. In essence, this means that a Contracting Party to the aforementioned treaties and conventions may already now provide for a limitation or exception to the mentioned rights in the framework of the Berne Convention, TRIPS and/or WCT for the benefit of VIPs, with the three-step test being the common denominator; many States have done so[5].

Thus, an additional international instrument may clash with existing legislation and create legal uncertainty, if not carefully crafted. In particular, this could be the case where the proposed instrument deviates from accepted practices and standards that have been developed over time at the international level. At present, the proposed instrument would allow for limitations and exceptions to exclusive rights provided for under the Berne Convention, TRIPS and WCT without the need for all prospective Contracting Parties to apply the three-step test as a general rule. Contracting Parties are even expressly encouraged to implement the proposed instrument by way of fair use or fair dealing, again without the need to pass by the three-step test in each and every case. Consequently, the proposed instrument would allow broad exceptions to the reproduction, distribution, making available, public performance and possibly translation rights in a way which would not be permitted under the Berne Convention, TRIPS and WCT. Thus, the proposed instrument would not only disregard existing standards, it would also create a dangerous precedent for potential future international instruments on limitations and exceptions.

Such inconsistencies could be avoided or reduced to a minimum if the standards for measuring exceptions and limitations under the proposed instrument were equivalent to the respective provisions in existing international treaties and conventions whose rights the proposed instrument is intended to restrict. As a result, like existing international treaties and conventions in the copyright field, the proposed instrument should omit a reference to specific ways of implementation, in particular fair use and fair dealing, and subject all exceptions and limitations as a general rule to the three-step test.

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[2] Ricketson/Ginsburg, ibid., paras. 13.80-13.81: the Records of the 1967 Stockholm Conference endorsed a statement previously made by the Rapporteur Général M. Plaisant in the context of the 1948 Brussels Conference in this regard.
[3] Gervais, D. The TRIPS Agreement – Drafting History and Analysis, 3rd edition (2008), paras. 2.119 and 2.120; Senftleben, M., Copyright Limitations and the Three-Step Test (2004), ibid., p. 90; WTO Panel Report of 15 June 2000, Document WT/DS/160/R, 29-30.
[4] Reinbothe, J./von Lewinski, S., The WIPO Treaties 1996 (2002), Article 10 WCT, note 31.
[5] Cf. Sullivan, J., Study on Limitations and Exceptions for the Visually Impaired, WIPO-Doc. SCCR/15/7 of 20 February 2007.

In the following, the implications of the proposed way of incorporating the three-step test and the reference to fair use in the current text of the proposed instrument are discussed in more detail together with proposals for possible solutions.

2. Fair use

a. Reference to fair use in the Implementation provisions

The first part of the Implementation provisions contain rules similar to Article 14(1) WCT, but in a much expanded form and with a statement that the implementing measures may include *"judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs"*. Thus, just like existing treaties, the proposed instrument generally allows for the implementation of the limitations and exceptions in various ways in accordance with national legal systems, with the decisive difference however that a specific reference is made to fair use and fair dealing by weaving the terms into the fabric of the implementation provision.

There is no compelling reason for diverting from the text adopted in recent international treaties, namely Articles 14(1) WCT, 23(1) WPPT and 20(1) BTAP. These treaties give Contracting Parties a certain degree of flexibility when implementing treaty obligations in their legal systems, including exceptions and limitations to exclusive rights. Depending on the specificities of the legal system at stake, this could be a more open-ended formula, such as fair use in Sec. 107 US Copyright Law, or a closed list of exceptions as may be found in Article 5 of Directive 2001/29/EC in the European Union[6]. Fair dealing, as practised for instance under the UK Copyright Designs and Patents Act (CDPA), stands somewhere in between for it combines detailed exceptions with the application of the more general fairness principle[7].

This does, however, not mean that obligations under the existing treaties may be fulfilled by providing for a broad open-ended system. In the same way as in closed systems, the application of treaty obligations in the context of more or less open-ended systems such as fair use or fair dealing is subject to meeting the specific requirements and safeguards of the treaty in question, in particular the three-step test. Thus, any utilisation of a work permitted under a fair use style provision or as fair dealing will have

[6] For the varying degrees of discretion granted to regional and national legislators under the WIPO Treaties cf. Lindner, B., 'The WIPO Treaties', in Lindner, B./Shapiro, T., Copyright in the Information Society (2011), pp. 3-24 at p.16; Senftleben, M., ibid., pp. 162- 168; Sirinelli, P., Exceptions et Limites aux Droit d'Auteur et Droits Voisins, WIPO-Doc. WCT-WPPT/IMP/1 of 3 December 1999, pp. 18 -24; Taubman, A., Wager, H., Watal, J., A Handbook on the WTO TRIPS Agreement (2012), p. 47 refer to the different ways of implementing limitations and exceptions, including in open-ended systems such as fair use, in the context of Article 13 TRIPS.

[7] Fair dealing under the UK CDPA applies in three cases, namely research or private study (Sec. 29), criticism or review (Sec. 30(1)) and reporting of current events (Sec. 30(2)) and requires that the use made under these provisions passes the fairness test whose criteria have been developed by the courts.

to be restricted to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right owner. As has been pointed out by various commentators, open-ended systems such as fair use under Sec. 107 US Copyright Act may raise issues with the three-step test, in particular the first and possibly also the third step[8]. This represents a challenge not only for legislators but also for national courts, for instance when applying the guidelines for fair use under Sec. 107 US Copyright Act in individual cases, an exercise which requires a considerable amount of expertise. Consequently, it is neither necessary nor would it be reasonable or desirable in view of the mentioned difficulties to include an express reference to fair use or fair dealing in the proposed instrument.

A specific reference to fair use or fair dealing could also be misleading for it could be understood as an invitation to implement the instrument in such a way, whether or not it sits well with the particular legal system of the Contracting Party in question. However, any wholesale introduction of a particular legal feature, be it fair use, fair dealing or a closed list, would be contrary to the intended effect of the discretion that Contracting Parties may exercise with regard to the way of implementing their treaty obligations. The reason for this discretion granted to the national legislator resides in the fact that legislators should not be forced to abandon certain legal features which are deeply rooted in their legal system, as long as they are compatible with the treaty provisions[9]. In the copyright field, there are different legal traditions with distinct features which jointly lead to a homogenous legal system. As such, in civil law traditions more or less broadly phrased rights are met by a closed list of exceptions[10]; by contrast, common law traditions mostly display an exhaustive catalogue of rights together with an open-ended system such as fair use or fair dealing[11]. Many of these legal regimes have been developed over a long period of time with a large body of case-law. They are part of the country's legal culture. To introduce potentially unsuitable features from different legal systems into these organically grown legal regimes bears the risk of upsetting the overall balance found by the national legislator and the courts. However,

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[8] Ricketson, S., Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment, WIPO-Doc. SCCR/9/7 of 5 April 2003, pp. 69-71 takes the view that the indeterminate "other purposes" in Sec. 107 of the US Act fall foul of the first step. In addition, the fact that non-pecuniary interests of authors are not taken into consideration as well as the absence of a reference to the proportionality of the detriment which may be caused to the author are matters of concern. Cf. also Cohen-Jehoram, H., Einige Grundsätze zu den Ausnahmen im Urheberrecht, GRUR Int. 2001, 807 (808) and Bornkamm, J., Der Dreistufentest als urheberrechtliche Schrankenbestimmung – Karriere eines Begriffs in Festschrift für Willi Erdmann zum 65. Geburtstag (2002), p. 29 at p. 45, who consider that fair use cannot represent a 'certain special case'.

[9] Reinbothe/von Lewinski, ibid., Article 14(1) WCT, note 12.

[10] Cf. §§ 44a – 63a of the German Law on Author's Right for a long list of exceptions and Article L.122-5 of the French Intellectual Property Code where the hitherto very short list has grown into a long list as a result of the implementation of Article 5 Directive 2001/29/EC.

[11] Cf. Fair use provisions in § 107 US Copyright Code and in Sec. 185 of the IP Code, Part IV of the Philippines. Israel, which hitherto applied the UK 1911 Copyright Act and hence the system of fair dealing, has moved to fair use in its new Copyright Act (cf. Sec. 19 of Copyright Act, 2007). As already indicated, fair dealing may be found in the UK CDPA which has been followed in a number of Commonwealth countries, as well as in the Irish Copyright and Related Rights Act, 2000 (Sections 50 and 51).

this may ultimately be the effect of the express reference to fair use and fair dealing in the proposed instrument.

At a time when the fair use doctrine is considered by many as a cure for all ills, this would clearly be the wrong sign. In Europe, fair use has become popular as a counterbalance to broad and flexible exclusive rights[12], although it may not represent the leading view[13]. In the Netherlands, the controversy over the introduction of a fair use system to replace the closed list of exceptions in the Dutch Copyright Act began in the 1980s[14]. The decision of the Dutch Supreme Court in the case Dior v Evora in 1995 fuelled the debate further[15]. While the opinions are divided as to whether this decision could be considered as a judicial move into the sphere of fair use, it appears to be nothing else than the expansion of an existing exception under the Copyright Act to a similar scenario. The controversy changed direction with the implementation of Directive 2001/29/EC on copyright in the information society by shifting towards reconsidering the three-step test as an "enabling provision" for further exceptions[16]. There have also been attempts in the UK to replace the robust system of fair dealing with a US-style fair use in the context of the so-called Hargreaves Review [17]. However, the approach advocated in the Report stopped *"short of advocating the big once and for all fix of the UK promoting a Fair Use copyright exception to the EU, as recommended by Google and under examination by the Irish Government"* and expressed *"genuine legal doubts about the viability of a US case law based mechanism in a European context"*[18]. The consultations in Ireland are still ongoing[19]. While an informed debate can hence fend off legal features which are potentially unsuitable for the respective national or regional copyright legislation, one wonders what would happen in countries which are still in the process of establishing a sound national copyright system and practice and may not presently have the necessary level of experience to deal with such challenges.

One of the reasons why fair use has become so popular with certain interest groups, and governments alike, appears to be that it is often considered as a blanket exception which would allow every thinkable use right up to the borders of fairness. The reference to an undefined concept of fair use and/or fair dealing as an acceptable means of implementation in an international instrument would increase the risk of a broad

[12] Senftleben, M., 'Quotations, Parody and Fair Use' in Hugenholtz, B./Quaedvlieg, A./Visser, D. (eds), A Century of Dutch Copyright Law (2012), pp. 359 – 412 at 403.
[13] Janssens, M.-C., 'The issue of exceptions' in Torremans, P. (ed.), Research Handbook on the Future of Copyright (2009), pp. 317-348 at 337/338.
[14] Cf. the report by Quaedvlieg, A., 'Netherlands', in Lindner/Shapiro, ibid., pp. 393-426 at pp. 394-398.
[15] Hoge Raad, Judgment of 20 October 1995, NJ 1996, 682.
[16] Senftleben, M., in Hugenholtz/Quaedvlieg/Visser, ibid., at p. 391.
[17] Digital Opportunity – A Review of Intellectual Property and Growth, An Independent Report by Professor Ian Hargreaves, pp. 5, 44-46, 52, accessible at: http://www.ipo.gov.uk/ipreview-finalreport.pdf (accessed on 27 March 2013).
[18] Hargreaves Review, ibid., p. 52, para. 5.41.
[19] The Copyright Review Committee published a Consultation Paper on copyright and innovation on 29 February 2012 in which it indicated that it was still unconvinced by the arguments on both sides of the fair use debate (p. 120, at para. 10.5). Cf. abundant information on the review and the consultation paper at: http://www.djei.ie/science/ipr/crc_index.htm (accessed 27 March 2013).

erosion of exclusive rights and would constitute a dangerous precedent. The absence of a clear obligation for all future Contracting Parties to apply the three-step test to all exceptions and limitations allowed under the proposed instrument would even increase the risk that fair use could become such a blanket exception, at least in certain countries. Hence the fair use reference and the incorporation of the three-step test are intertwined and both issues should be remedied hand in hand. As we have seen, in countries whose legislation presently contains a fair use provision as a long-standing feature of their legal system, its impact is balanced by the courts with the application of the three-step test. Even in such a case, the process of balancing is not straightforward and requires particular expertise. It is hence highly undesirable to recommend fair use, as well as fair dealing, as a suitable and generally acceptable means of implementing the proposed instrument to all Contracting Parties.

Consequently, for all the foregoing reasons, the reference to specific ways of implementation such as fair use or fair dealing should be omitted from the proposed instrument.

b. Possible Solutions

Option 1:

In the interest of creating legal certainty through avoiding ambiguities, it would be preferable to adopt the model chosen in previous treaties and state simply that *"Contracting Parties undertake to adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty"*. As we have seen, this could include various practices as they exist in the different legal systems, including fair use and fair dealing, provided they meet the specific requirements and safeguards for limitations and exceptions under the proposed instrument. To make this more apparent, a reference to legal system and practice could be added to the existing text.

The first option therefore consists in an adjustment of the text in the Implementation provisions to that in Articles 14(1) WCT, 23(1) WPPT, 20(1) BTAP:

Paragraph 1 of the Implementation provisions should be phrased as follows:

"Member States/Contracting Parties undertake to adopt, in accordance with their legal systems [and practice], the measures necessary to ensure the application of this instrument".

Paragraphs 2, 3 and 4 of the Implementation provisions should be deleted.

Option 2:

However, the specific course of the negotiation process may not allow for the adjustment of the Implementation Provisions to existing treaty provisions. In such a case, the situation could be remedied by deleting various parts of the Implementation provisions, depending on feasibility.

In this context, the best option would be to delete entirely the third paragraph as its content is already covered by the first two paragraphs:

~~*"Contracting Parties may fulfil their rights and obligations under this Treaty through, exceptions or limitations specifically for the benefit of beneficiary persons, other exceptions or limitations, or a combination thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs*~~."

If such an attempt is resisted, it could be considered to delete the second sentence of paragraph 3:

"*Contracting Parties may fulfil their rights and obligations under this Treaty through, exceptions or limitations specifically for the benefit of beneficiary persons, other exceptions or limitations, or a combination thereof within their national legal traditions/systems.* ~~*These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs*~~."

In both alternatives proposed under Option 2, paragraph 4 of the Implementation provisions should also be deleted. This paragraph could be misconstrued and understood as an invitation to introduce various kinds of limitations and exceptions for persons with disabilities. Particularly in conjunction with the Development provision (cf. below under 5), this would create ambiguities which should be avoided.

3. Three-step test

The proposed instrument makes references to the three-step test at several points as follows:

- Respect for copyright provision;
- Recital 10;
- implicitly (via cross-references) in Articles C(3) and D(4).

a. Respect for copyright provision

In essence, the respect for copyright provision calls for the application of the three-step test only in a case where a particular Contracting Party has such obligations under the Berne Convention, TRIPS and/or the WCT.

As a result, there appears to be a two-tier system of implementation obligations in the proposed instrument:

First, the Implementation provision part would apply to all future Contracting Parties of the proposed instrument and thus, as currently phrased, would generally invite for the implementation of the limitations and exceptions in various ways in accordance with the legal system and practice of the country concerned, including by way of fair use or fair dealing.

Secondly, additional conditions, namely compatibility with the three-step test, would come into play for Contracting Parties who have obligations under the Berne Convention, TRIPS or WCT ((...) *"a Contracting Party may exercise the rights and shall comply with the obligations that **that** Contracting Party has under ...* - emphasis added). Because the text of the provision refers expressly to obligations that the particular Contracting Party has under the aforementioned conventions, there are strong arguments for the application of the three-step test to be limited to such convention countries.

Thus, the reference to the three-step test does not appear to function as a general condition applicable to all Contracting Parties. This would mean that where the instrument, if adopted, would be implemented in open-ended fair use systems, the three-step test would not necessarily have to be applied in all cases nor would individual catalogue exceptions in closed list countries have to be tailored along the lines of the three-step test in all instances. The three-step test would only have to be applied by those Contracting Parties who are already obliged to do so under other treaties or conventions to which they have adhered. These are Contracting Parties who are members of Berne, TRIPS and/or WCT. While at present 166 countries are members of Berne[20] and 159 of TRIPS[21], only 90 States are Contracting Parties to the WCT[22]. Thus, a significantly lower number of countries would have to measure exceptions with the three-step test as far as distribution and making available rights under WCT are concerned. This would include countries like Brazil and India, Canada and New Zealand, Israel, many African States such as Algeria, Cameroon, Egypt, Kenya, Nigeria, South Africa, Zambia and Zimbabwe and numerous others. In essence, the situation would be as follows:

[20] http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/berne.pdf (accessed 26 March 2013).
[21] http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed 26 March 2013).
[22] http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/wct.pdf (accessed 26 March 2013).

- Where a Contracting Party is a member of Berne only, the proposed exceptions or limitations to the reproduction right would have to be compatible with the three-step test in Article 9(2) Berne Convention. Similar considerations apply to the translation right to which the exceptions and limitations to the reproduction right and in particular Article 9(2) Berne Convention apply implicitly[23]. In respect of the public performance right, only minor exceptions would be allowed[24].

- Where the Contracting Party is also a member of TRIPS, Article 13 TRIPS would come into play with regard to the exceptions in respect of the reproduction and translation rights and for the minor exceptions to the public performance right under Berne. The three-step test would operate as a kind of "safety net" against broad interpretations of the limitations and exceptions allowed under the Berne Convention[25].

- Where the Contracting Party is in addition to Berne and TRIPS a member of WCT, the three-step test would apply to the distribution and making available rights under Article 10(1) WCT and in respect of the Berne rights on the basis of Article 10(2) WCT[26].

In this context one may also like to raise the question what the opponents of the application of the three-step test as a general rule in the proposed instrument would gain: for example, a country like Brazil, which is a member of Berne and TRIPS only, would have to apply the three-step test in any event in respect of the reproduction, translation and public performance rights protected under Berne as a result of Article 9(2) Berne Convention and Article 13 TRIPS. Would Brazil then intend to provide for a broad blanket exception in respect of the distribution and making available rights? If so, how would this tie in with the reproduction right which may be affected by the same permitted use?

Finally, the respect for copyright provision must also be seen in conjunction with the General Clause. This Clause provides that *"nothing in this treaty shall derogate from any obligations that Contracting Parties have to each other under any other treaties, nor shall it prejudice any rights that a Contracting Party has under any other treaties"*. Even though the General Clause does not specify the treaties which remain unaffected by the proposed instrument, it is nonetheless an important achievement: the General Clause must be seen as a so-called subordination clause which concedes priority to the earlier treaty in instances where two treaties on the same subject-matter which bind the same parties contain incompatible obligations[27]. Thus, the General Clause prevents any claim

[23] Cf. Ricketson/Ginsburg, ibid., paras. 13.83 et seq.
[24] Ricketson/Ginsburg, ibid, paras. 13.79-13.82.
[25] von Lewinski, S., International Copyright Law and Policy (2008), paras. 10.83 -10.84; Gervais, D., ibid., paras. 2.119 and 2.120; Senftleben, M., ibid., p. 90; WTO Panel Report of 15 June 2000, Document WT/DS/160/R, 29-30.
[26] Reinbothe/von Lewinski, ibid., Article 10 WCT, note 31.
[27] Dörr/Schmalenbach, Vienna Convention on the Law of Treaties: a commentary, 2012, Article 30, p. 512, note 16.

that the relationship between the proposed instrument and existing copyright treaties is undetermined and should be resolved with the help of the interpretative rules in Article 30 (3) and (4) of the Vienna Convention on the Law of Treaties, according to which the later treaty would prevail. In other words, without such a specific subordination clause the proposed instrument could be considered to take precedence over the relevant incompatible provisions in existing treaties.

Transposed to the three-step test scenario the General Clause means that in a case where Berne, TRIPS and/or WCT would require compliance with the three-step test in respect of a particular exception for the benefit of VIPs which would be permitted under the proposed instrument without having regard to the test, the Berne, TRIPS and/or WCT requirements prevail insofar as a future Contracting Party is a member of such conventions. In such a case, the three-step test would have to be complied with. The same result would be obtained with the Respect for Copyright provision. It is thus a concretisation of the General Clause for the particular area of the three-step test which confirms that Contracting Parties that have adhered to Berne, TRIPS and/or WCT must comply with the three-step test with regard to exceptions under the proposed instrument to the exclusive rights provided under these treaties.

As a result, the solution proposed in the respect for copyright provision, which would not oblige all future Contracting Parties to apply the three-step test to the exceptions and limitations under the proposed instrument, would create significant loopholes and might encourage such Contracting Parties to adopt broadly phrased exceptions and limitations when implementing the instrument.

b. Other references to the three-step test in the proposed instrument

Apart from the respect for copyright provision, the three-step test is referred to in the proposed instrument in three other instances:

The 10th Recital stresses the importance and flexibility of the three-step test for limitations and exceptions established in Article 9(2) of the Berne Convention and other international instruments as a general principle. However, it does not oblige Contracting Parties to apply the three-step test to the proposed limitations and exceptions.

Secondly, Articles C(3) and D(4) contain potential cross-references to the three-step test, thus seemingly subjecting only those means of implementing the limitations and exceptions provided for in Articles C(1) and D(1) to the three-step test. This could lead to legal uncertainty: there could be an *a contrario* assumption that other ways of implementing limitations and exceptions under Articles C(1) and D(1) are not subject to the three-step test at all. It might also convey the message that the more detailed provisions in Articles C(1) and D(1) would already comply with the three-step test. This would however not be sufficient: the three-step test must be respected as a general rule

by national legislators when implementing international norms into national law as well as by national courts when applying the implemented norm in practice[28].

c. Conclusion

None of the references to the three-step test in the proposed instrument are particularly helpful. Their effect seems to be that the implementation of the instrument would in general not require the compatibility of the limitations and exceptions with the three-step test, except in two cases:

(i) where a Contracting Party is a member of other conventions which require the application of the test; or
(ii) where exceptions or limitations are implemented on the basis of Articles C(3) and D(4).

As a result, there is a danger that the desire to harmonise the system of limitations and exceptions for VIPs would ultimately water down the conditions for devising and applying such restrictions to rights. This should be avoided for several reasons:

- It would reverse the efforts of international lawmakers to provide for a commonly used and accepted benchmark for limitations and exceptions in international copyright conventions.

- It would set a negative precedent which risks to be perpetuated in future exercises since the appetite for harmonising limitations and exceptions is not yet satisfied; WIPO already has an agenda for further limitations and exceptions for educational, teaching and research institutions and persons with other disabilities as well as for libraries and archives.

- No effect of harmonisation: there could be broader exceptions in countries which do not need to comply with the three-step test in each and every case and narrower exceptions in those countries that are obliged to apply the test as a general rule. In particular, if the application of the fair use principle would not have to be restricted by the three-step test, some very broad exceptions may be the result.

[28] There are numerous examples for the application of the three-step test in case law, for instance by the European Court of Justice in its Judgment of 16 June 2011, Case C-462/09 – Stichting de Thuiskopie v Opus Supplies Deutschland GmbH; the French Cour de Cassation (Civ 1), 28 February 2006, [2006] RIDA 210, 327-339 in the case Perquin/UFC Que Choisir v Films Alain Sarde et al; the German Federal Supreme Court (BGH) Judgment of 25 February 1999, BGHZ 141, 13-40, at 30-39, in the case Kopienversanddienst; the Austrian Supreme Court with Judgment of 31 January 1995, MR 1995, 106 – Ludus Tonalis. For a general overview of the application of the three-step test by courts around the world see: Lewinski, S., General Report: 'Exceptions: General View of the Three-Step Test' in ALAI 2007, The Author's Place in XXI Century Copyright: the Challenges of Modernization, pp. 579 – 590 at pp. 585 – 589.

This is particularly problematic with regard to the cross-border exchange of accessible format copies between Contracting Parties as provided for under the proposed Article D and the importation of accessible format copies under Article E. There is a danger that copies made in countries with broad exceptions could be widely distributed in other countries, including those with more restrictive systems. Apart from addressing correctly the issue of fair use and the three-step test, which may remedy the situation to a certain extent, it could also be considered to insert a provision along the lines of Sec. 27(3) of the UK CDPA[29] which permits the importation of a copy only if its making would not have infringed copyright in the country of importation.

d. Possible solutions

Option 1:

The best option would be to incorporate the three-step test into the proposed instrument as a general principle and make it applicable to all Contracting Parties. There are two different ways in which this could be achieved:

(i) by altering the text in the respect for copyright provision using text from the former Article E*bis* Alternative A:

"In adopting measures necessary to ensure the application of this instrument, a Contracting Party shall ensure that limitations and exceptions provided under this instrument shall be limited to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rightholder."

This would create a universal benchmark for all limitations and exceptions and would continue with the tradition of applying the three-step test as a general condition in an international agreement. Such a provision would also mean that the application of fair use, in case the reference in the Implementation provisions cannot be deleted, would be subject to the three-step test. At present, it would only be subject to the three-step test where a Contracting Party is a Berne/TRIPS/WCT member.

(ii) by deleting the words *"that that Contracting Party has"* in the second line of the respect for copyright provision

Whilst far from being perfect, this option could be useful if there is resistance to proceed with a more substantial change to the wording of the respect for copyright

[29] Sec. 27(3) CDPA reads as follows: "An article is also an infringing copy if –
(a) it has been or is proposed to be imported into the United Kingdom, and
(b) its making in the United Kingdom would have constituted an infringement of the copyright in the work in question, or a breach of an exclusive licence agreement relating to that work".

provision. The effect would be similar to that under (i): by deleting the reference to *"that that Contracting Party has"*, future Contracting Parties would be obliged to comply with Articles 9(2) Berne, 13 TRIPS and 10 WCT when devising limitations and exceptions under the proposed instrument. This means that even future Contracting Parties which are not party to Berne, TRIPS or WCT would have to comply with the three-step test.

Option 2:

If no change can be achieved with regard to elevating the three-step test to a general rule in the proposed instrument, another option could consist in requiring future Contracting Parties to the proposed instrument to also adhere to the relevant international agreements whose rights are to be restricted as a result of the proposed instrument. In such a case, the three-step test would apply indirectly on the basis of membership in Berne, TRIPS and WCT.

While there was reluctance during the discussions in the Standing Committee to make ratification of WCT a prerequisite for the adherence to the proposed instrument, it must be born in mind that the proposed instrument concerns limitations and exceptions to rights which are provided under WCT as well as Berne and TRIPS. Consequently, the proposed instrument is of interest where a Contracting Party provides for the relevant rights which are then subjected to the proposed limitations and exceptions. This being said, during the debates on the proposed instrument, a reference was made by India and Egypt to the Agreed Statement to Article 1 BTAP which clarifies that Contracting Parties are not required to ratify or accede to WPPT[30]. However, in the case of the BTAP, new rights had to be provided and the obligation to introduce yet more rights under WPPT might have created an obstacle to adherence to the BTAP. The present case is different: a limitation or exception only makes sense, if the relevant rights exist.

Combination of Options 1 + 2:

Of course, in an ideal world, Options 1 and 2 could be combined. In such a case, the three-step test would be reinstated as a general rule in the proposed instrument and future Contracting Parties to the proposed instrument would also be members of the relevant treaties and conventions whose rights would be restricted as a result of the proposed instrument.

Accompanying measure to options 1 + 2:

It should be considered to refrain from any potential isolated cross-references in Articles C(3) and D(4) to the three-step test in view of the *a contrario* effect.

[30] Report of the 24th Session of the SCCR, WIPO-Doc. SCCR/24/12 Prov. of 27 July 2012, at paras. 303-310 (304 and 309): the issue relates to fears expressed by a number of delegations (Egypt, India, Nigeria in particular), that a mere reference in the Preamble to WCT could lead to making the accession or ratification of WCT compulsory for future Contracting Parties of the proposed instrument to which these delegations were fiercely opposed.

Finally, the way of incorporating the three-step test in the proposed instrument is also related to the question what form the instrument will take, whether a (non)binding recommendation or a binding agreement. If the finally adopted instrument was a (non)binding recommendation, there would be no treaty membership as such. A Recommendation would provide guidelines for devising limitations and exceptions to exclusive rights under existing international agreements for the benefit of VIPs. In such a case, the three-step test should be integrated as a general principle to confirm the fundamental benchmark character of the norm.

4. Development provision

The development provision would allow future Contracting Parties to provide any kind of limitation or exception for the benefit of VIPs based solely on the economic situation and the social and cultural needs of a Contracting Party, as well as special needs in the case of a Least-Developed Country. This provision thus seems to be an invitation to proceed to a blanket exception in favour of VIPs. Although the provision is subject to the Contracting Party's international rights and obligations, and thus potentially also the three-step test, we have already seen that not all future Contracting Parties may be members of the relevant international conventions and treaties. There is hence a risk that some countries may provide for overly broad exceptions. This provision, which would also create an undesirable precedent for future international instruments, should be deleted from the proposed instrument.

5. Conclusion

The foregoing considerations lead to the conclusion that the reference to fair use and the particular way of incorporating the three-step test in the proposed instrument for the benefit of VIPs deviate substantially from the practice in existing international conventions and treaties in the copyright field and thus lead to ambiguities and legal uncertainty. Commensurate with existing treaties and conventions, the express reference to fair use and fair dealing should be omitted and all future Contracting Parties should be obliged to apply the three-step test in respect of all exceptions and limitations provided under the proposed instrument. This document contains various suggestions as to how this could be achieved; whether any of the proposed options are ultimately feasible, will depend on the individual circumstances of the negotiation process.

Rev. 4th April 2013

Brigitte Lindner
Rechtsanwältin (Berlin/Germany)
Registered European Lawyer
(Bar Council, England &Wales)
Serle Court, Lincoln's Inn, London

Seldon, Karon

From: Martin, Scott - Paramount <Scott_Martin@Paramount.com>
Sent: Monday, April 15, 2013 6:04 PM
To: Perlmutter, Shira
Subject: RE:

Colorado

Have you seen the final version of the IPO letter that was sent this afternoon?

S

From: Perlmutter, Shira [mailto:Shira.Perlmutter@USPTO.GOV]
Sent: Monday, April 15, 2013 3:55 PM
To: Martin, Scott - Paramount
Subject: RE: `

Are you in California or Europe?

Shira Perlmutter
Chief Policy Officer and Director for International Affairs
U.S. Patent and Trademark Office
Department of Commerce
(571)-272-9300

From: Martin, Scott - Paramount [mailto:Scott_Martin@Paramount.com]
Sent: Monday, April 15, 2013 11:06 AM
To: Perlmutter, Shira
Subject:

Shira—

Good morning! Hope you had a smooth trip home.

I was wondering if you had any discussion at lunch with Francis on Friday of his concept of getting an opinion from Edward Kwakwa in his role of WIPO Legal Counsel regarding making ratification of the WCT a condition to the ratification of the VIP (the extended Japanese proposal).

thanks
S

p.s.
after our Thursday meeting with Francis, we sent him a copy of Brigitte's memo (attached) which considered that approach:

> Option 2:
> If no change can be achieved with regard to elevating the three-step test to a general rule in the proposed instrument, another option could consist in requiring future Contracting Parties to the proposed instrument to also adhere to the relevant international agreements whose rights are to be restricted as a result of the

proposed instrument. In such a case, the three-step test would apply indirectly on the basis of membership in Berne, TRIPS and WCT.

While there was reluctance during the discussions in the Standing Committee to make ratification of WCT a prerequisite for the adherence to the proposed instrument, it must be born in mind that the proposed instrument concerns limitations and exceptions to rights which are provided under WCT as well as Berne and TRIPS. Consequently, the proposed instrument is of interest where a Contracting Party provides for the relevant rights which are then subjected to the proposed limitations and exceptions. This being said, during the debates on the proposed instrument, a reference was made by India and Egypt to the Agreed Statement to Article 1 BTAP which clarifies that Contracting Parties are not required to ratify or accede to WPPT[1]. However, in the case of the BTAP, new rights had to be provided and the obligation to introduce yet more rights under WPPT might have created an obstacle to adherence to the BTAP. The present case is different: a limitation or exception only makes sense, if the relevant rights exist.

Scott Martin | Executive Vice-President, Intellectual Property | Paramount Pictures | 5555 Melrose Avenue | Lubitsch 324 | Hollywood, CA 90038 | ☎ PHONE 323.956.5570 |

[1] Report of the 24th Session of the SCCR, WIPO-Doc. SCCR/24/12 Prov. of 27 July 2012, at paras. 303-310 (304 and 309): the issue relates to fears expressed by a number of delegations (Egypt, India, Nigeria in particular), that a mere reference in the Preamble to WCT could lead to making the accession or ratification of WCT compulsory for future Contracting Parties of the proposed instrument to which these delegations were fiercely opposed.

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Seldon, Karon

From: Fares, David <DFares@newscorp.com>
Sent: Thursday, April 18, 2013 11:20 AM
To: Perlmutter, Shira
Subject: RE: Quick question

Great. Thanks.

From: Perlmutter, Shira [mailto:Shira.Perlmutter@USPTO.GOV]
Sent: Thursday, April 18, 2013 4:15 PM
To: Fares, David
Subject: Re: Quick question

Let's make it 5:45 in main hall

From: Fares, David [mailto:DFares@newscorp.com]
Sent: Thursday, April 18, 2013 11:08 AM
To: Perlmutter, Shira
Subject: Re: Quick question

Perfect, where?

From: Perlmutter, Shira [mailto:Shira.Perlmutter@USPTO.GOV]
Sent: Thursday, April 18, 2013 11:07 AM
To: Fares, David
Subject: Re: Quick question

We're breaking now for 45 minutes--I'd like to get a sandwich but could meet at 5:30 or so.

From: Fares, David [mailto:DFares@newscorp.com]
Sent: Thursday, April 18, 2013 11:00 AM
To: Perlmutter, Shira
Subject: Quick question

Would you have a few minutes to chat with the publishers this evening?

David Fares
Senior Vice President, Government Relations
News Corporation
Tel:
London: +44-20-7753-7294
NY: +1-212-556-2464

Seldon, Karon

From: Marla Grossman <grossman@acg-consultants.com>
Sent: Monday, April 15, 2013 5:30 PM
To: Perlmutter, Shira
Subject: FW: IPO Comments re WIPO VIP Treaty and Related Patent Law Concerns
Attachments: IPO Letter re WIPO VIP Treaty.pdf

Dear Shira,
This just went out. Feel free to let me know if you have any questions. (I can also discuss this in greater detail over the phone.)
Fondly,
Marla

From: Laura Jacobius [mailto:ljacobius@ipo.org]
Sent: Monday, April 15, 2013 5:11 PM
To: teresa.rea@uspto.gov
Cc: victoria_espinel@omb.eop.gov; mfroman@nss.eop.gov; hormatsrd@state.gov; ckerry@doc.gov; demetrios_marantis@ustr.eop.gov
Subject: IPO Comments re WIPO VIP Treaty and Related Patent Law Concerns

Please see the attached comments from Intellectual Property Owners Association on the WIPO VIP Treaty and related patent law concerns.

Thanks,

Laura C. Jacobius
Assistant to the Executive Director
Intellectual Property Owners Association (IPO)
1501 M Street, NW, Suite 1150
Washington, DC 20005
(202) 507-4498
ljacobius@ipo.org

Intellectual Property Owners Association

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The Travelers Companies, Inc.
Anthony DiBartolomeo
SAP AG
Bart Eppenauer
Microsoft Corp.
Louis Foreman
Enventys
Scott M. Frank
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Jack E. Haken
Koninklijke Philips Electronics N.V.
Alan W. Hammond
Life Technologies Corp.
Dennis R. Hoerner, Jr.
Monsanto Co.
Michael Jaro
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Charles M. Kinzig
GlaxoSmithKline
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Air Liquide
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Katherine Umpleby
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Ray Waldron
Pfizer, Inc.
Michael Walker
DuPont
BJ Watrous
Apple Inc.
Stuart Watt
Amgen, Inc.
Paul D. Yasger
Abbott Laboratories
Mike Young
Roche Inc.

General Counsel
Michael D. Nolan
Milbank Tweed

Executive Director
Herbert C. Wamsley

April 15, 2013

Hon. Teresa Stanek Rea
Acting Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313

Re: WIPO VIP Treaty and Related Patent Law Concerns

Dear Director Rea:

Intellectual Property Owners Association (IPO) thanks the USPTO for its steadfast commitment to maintaining strong intellectual property (IP) protection for American businesses, which are among the leading innovators, manufacturers, and energy producers in the world. IPO submits these comments in advance of the April 18 meeting of the World Intellectual Property Organization (WIPO) Standing Committee on Copyright and Related Rights, which will discuss the proposed treaty on limitations and exceptions (L/E) to copyright for visually impaired persons with print disabilities (VIP treaty).

IPO is a trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members.

IPO supports international action that addresses the needs of the visually impaired in meaningful ways, but we are concerned about the VIP treaty as currently drafted, focused exclusively on L/Es and not on the rights holders whose copyrights are at stake. We are also concerned about the potentially negative, precedential effect that a one-sided, exceptions-focused VIP treaty may have on parallel developments at WIPO and in other international negotiations. We outline our key concerns below and urge you to take these into account as you prepare for the April 18 VIP treaty negotiating session.

Copyright-Related Concerns about the VIP Treaty

Our main concern about the VIP treaty, as currently drafted, is that it addresses L/Es to copyrights in isolation, without parallel provisions addressing IP holders' rights. The proposed VIP treaty would create specific L/Es to copyright protection, with the aim of broadening access to print works for the visually impaired. However, it would not reflect the importance of protecting the copyright of those who created the work. Under U.S. law, L/Es are available to support access to copyrighted works by the visually

impaired, but they co-exist and are reflected jointly with the fundamental protections afforded to copyright owners to which such L/Es apply. By treating L/Es in isolation, the draft VIP treaty would fail to strike an appropriate balance and constitutes an overly broad way of achieving its stated goals. A balanced approach to copyright protection cannot exist when rights and exceptions are treated separately.

To achieve this objective, we have three recommendations:

(1) Incorporate the Berne Convention's "three step test" into the VIP treaty. This can be done directly or explicitly "by reference." If the three step test is not incorporated, however, limitations and exceptions may apply, while basic copyright protections do not.

(2) Delete the VIP treaty's expansion of fair use. As you know, many WIPO member countries do not have proper legal and institutional mechanisms in place that would allow them to implement fair use effectively and fairly.

(3) Ensure that there is an exception to L/Es for situations where a copyrighted work is commercially available and accessible.

Implementing these three recommendations would help ensure that the VIP treaty serves the actual, specific interests of the visually impaired while avoiding the unintended consequence of undermining or weakening existing copyright protection. Properly anchoring the VIP treaty within the broader, global framework of copyright and other IP protections will be a critical and minimum requirement in this respect.

Broader IP Policy Concerns Raised by the VIP Treaty Negotiations

By isolating L/Es from the IP holders' rights, the VIP treaty negotiations could also set a dangerous precedent for other areas of IP law, particularly patent law. The U.S. advanced manufacturing industry continues to face the threat of erosion of patent rights in a range of international fora and negotiations. Other countries could refer to the WIPO VIP treaty as precedent for establishing broad exceptions and limitations to patent rights without adequate protections for innovators.

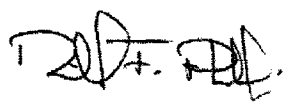
This threat is not merely theoretical; it is real. This February, the WIPO Standing Committee on the Law of Patents agreed to initiate a work program focused specifically on the exploration of an L/E approach to patent rights. In fact, later this year, the Committee will hold a special conference to discuss "countries' use of health-related patent flexibilities." This is a concerning first step, and the discussion of expansion of limitations could easily bleed into other areas of patent protection, for example, clean technologies, energy, medical technologies, and advanced manufacturing in general. Such competitive strategies are specifically being pursued by several leading emerging economies.

Patents and other industrial property rights continue to be under fire at the United Nations Framework Convention on Climate Change (UNFCCC), World Health Organization (WHO), and at the World Trade Organization (WTO) as well. Despite substantial differences between copyrights and patent protection and the regulatory frameworks and balance of rights and obligations on which they are based, the WIPO VIP treaty developments could pose a real and much broader IP-policy risk.

U.S. Government Response and Next Steps

The U.S. Government's strong support and leadership have been critical in addressing constant threats against advanced manufacturing innovation, technology, and IP rights. Developments such as the WIPO VIP treaty and the work program now pursued regarding patent L/Es threaten to upset the fundamental balance on which our US and global IP system is based. Some of our member companies have already been discussing the broader policy and negotiating issues with your office and the U.S. Trade Representative's office for some time. In particular, we wish to recognize and thank Shira Perlmutter and her team for their excellent engagement. We are happy to discuss these issues further as you prepare for the WIPO VIP treaty negotiating session.

Sincerely,



Richard Phillips
President

cc: Hon. Victoria Espinel,
IP Enforcement Coordinator

Hon. Michael Froman,
Assistant to the President of the United States and Deputy National Security Advisor for International Economic Affairs

Hon. Robert Hormats,
Under Secretary of State for Economic Growth, Energy, and the Environment

Hon. Cameron Kerry,
General Counsel, U.S. Department of Commerce

Hon. Demetrios Marantis,
Acting U.S. Trade Representative

Seldon, Karon

From: Martin, Scott - Paramount <Scott_Martin@Paramount.com>
Sent: Tuesday, April 16, 2013 11:59 PM
To: Perlmutter, Shira
Subject: thoughts on textual approach

Shira—

Following up on our conversation, the following is some proposed language for the two possible approaches to making the VIP Treaty consistent with international legal norms.

The Japanese approach – linking the VIP Treaty to the WCT

The Japanese proposal opens the door to tying the provisions of the VIP Treaty to the provisions of the provisions of the WCT:

> *"Note on Article E: Text for discussion: Japan, EU and other interested delegations to work on this proposal: [A Contracting Party which does not have an appropriate and effective copyright system that is in line with the existing international copyright law (Berne Convention, TRIPs and WCT), shall provide in its national law a provision to prohibit making available or distribution of imported accessible format copies to persons who are not beneficiary persons.]"*

The cleanest approach would be to incorporate a reference to the WCT in the "*Draft Administrative Provisions And Final Clauses Of The Treaty To Be Considered By The Diplomatic Conference*" as follows (changes marked with strike-through and caps):

> *Eligibility for Becoming Party to the Treaty*
>
> *(1) [Any Member State of WIPO] [that is also a Member of the Berne Union* ~~*or*~~ ***AND*** *a party to the Agreement on Trade related aspects of Intellectual Property Rights (TRIPs)* ***AND A PARTY TO THE WORLD COPYRIGHT TREATY (WCT)]*** *may become party to this Treaty.*

While any initial proposal should require ratification of Berne, TRIPs, and the WCT since the VIP text creates exceptions to and limitations on the rights reflected in all three agreements (and it makes no sense to take exceptions to rights that have not been acknowledged), the key is the WCT. Ratification of the WCT would bring in Berne since Berne ratification is a pre-condition to WCT ratification.

Therefore an acceptable bottom line version could be:

> *Eligibility for Becoming Party to the Treaty*

(1) Any Member State of WIPO that is also a party to the World Copyright Treaty (WCT) may become party to this Treaty.

Article E *bis* resurrected

If countries that have not ratified the WCT insist on being able to ratify the VIP Treaty, that could open the door to a resurrected version of Article E *bis* as an alternative to the Japanese approach.

The respect for international norms could be incorporated in Article C on Limitations and Exceptions, along the following lines:

> ARTICLE C
> NATIONAL LAW LIMITATIONS AND EXCEPTIONS ON ACCESSIBLE FORMAT COPIES
>
> 6. All national implementation of exceptions and limitations provided for in this instrument shall be limited to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

S

Scott Martin | Executive Vice-President, Intellectual Property | Paramount Pictures | 5555 Melrose Avenue | Lubitsch 324 | Hollywood, CA 90038 | ☎ PHONE 323.956.5570 |

Seldon, Karon

From: Chris_Marcich@mpaa.org
Sent: Saturday, April 20, 2013 1:38 PM
To: Perlmutter, Shira
Subject: Fw: Follow Up on Yesterday's Meeting

Fyi
Chris Marcich, MPA/EMEA
Sent from my BlackBerry Wireless Handheld

From: Marcich, Chris
Sent: Saturday, April 20, 2013 07:30 PM
To: 'fschroeder@sks.com' <fschroeder@sks.com>
Cc: 'slabarre@labarrelaw.com' <slabarre@labarrelaw.com>; 'Dan.Pescod@rnib.org.uk' <Dan.Pescod@rnib.org.uk>; Dodd, Chris J.; O'Leary, Michael; Mueller, Benoit
Subject: Re: Follow Up on Yesterday's Meeting

Dear Fred, Scott and Dan,

Thank you for the time yesterday. It was a pleasure to meet and have a chance to clarify positions. We will be making a statement as MPA this evening during the time allotted to NGOs. It will be clear and to the point.

I have to say that I was taken aback and regret the statement that you made this morning as concerns our core issues and concerns. I do not think, alas, that this will advance the prospects for a good outcome. For us the stakes are high in terms of the international acquis and possible precedents for the future. I will be forwarding to you separately the detailed expert legal opinions I mentioned.

Let's keep the lines of communication open. I am looping-in Senator Dodd. I hope there will be a chance for some follow-up back in the USA.

All the best,

Chris
Chris Marcich, MPA/EMEA
Sent from my BlackBerry Wireless Handheld

From: Fredric Schroeder [mailto:fschroeder@sks.com]
Sent: Saturday, April 20, 2013 05:43 PM
To: Marcich, Chris
Cc: Scott C. LaBarre <slabarre@labarrelaw.com>; Dan.Pescod@rnib.org.uk <Dan.Pescod@rnib.org.uk>
Subject: Follow Up on Yesterday's Meeting

Dear Chris,

It was a pleasure speaking with you and Benoit yesterday. We appreciate your willingness to share the analysis of the draft treaty text and the other materials we discussed. As you know, this morning I offered an intervention setting out our concern that copyright protections that exist under existing law do not need to be reiterated in the VIP treaty. In fact, we believe that inclusion of language around the three step test, fair use, fair dealing, commercial availability and

so on have created a domino effect that has hindered progress of the treaty. I know time was very short this morning and the chairman was pushing to limit interventions, yet as we discussed, we believe it would be very helpful if the motion picture industry voiced its support for the treaty. I doubt there will be an opportunity for further interventions today, but would you be able to offer your intervention for the record. That would go a long way to easing the perception that the motion picture industry opposes the treaty.

Thanks again for your time.

FKS

Seldon, Karon

From: Chris_Marcich@mpaa.org
Sent: Thursday, April 25, 2013 9:33 AM
To: Perlmutter, Shira
Subject: RE: I will be in DC for about 24 hours...

Should I see State – separately or together?

From: Perlmutter, Shira [mailto:Shira.Perlmutter@USPTO.GOV]
Sent: 25 April 2013 15:31
To: Marcich, Chris
Subject: Re: I will be in DC for about 24 hours...

Yes that would be good--I'm around and have time either end of day the 6th or on the 7th through lunch. Let me know what's best for you.

From: Chris_Marcich@mpaa.org [mailto:Chris_Marcich@mpaa.org]
Sent: Thursday, April 25, 2013 09:26 AM Eastern Standard Time
To: Perlmutter, Shira
Subject: I will be in DC for about 24 hours...

6/7 May until 2pm. I have meetings at USTR and MPA re the TTIP on 6th.

Any point in a gathering to discuss next steps on VIP maybe 7th AM...?

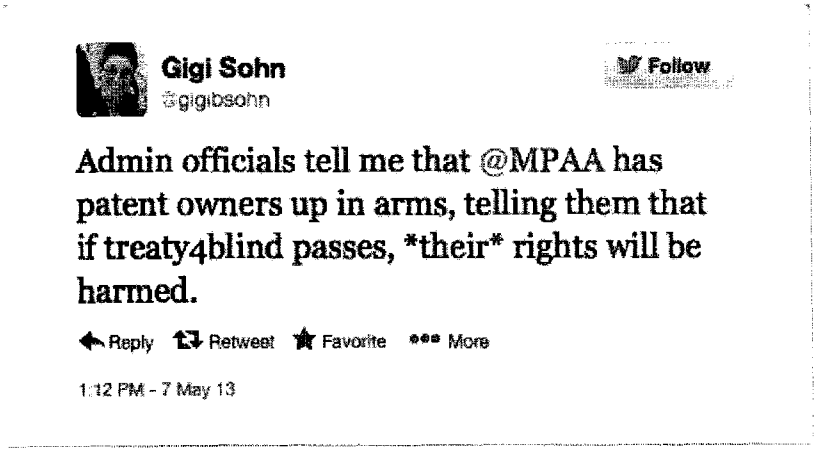
And thanks again for your help. It has made a big difference.

My best
C

Seldon, Karon

From: Marla Grossman <grossman@acg-consultants.com>
Sent: Tuesday, May 07, 2013 6:58 PM
To: Perlmutter, Shira
Subject: Gigi Sohn on patent owners
Attachments: 2013 Education Campaign - May.docx

I just saw this from Gigi Sohn below. Really?! As if the patent owners can't think for themselves? I can't imagine any Administration official is telling her this, but needless to say, this is false and unnecessarily stirring the pot with the IP community. More than happy to have a more in-depth discussion with you. There has been some developments on my end that I'd like to share if/when you have a moment.
Best,
Marla



Seldon, Karon

From: Ted Shapiro <ted.shapiro@wiggin.co.uk>
Sent: Thursday, May 09, 2013 5:10 PM
To: Hughes, Justin; Perlmutter, Shira
Subject: RE: EP request to see EU mandate for VIP

Lehne is a German, European Peoples Party

http://www.europarl.europa.eu/meps/en/2224/KLAUS-HEINER_LEHNE_home.html;jsessionid=0FE1DB7A3945E07FEA5D2E833EAB4159.node1

T

Ted Shapiro, Partner and Head of Brussels Office Solicitor (England and Wales)/Attorney (Massachusetts)/Registered European Lawyer (Brussels)
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w: www.wiggin.co.uk

-----Original Message-----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]

Sent: 09 May 2013 21:55
To: Ted Shapiro; Perlmutter, Shira
Subject: RE: EP request to see EU mandate for VIP

Thanks, Ted. That is good to know. Do you know the party affiliation of the Chairman of the Legal Affairs Committee? It's not important, just interesting to learn more about how their committee system works.

Justin

From: Ted Shapiro [ted.shapiro@wiggin.co.uk]
Sent: Thursday, May 09, 2013 11:22 AM
To: Hughes, Justin; Perlmutter, Shira
Subject: FW: EP request to see EU mandate for VIP

fyi

Ted Shapiro

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[cid:image005.png@01CE4CD9.9DB82BB0] <http://www.youtube.com/user/WigginMediaLaw>
[cid:image006.jpg@01CE4CD9.9DB82BB0] <http://www.wiggin.co.uk/wigginviews/>

[cid:image003.jpg@01CE4CD9.C5822CE0]<http://www.wiggin.co.uk/>

From: Ted Shapiro
Sent: 09 May 2013 17:22
To: 'Benoît Müller'; Marcich, Chris (Chris_Marcich@mpaa.org)
Subject: EP request to see EU mandate for VIP

EP wants to look under the hood - Council politely defers...offering the Chair and other select MEPs access in a secure room in the Council building to the Council Decision of 26 November 2012 on the participation of the European Union in the negotiations for an international agreement within the World Intellectual Property Organisation on improved access to books for print impaired persons.

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[cid:image005.png@01CE4CD9.9DB82BB0] <http://www.youtube.com/user/WigginMediaLaw>
[cid:image006.jpg@01CE4CD9.9DB82BB0] <http://www.wiggin.co.uk/wigginviews/>

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Legal Director: Anna Doble.
Senior Associates: Ciaran Hickey; Gurminder Panesar; Ross Sylvester
Consultants: Vickie Cameron; David Davies OBE; David Deakin; Amali de Silva; Dominic Harrison; Laurel McBray.

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Seldon, Karon

From: Ted Shapiro <ted.shapiro@wiggin.co.uk>
Sent: Thursday, May 09, 2013 11:22 AM
To: Hughes, Justin; Perlmutter, Shira
Subject: FW: EP request to see EU mandate for VIP
Attachments: Council doc on draft reply to MEP Lehne question 8 May 13.pdf

fyi

Ted Shapiro
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WIGGIN

From: Ted Shapiro
Sent: 09 May 2013 17:22
To: 'Benoît Müller'; Marcich, Chris (Chris_Marcich@mpaa.org)
Subject: EP request to see EU mandate for VIP

EP wants to look under the hood – Council politely defers...offering the Chair and other select MEPs access in a secure room in the Council building to the Council Decision of 26 November 2012 on the participation of the European Union in the negotiations for an international agreement within the World Intellectual Property Organisation on improved access to books for print impaired persons.

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COUNCIL OF THE EUROPEAN UNION

Brussels, 8 May 2013

9207/13

PE-L 37
INST 223
PI 67

"I" ITEM NOTE

from :	Working Party on General Affairs
to :	Permanent Representatives Committee (Part 2)
No. prev. doc. :	doc. 9107/13 PE-L 34 INST 217 PI 62 doc. 9108/13 PE-L 35 INST 218 PI 63
Subject:	Draft reply to the letter of Mr Lehne, Chair of the Committee on Legal Affairs of the European Parliament: Request for access to the mandate for negotiations regarding the conclusion of the WIPO Treaty to conclude a Treaty to facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities = Approval of a reply*

1. In a letter dated 26 April 2013, the Chair of the Committee on Legal Affairs of the European Parliament asked the Council to grant Parliament access to the mandate for negotiations regarding the conclusion of the WIPO Treaty to conclude a Treaty to facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities.

2. The Working Party on General Affairs considered the matter at its meeting on 3 May and prepared a draft reply.

3. The Permanent Representatives Committee is invited to approve the attached letter, in accordance with the Council's Rules of Procedure (Article 19(7)(k)).

---

* Item on which a procedural decision may be adopted by the Coreper pursuant to Article 19 (7)(k) of the Council's Rules of Procedure.

ANNEX

Council of the European Union

Brussels, 2013

DRAFT REPLY

Mr Klaus-Heiner LEHNE, MEP
Chair of the Committee on Legal Affairs
European Parliament
Altiero Spinelli
Rue Wiertz, 60
1047 Brussels

Sir,

Thank you for your letter of 26 April 2013 to the President of the Council concerning a request for access to the mandate for negotiations regarding the conclusion of the WIPO Treaty to conclude a Treaty to facilitate Access to Published Works by Visually Impaired Persons and Persons with Print Disabilities in accordance with Article 218(10) TFEU.

Since 2012 preparations have been underway on new arrangements to be put in place concerning the forwarding to and handling by the European Parliament of classified information held by the Council on matters other than those in the area of the Common Foreign and Security Policy. However, until these arrangements enter into force the current practice as set out in the letter from the chair of the Permanent Representatives Committee of 3 December 2010 to Mr Albertini, as described below, continues to apply.

The Council is pleased to inform you that it is ready to grant access to yourself as Committee Chair, the Rapporteur and the coordinators of the political groups to the Council Decision of 26 November 2012 on the participation of the European Union in the negotiations for an international agreement within the World Intellectual Property Organisation on improved access to books for print impaired persons.

Access will be arranged within a secure room on the Council premises. In accordance with the Council's security regulations for protecting EU classified information, it is understood that the document itself will remain in the possession of the Council, and that no subsequent direct reference to the detailed contents should be made in any public meetings.

For the purposes of consulting the document, the European Parliament is invited to inform the office of Mr Pillath, Director General in the General Secretariat of the Council, of the names of the Members concerned, as well as of the dates and times they wish to come to the Council.

Yours faithfully,

R. MONTGOMERY
Chairman of the
Permanent Representatives Committee

Seldon, Karon

From: Martin, Scott - Paramount <Scott_Martin@Paramount.com>
Sent: Friday, April 19, 2013 4:56 PM
To: Perlmutter, Shira
Subject: WIPO Visually Impaired Persons Treaty Comments
Attachments: 2013 04 19 GIPC Letter in re WIPO VIP Treaty.pdf

just in case you have not yet seen a copy of this…

From: Hirschmann, David
Sent: Friday, April 19, 2013 4:18 PM`
To: 'teresa.rea@uspto.gov'
Cc: 'victoria_espinel@omb.eop.gov'; 'mfroman@nss.eop.gov'; 'hormatsrd@state.gov'; 'ckerry@doc.gov'; 'demetrios_marantis@ustr.eop.gov'; 'Mpall@loc.gov'; Elliot, Mark; Smethurst, Aaron
Subject: WIPO Visually Impaired Persons Treaty Comments

Dear Director Rea:

Please find attached a letter with our comments on the upcoming World Intellectual Property Organization (WIPO) Visually Impaired Persons (VIP) Treaty negotiations. As you are likely aware, there have been attempts to use the VIP Treaty process to undermine several fundamental copyright protections internationally. The business community finds this approach to addressing this issue to be unhelpful both to improve access for the visually impaired as well as for protecting the jobs, innovation and development of new products associated with intellectual property. We appreciate your consideration of this matter. Please let me know if we can answer any questions on this issue. A hard copy of this letter will follow as well.

Best regards,

David

David Hirschmann
President and CEO
Global Intellectual Property Center
United States Chamber of Commerce
1615 H Street, NW
Washington, DC 20062
(202) 463-5609
dhirschmann@uschamber.com

David T. Hirschmann
President and CEO
Global Intellectual Property Center
U.S. Chamber of Commerce

Global Intellectual Property Center
U.S. CHAMBER OF COMMERCE

1615 H Street, NW
Washington, DC 20062-2000
202-463-5609
www.theglobalipcenter.com

April 19, 2013

The Honorable Teresa Stanek Rea
Acting Under Secretary of Commerce for Intellectual Property
Acting Director of the U.S. Patent and Trademark Office
U.S. Patent and Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313

Dear Ms. Rea:

On behalf of the Global Intellectual Property Center (GIPC) at the U.S. Chamber of Commerce I am writing to you to express concerns about the ongoing meetings of the World Intellectual Property Organization (WIPO) regarding visually impaired persons (VIP).

As representatives of a broad sector of businesses, we wholeheartedly support the goal of enhancing the availability of works in formats accessible to the visually impaired. It has come to our attention, however, that certain proposals are being pushed in the VIP negotiations that are both wholly unnecessary to the goals of those negotiations and seem instead to be driven by an unrelated agenda of undermining copyright.

The U.S. Chamber of Commerce is the world's largest business organization representing the interests of more than 3 million businesses of all sizes, sectors, and regions. Our members range from mom-and-pop shops and local chambers to leading industry associations and large corporations.

The GIPC and the Chamber advocate for the promotion of robust and effective intellectual property (IP) rights and norms, the necessary resources for critical government agencies, and enforcement of the law.

As the Founders understood so well, copyright provides an incentive for the creation and distribution of creative works. This incentive has helped drive the success of copyright-based industries in the United States and helped produce materials that everyone can enjoy, regardless of their visual abilities.

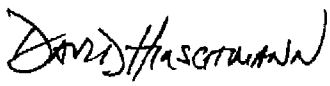
When we consider measures that provide new exceptions or limitations to the critical property rights recognized by copyright, we must be mindful not to undermine that fundamental incentive. An example of this is the three-step test for limitations and exceptions to copyright. The test is a foundational aspect of international copyright law, and is critical to enabling creative works for consumers available through a wide variety of distribution channels.

Respecting the three-step test should not be controversial. In fact, the three-step test was reaffirmed by the global community less than ten months ago by its inclusion in WIPO's Beijing Treaty on Audiovisual Performances. We understand that current efforts to ensure the three step test applies to all exceptions adopted pursuant to the VIP instrument are facing resistance. The failure to embody this principle would contradict a century long global consensus as well as, contradict United States policy in its trade agreements. It would not only threaten to permit limitations to copyright that unreasonably prejudice the copyright owner, but would also set a profoundly negative precedent for future agreements.

Another important issue at hand is the effort to appropriate the VIP negotiations as a vehicle for advancing a broad and vague concept of "fair use". This effort has little to do with the goals of the proposed instrument, but has strong potential to undermine the rights of authors significantly. The U.S. should aggressively reject this effort to sidetrack the VIP negotiations to serve a separate and highly controversial agenda.

We understand that the Intellectual Property Owners Association has expressed similar concerns, and we join with them in urging you to uphold the U.S. Patent and Trademark Office's long-standing commitment to vibrant and effective intellectual property.

Sincerely,



David Hirschmann
President and Chief Executive Officer

cc: The Honorable Victoria Espinel, IP Enforcement Coordinator
The Honorable Michael Froman, Assistant to the President of the United States and Deputy National Security Advisor for International Economic Affairs
The Honorable Robert Hormats, Under Secretary of State for Economic Growth, Energy, and the Environment
The Honorable Cameron Kerry, General Counsel, U.S. Department of Commerce
The Honorable Demetrios Marantis, Acting U.S. Trade Representative
The Honorable Maria Pallante, Register of Copyrights

Seldon, Karon

From: Chris_Marcich@mpaa.org
Sent: Monday, April 15, 2013 1:19 PM
To: Perlmutter, Shira
Subject: You have a minute?

Importance: High

Our camp is in an uproar over theVIP negos later this week...

Seldon, Karon

From: Chris_Marcich@mpaa.org
Sent: Tuesday, April 09, 2013 1:49 PM
To: Perlmutter, Shira
Subject: FW: VIP - Advice from Fiscsor and Lindner
Attachments: Ficsor_reference to fair use in draft VIP treaty.docx; Advice WIPO VIP Negotiations CLEAR (rev. 04 04 13).doc

Shira
See you tomorrow? Am forwarding the exchange with J confidentially. The approach is not an MPA cleared one for now there are those who do not like any departure from tst. Am just testing for now.
Justin's suggestion I do not like...

You will find the two papers of interest.
My best
chris

-----Original Message-----
From: Marcich, Chris
Sent: 09 April 2013 00:41
To: 'Justin.Hughes@USPTO.GOV'
Cc: Shapiro, Ted
Subject: Re: Confidential

Hi Justin

Yes, am aiming for E&L attaching to the blind to make it sellable. Take it that conceptually you see some potential?

Not sure how your additional language helps in this regard, but it is a path to be explored.

See also Lindner paper for some thoughts. She also presnts arguments about risks of getting it wrong that State L should take into account.

Thanks

C

Chris Marcich, MPA/EMEA
Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: Tuesday, April 09, 2013 12:10 AM
To: Marcich, Chris
Subject: RE: Confidential

Hi, Chris.

I have not looked at the attachments yet, but just wanted to give you feedback on this idea.

It's a clear, simple TST -- but I am not sure how it would be sellable to the AG that has opposed extension of TST to them where it does not exist. Does it have some subtlety I am not immediately seeing? For example, if it said

"When a Contracting party fulfills its obligations under this Treaty through exceptions and limitations specifically for the benefit of beneficiary persons as a certain special case, the Contracting Party will ensure that said exceptions and limitations do not conflict with the normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author."

Then it could be presented at something that would attach only to E&L specifically for the blind -- which might make it a tiny bit more palatable.

On "shall" versus "may," I am really not sure that there is any difference in a clause like this. As you know, Berne uses "may" and we interpret that as a limit. More interesting (and curious) is that TRIPS uses the strong "shall confine" for the copyright TST (Article 13), but then lapses back to the Berne "may" for the trademark and patent TSTs (Articles 17 and 30 respectively). We have checked and when the patent TST came before WTO dispute settlement the Panel didn't buy that there was any difference between the "shall confine" in Article 13 and the "may" in Article 30.

As you know, Japan has raised the issue of what to do about possible Contracting Parties to the print disabilities agreement that are parties to neither Berne nor TRIPS. We are mulling about whether we could propose to "plug" that hole with a narrow, free-standing TST proposal. I will try to provide that language to you soon -- and have already shown it to the EU, but only as my personal idea because it did not get a unanimously enthusiastic reception in the inter-agency group.

I will look at the attachments shortly.

Sure, we can definitely plan to speak early next week.

Justin

From: Chris_Marcich@mpaa.org [Chris_Marcich@mpaa.org]
Sent: Sunday, April 07, 2013 4:20 PM
To: Hughes, Justin
Subject: Confidential

Justin

Off the record, without the bracketed language, do you think the below could be sold in Geneva? In the meantime, attached please find some input from Brigitte Lindner and Mihaly which I expect to be sending to you officially tomorrow or Tuesday.

Maybe we could have a word early in the week. I will be in Geneva Wed-Fri.

My best

Chris

TST Alternative

Contracting parties [SHALL] MAY ONLY fulfill their rights and obligations under this Treaty through exceptions and limitations specifically for the benefit of beneficiary persons [in certain special cases] that do not conflict with the normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.

From: Marcich, Chris
Sent: 09 April 2013 15:22
To: Hughes, Justin (Justin.Hughes@USPTO.GOV); Schonander, Carl E (SchonanderCE@state.gov); BonillaJA@state.gov
Cc: Shapiro, Ted
Subject: VIP - Advice from Fiscsor and Lindner

Dear all

Attached please find advice on the current text provided by Mihaly Ficsor and Brigitte Lindner. Both confirm substantial difficulties with the proposed inclusion of the reference to Fair Use and the treatment of the Three Step Test. Here is a sentence from Brigitte's conclusions:

"The foregoing considerations lead to the conclusion that the reference to fair use and the particular way of incorporating the three-step test in the proposed instrument for the benefit of VIPs deviate substantially from the practice in existing international conventions and treaties in the copyright field and thus lead to ambiguities and legal uncertainty."

In Brigitte's paper you will also find some further thoughts on possible ways to address the TST issue.

It would be good to know what sort of feedback you are getting, in particular from Africa, but also from any other countries you may be been outreaching. Also I would like to understand better what you think will be the focus of the upcoming three day session, given that a number of important issues were not discussed at the last session at all...

Thank you

My best
Chris

Dr. Mihály Ficsor
International Legal Consultant
ceeca@t-online.hu

April 8, 2013

Provision on „fair practices, [fair] dealings and [fair] uses" in the draft text of the Instrument/Treaty on Accessible Format Copies for the Visually Impaired[1]

Executive summary:

- *Those who promote such a provision wrongly imply that the* fair use *system is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow* fair use *also where it is allegedly in conflict with the (correct interpretation of the) test.*
- *There is no well-founded reason to allege that a well-established* fair use *or* fair dealing/fair practice *system would not be in accordance with the three-step test.*
- *The introduction of* fair use *(or* fair dealing*) in a country without relevant legal tradition and well-established case law may create conflicts with the three-step test.*
- *Such a provision would create a triple danger:*

  (i) Such a provision – according to which fair dealing/fair practice *and* fair use *systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of these systems where they are based on appropriate tradition and duly developed case law; at the same time, it would create a potential danger since it might suggest that now such systems may and should be introduced also in countries without such tradition and case law and, as a result, it could lead to conflicts with the international norms, in particular those on the three-step test.*

  (ii) This potential danger would be aggravated and made more probable by the fact that those who insist on the inclusion of such a provision do so on the basis of the badly founded theory that a fair use *or* fair dealing/fair practice *system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.*

  (iii) *Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.*

[1] It seems that now it is more than probable that what will be adopted in Marrakesh in June this year will be a treaty rather than a soft-law instrument. However, in the last official version of the draft text, still the alternative "instrument" also has appeared. The – so far imaginary – title „Treaty on Accessible Format Copies for the Visually Impaired" is intended to stress that, if a treaty is adopted, it should be considered unique for the reason indicated in the title. The specific political reasons for which a treaty may be adapted on exceptions for the visually impaired even if not really needed, do not exist in respect of other exceptions.

1. Provision in the draft text

The provision which refers to "fair practices, [fair] dealings or [fair] uses" may be found in the last part of the draft instrument/treaty. Until the November 2012 version – which served the basis for negotiations at the last session of the WIPO Standing Committee on Copyright and Related Rights (SCCR) in February 2013 – this part of the draft text had the title of "'Principles of application' cluster package." At the last session of the SCCR, the contents of this "cluster" was changed and its title was also modified to "Article(s)."

The text of the provision is presented below in a way that it is indicated how it has been modified in comparison with the November 2012 version (the changes appear in **bold** and **red** letters).

> ~~[Member States/~~Contracting Parties may fulfill their **rights and** obligations under this ~~instrument/~~Treaty through ~~specific~~ exceptions or limitations **specifically** for the **benefit of** beneficiary persons; ~~general~~ **other** exceptions or limitations, **or a combinations thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to** ~~[such as~~ fair **practices,** dealings **or uses to meet their needs** ~~or fair use; or a combination thereof,] whether existing or established to fulfill this instrument/treaty, [provided they are consistent with the Member States'/Contracting Parties' international obligations].].~~

The provision has been improved, in comparison with its previous version, by somewhat mitigating (but not eliminating) the danger of suggesting the introduction of *fair use* or *fair dealing* systems in countries without any legal tradition concerning these concepts (and without duly developed case law guaranteeing the adequate application thereof). First, now there is a reference to legal traditions (although this is weakened by the alternative reference to mere "legal systems"); second, the phrase "whether existing or established to fulfill this instrument/treaty" – which would further stressed idea of newly introducing such systems – has been deleted (although this possibility – implicitly – would continue existing under the new version too).

However, these improvements are only sufficient to reduce the potential dangers that such a provision might cause for the existing copyright system under the international copyright norms. This memorandum outlines those potential dangers.

2. Existing *fair dealing (fair practice)* and *fair use* systems

Fair dealing. The standard model of "fair dealing" systems is the British system. The essence of the system is that a set of bases for defense against actions for infringement of copyright is determined in the statutory law. The defense only succeeds where the judge finds in the concrete case that the conditions of fairness are met.

Under the *Copyright, Designs and Patents Act 1988 (CDPA) of the United Kingdom*, fair dealing is limited for the purpose of research and private study (section 29), criticism, review, and news reporting (section 30). The courts have developed criteria to determine

whether or not in these cases the "dealing" is truly fair.[2] Those criteria only exist in the form of case law precedents; they have not been codified in statutory law.

Similar "fair dealing" systems exist also in other countries following the common law tradition with certain differences, although those differences do not concern the above-mentioned basic structure (exhaustive list of defenses and case-law determination of the criteria of fairness). For example, in the *Australian and Canadian copyright acts*, parody and satire are also listed as bases for finding fair dealing.[3] Furthermore, the Canadian "fair dealing" system also differs from such systems of other common-law countries in two quite substantial aspects due to the famous 2004 ruling of the Supreme Court in the *CCH Canadian Ltd. v. Law Society of Upper Canada* case.[4] The first such aspect is a strange statement in the ruling according to which the bases for defenses against actions for infringements should rather be characterized as bases for "users' rights."[5] The second aspect is that the ruling lists six generally applicable principal (but non-exhaustive) factors to be applied to determine whether or not such alleged "users' rights" may and should be recognized on the basis of the concept of *fair dealing* (factors which are quite similar to the criteria listed in the relevant provision of the US Copyright Act): (i) the purpose of the dealing; (ii) the character of the dealing; (iii) the amount of the dealing; (iv) available alternatives to the dealing; (v) the nature of the work; and (vi) effect of the dealing on the work.

Fair practice. In *South Africa*, the *Copyright Act of 1978* applies quite a unique solution in other aspects. The existence of this kind of legislation may be the reason for which, in the above-quoted draft provision, in addition to the well-known cases of *fair dealing* and *fair use*, reference is made also to *fair practice*.

There are five kinds of exceptions in the South African Copyright Act (one of which does not mean genuine exceptions to economic rights but rather the exclusion of certain works from copyright protection as such):

---

[2] A good example – frequently referred to – is how *Lord Dening* summed up the criteria of fairness of quotations (on the basis of the criticism and review defense) in the well- known *Hubbard v. Vosper* case ([1972] 2 QB 84, [1972] 1 All ER 1023., p. 94) : *"You* **must** *first consider the* **number** *and the extent of the quotations... Then you must consider the use made of them. If they are used as a basis of comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, they may be unfair. Next you must consider the proportions. To take long extracts and attach short comments may be unfair. But short extracts and long comments may be fair. Other considerations may come to mind also. But... it must be a matter of impression."*

[3] Section 41A of the (amended) Australian Copyright Act 1968 and section 29 of the (amended) Canadian Copyright Act 1985.

[4] 2004 SCC 17, [2004] 1 SCR 339.

[5] The statement reads as follows: „[T]he fair dealing exception is perhaps more properly understood as an integral part of the Copyright Act than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively." The nature and volume of this memorandum does not allow elaboration on the reasons for which this ideology-based theory is strange and unfounded. It seems sufficient to stress that it appears to deny that what are unequivocally (and rightly) characterized by the international copyright treaties as exceptions to and limitations of exclusive rights (see Article 13 of the TRIPS Agreement, Article 10 of the WCT, Article 16 of the WPPT and Article 16 of the BTAP) are not truly exceptions and limitations.

(i) Paragraph (1) of section 12 contains a fair dealing provision similar to the one in the UK Act.

(ii) Paragraphs (3) to (4) of section 12 provide for specific exceptions subject to *fair practice*. The two paragraphs – with negligible wording differences – correspond to those two provisions of the Berne Convention on specific exceptions (for quotations and illustrations for teaching, (Article 10(1) and (2)) in which the proviso "provided [the exception] is compatible with fair practice" appears.

(iii) Paragraphs (5) to (7) and (9) to (13) provide for exceptions to certain rights in cases specifically allowed by Berne provisions,[6] and in two further cases where such exceptions are generally recognized as justified under the Convention and the other copyright treaties.[7] The application of these exceptions is not subject to the proviso of *fair dealing* or *fair practice*, neither are they subject to the three-step test.

(iv) Paragraph (8) does not contain genuine exceptions to rights; it rather excludes from copyright protection certain works where the Berne Convention allows to do so,[8] and – in accordance with the Convention – clarifies that mere information is not covered by copyright.[9]

(v) Section 13 provides for "general exceptions in respect of reproduction of works" to be permitted by regulation subject to the second and third criteria of the three-step test.[10]

Without unnecessarily burdening this memorandum with an analysis about it, it seems sufficient to state that, in the given context, *fair practice* and *fair dealing* seem to be synonyms.

The problem with these unique provisions is that one might interpret them to mean that neither the *fair dealing* exceptions nor the specifically provided exceptions are subject to the three-step test (which would be contrary to Article 13 of the WCT and Article 10 of the WCT), and furthermore that certain specific exceptions are not even subject to the criteria of *fair dealing or fair practice*.

Fair use. Of the three categories mentioned in the draft provision, the *fair use* system is the best known; reference has been mainly made to it in the preparatory work of the would-be instrument/treaty. It is so much well known that its presentation may only be needed for the

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[6] Ephemeral recording by broadcasting organizations; use of lectures, addresses or other works of a similar nature which are delivered in public; use of articles and broadcasts on current economic, political or religious topics.

[7] Use of works for the purposes of judicial proceedings or by reproduction for the purposes of reporting on judicial proceedings; *bona fide* demonstration of radio or television receivers or any type of recording or playback equipment to clients by dealers in such equipment.

[8] Official texts of a legislative, administrative and legal nature; political speeches and speeches delivered in legal proceedings.

[9] News of the day having the character of mere items of press *information*.

[10] The provision reads as follows: „In addition to reproductions permitted in terms of this Act reproduction of a work shall also be permitted as prescribed by regulation, but in such a manner that the reproduction is not in conflict with a normal exploitation of the work and is not unreasonably prejudicial to the legitimate interests of the owner of the copyright."

sake of completeness. The quotation of the relevant section – section 107 – of the US Copyright Act seems to be sufficient:

> Notwithstanding the provisions of sections 17 U.S.C. § 106 and 17 U.S.C. § 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:
>
> 1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> 2. the nature of the copyrighted work;
> 3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
> 4. the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

Two features of the *fair use* doctrine are particularly relevant from the viewpoint of its comparison with the *fair dealing/fair practice* system and with the three-step test. First, contrary to the provisions on *fair dealing/fair practice*, only the most typical bases for finding for *free use* are listed but the list is non-exhaustive. Second (this does not follow directly from the text of section 107 – which is just a statutory codification of case law itself – but from case law), contrary to the three-step test, the non-exhaustive criteria on the basis of which it should be judged whether or not a certain use is fair are *not cumulative* in the sense that an exception will only pass scrutiny if all those criteria suggest fair use (under the three-step test, an exception may only be allowed if it fulfills all the three criteria of the test step by step).

3. *Fair dealing/fair practice, fair use* and the copyright treaties

Under Article 36(1) of the *Berne Convention*, "any country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention." This offers flexibility as regards the way in which the Convention is applied. However, Article 36(2) also determines the limits of such flexibility stating the principle of *pacta sunt servanda* by providing that "at the time a country becomes bound by this Convention, it will be in a position under its domestic law to give effect to the provisions of this Convention."

In Article 1(1) of the *TRIPS Agreement*, the same principles are reflected. The first sentence also states the principle of *pacta sunt servanda* ("Members shall give effect to the provisions of this Agreement"), while the third sentence states that there is flexibility regarding the "appropriate method of implementing of the Agreement within their own legal system and practice" (of course, as long as such a "method" truly guarantees the implementation of the provisions of the Agreement giving effect to them in accordance with the first sentence).

Article 14(1) of the *WIPO Copyright Treaty (WCT)* contains practically the same provisions as Article 36(1) of the Berne Convention, except that it refers to the legal systems of the Contracting Parties rather than to their constitutions.

As it can be seen, there is no obligation for the contracting parties of these treaties to implement the provisions thereof by statutory law; they may leave implementation to case law or to a combination of statutory law and case law – provided the treaties are duly implemented giving effect to their provisions.

From the viewpoint of this memorandum mainly the adequate implementation of the three-step test – provided in Article 9(2) of the Berne Convention (covering the right of reproduction), Article 13 of the TRIPS Agreement and Article 10 of the WCT (covering any economic right under copyright) – is relevant.

It is submitted that, due to the above-mentioned provisions of the copyright treaties, the contracting parties are allowed to implement the treaties concerning exceptions and limitations (hereinafter: exceptions) more or less through case law. There seems to be no provisions in the statutory laws of the countries mentioned above which apply *fair dealing/fair practice* or *fair use* systems that would suggest any conflict with the three-step test. It depends on the case law on the actual application of these systems in practice whether it is in accordance or in conflict with the test. This issue is discussed more in detail below.

4. Those who promote such a provision wrongly imply that the *fair use* doctrine is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow *fair use* also where it is allegedly in conflict with the test

There may be hardly any doubt that this is the probable intention behind the above-quoted draft text. This seems quite clear, for example, on the basis of the statements published on the website of Knowledge Ecology International (KEI) (which is among the most active promoters of a provision on *fair dealing, fair practice* and *fair use*).

In an article published on KEI's website last November, the following theory is presented:

> Currently, at SCCR 25, the interpretation of the three-step test is again being discussed, but how does it compare with the United States four-facture fair use test? While international law and the United States Copyright Act both provide for specifically enumerated limitations and exceptions as well as a test for additional limitations and exceptions, the United States "fair use" test provides a broader and more flexible interpretation than the restrictive WTO interpretation of the "three-step test." These interpretations are important, determining whether a flexible approach is taken, likely to result in greater limitations and exceptions...
>
> A version of the three-step test also appears in the TRIPS Agreement and in 2000, a WTO panel decision interpreted the three-step on limitations and exceptions narrowly, requiring that parties meet all three criteria to satisfy limitations to exclusive rights under Article 13 of TRIPS (of (1) certain special cases; (2) that do not conflict with a normal exploitation of the work; and

(3) do not unreasonably prejudice the legitimate interests of the right holder). This interpretation results in a restrictive reading of the three-step test, requiring parties to independently satisfy each of the three criteria. If one factor is not satisfied, the inquiry ends and the limitation or exception will be found in non-compliance with the three-step test.

In the United States, many limitations and exceptions to copyright are specifically codified under the Copyright Act. However, many noninfringing uses in the United States are not specifically enumerated, but rather, stem from the broad "fair use" provision codified at 17 U.S.C. 107. Section 107 provides for four factors in determining whether a use is "fair use" and therefore not an infringement of copyright. These four factors include: 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect of the use upon the potential market for or value of the copyrighted work.

In applying the four fair use factors, courts in the United States have repeatedly held that a party need not prevail on each of the four factors, but are weighed and balanced...

Thus, even where a defendant cannot establish satisfaction of one (or more) of the four enumerated factors, fair use may still apply. Taking a holistic approach, considering the four factors in total, allows greater flexibility and additional limitations and exceptions that may not otherwise be found as valid fair use if the defendant were required to satisfy each of the four factors... This approach is clearly distinguishable from the approach of the 2000 WTO panel and is more in line with the approach favored in the Max Planck Declaration on a Balanced Interpretation of the Three-Step Test which advocates for a holistic approach.[11]

The allegations may be summed up in this way. If it is accepted that the three-step test is to be applied in a way that all the three criteria must be fulfilled by an exception, not all exceptions allowed under the *fair use* doctrine would be in accordance with the test. In such a case, the US *fair use* system would offer more flexibility and would allow more and broader exceptions than the three-step test since, contrary to the cumulatively applied three criteria of the test, the four factors mentioned in section 107 of the Copyright Act are not necessarily cumulative; *fair use* may apply even where it does not satisfy one (or more) of those factors.

However, it is obvious – since it unequivocally follows from the text and from the negotiation history of the international norms on the three-step test – that the three criteria of the test are cumulative. When the two WTO dispute settlement panels dealing, in 2000, with the interpretation of the test as provided in Articles 13 and 30 of the TRIPS Agreement, respectively,[12] recognized this, they adopted the only possible correct interpretation of the test.

Thus, the allegation according to which the US *fair use* system allows the application of exceptions, also in cases where under the three-step test it would not be possible, does not

[11] *"United States Four Fair Use Factors and the WTO Three-Sep Test"* submitted by K. Cox; November 20, 2012; at http://keionline.org/node/1597.

[12] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report); WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

suggest less than that the US copyright law is in conflict with Article 9(2) of the Berne Convention, Article 13 of the TRIPS Agreement and Article 10 of the WCT.

The idea behind the above-quoted provision (or any possible variant) of the would-be international instrument/treaty is to suggest that the exceptions to be provided in it may be implemented in a "more flexible" way than what follows from the three-step test and its correct interpretation, including through a *fair use* system allegedly offering such a "more flexible" way.

As it also turns out from the text published on KEI's website and quoted above, the proponents of such a provision to be included in the instrument/treaty would prefer the idea of adapting the three-step test, or at least its interpretation, to the alleged "more flexible" nature of the *fair use* doctrine. In this connection, reference is made to the *Munich Declaration* in which, among other things, it is suggested that – similarly to the four factors mentioned in section 107 of the US Copyright Act – the three conditions of the test only have to be considered and, if one of them is not fulfilled, an exception may still be applicable. It is in particular the key second condition (no conflict with a normal exploitation of works) about which the Declaration reflects the view that it may be neglected. Unequivocal reasons have been presented in a paper for which this strange theory is in a head-on crash with the relevant international norms. It is available on the website www.copyrightseesaw.com,[13] but for ready availability a copy is attached to this memorandum. However, even without such a detailed analysis, it must be obvious for anybody who is aware of the meaning of the words and expressions involved that, in this respect, there is fundamental difference between section 107 of the US Act and the treaty provisions on the three-step test. In section 107, the expression "the factors to be considered shall include..." may truly be understood that, by considering a factor, it may be found that an exception is applicable even where it does not satisfy that specific factor. In contrast, the treaty provisions on the three-step test have the structure of "shall confine limitation or exceptions to/shall be a matter... to permit... in certain special cases ... provided that... and that" which cannot be interpreted in a way to mean that an exception may be applied also where it is not confined to a special case, or where it is confined to such a case, it does not fulfill the first proviso, or where, although it fulfills the first proviso, it does not fulfill the second one.

However, as discussed below, it is *not* necessary to adapt the three-step test to the presumed "more flexible" nature of the *fair use* doctrine. There is appropriate and solid reason to be of the view that the US *fair use* system, due to the duly developed case law on which it is based, is in accordance with the three-step test.

In the case of the *fair dealing/fair practice* provisions in the respective national laws, it may also be stated that, with an adequately established applied case law, they may be in accordance with the three-step test.

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[13] Under the title "'Munich Declaration' on the three-step test – respectable objective; wrong way to try to achieve it."

5. There is no well-founded reason to allege that a truly well-established *fair use* or *fair dealing/fair practice* system would not be in accordance with the three-step test

A couple of academics have expressed doubts about the compatibility of *fair use* as codified in section 107 of the US Copyright Act – and as it is applied in practice – with the three-step test.[14] The source of such a doubt may be found in a specific interpretation of the first "step" of the test under which exceptions and limitations may only be applied in *certain* special cases. According to the belief of those who have such a doubt, the adjective "certain" may be interpreted as a requirement of a completely precise determination, in statutory law, of the scope of application of exceptions, which in their view is not fulfilled in the US Copyright Act. However, other leading commentators[15] have pointed out in a persuasive manner that the doubt of the said academics is badly founded since it is based on an erroneous interpretation of the first "step" (see below more in detail).

These kinds of academic views have been due to a great extent to a specific reading of the report adopted by the second of the two WTO dispute settlement panels which interpreted the three-step test in 2000. Both panel reports were adopted in 2000; the first one in a patent case where an adapted version of the test provided in Article 30 of the TRIPS Agreement was concerned,[16] and three months later a second one in a copyright case interpreting Article 13 of the Agreement[17] (hereinafter: the copyright panel).

The *copyright panel*, in interpreting the first condition of the test as provided in Article 13 of the TRIPS Agreement did not go beyond what it believed to be the ordinary meaning of the terms "certain" and "special." In respect of the term "certain" it stated that its ordinary meaning is "known and particularised, but not explicitly identified", "determined, fixed, not variable; definitive, precise, exact"[18] After quoting these dictionary definitions, the panel concluded as follows:

> In other words, this term means that, *under the first condition, an exception or limitation in national legislation must be clearly defined.* However, *there is no need to identify explicitly each and every possible situation to which the exception could apply,* provided that the scope of the exception is known and particularised. This guarantees a sufficient degree of legal certainty.[19] (Emphasis added.)

Then the panel turned to the term "special" and quoted from the Oxford Dictionary that it connotes "having an individual or limited application or purpose", "containing details;

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[14] The opinion which is the most frequently referred to has been expressed by Herman Cohen Jehoram in his article: "Einige Grundsatze zu Ausnahmen im Urheberrecht" in *Gewerblicher Rechtschutz und Urheberrechts Internationaler Teil*, 2001, p. 808. For a description and analysis of Jehoram's views, *see* M. Senftleben: "*Copyright, Limitation and the Three-step Test,*" Kluwer Law International, 2004 (hereinafter: Senftleben), pp. 162 and 165.

[15] *See* Senftleben, pp. 166-168.

[16] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report).

[17] WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

[18] WT/DS160/R report, para. 6.108, quotation in the report from The New Shorter Oxford English Dictionary (hereinafter: "Oxford English Dictionary"), Oxford (1993), p. 364.

[19] WT/DS160/R report, para. 6.108.

precise, specific", "exceptional in quality or degree; unusual; out of the ordinary" or "distinctive in some way".[20] It deduced from this the following meaning:

> This term means that *more is needed than a clear definition* in order to meet the standard of the first condition. In addition, an exception or limitation must be limited in its field of application or exceptional in its scope. In other words, *an exception or limitation should be narrow in quantitative as well as a qualitative sense*. This suggests a narrow scope as well as an exceptional or distinctive objective.[21] (Emphasis added.)

The panel has not given sufficient explanation why it based the interpretation of the word "certain" apparently on one of the dictionary definitions: "*determined, fixed, not variable; definitive, precise*" and why not on the other one: "known and particularised, but *not explicitly identified.*" While certain commentators[22] consider the panel's interpretation as appropriate, many others[23] are of the opinion that *the word "certain" in front of "special cases" does not have a separate normative meaning, that it is used rather as a synonym of "some," and that only the adjective "special" and the confined nature of an exception are decisive.*

On the basis of the latter – quite surely the correct – interpretation, the allegations according to which the US *fair use* regulation and practice is not in accordance with the three-step step may be easily rejected. As mentioned above, the basis for such allegations is the view that the US Copyright Act does not fulfill the condition of "certainty," since it does not contain a sufficiently clear definition as required by the above-mentioned interpretation of the WTO panel. However, such a doubt about the US law is not justified even following the interpretation adopted by the copyright panel since it is based on an unjustified over-stretched emphasis of an isolated element of the panel's finding: the requirement of clear definition as a criterion of "certainty." This is so, since the panel otherwise adopts a sufficiently relaxed interpretation thereof by emphasizing, as quoted above, that "there is no need to identify explicitly each and every possible situation to which the exception could apply."

Otherwise, the fact that the international copyright community has not questioned the harmony of the *fair use* doctrine (and equally of the *fair dealing* systems) with the three-step test is reflected also in the documents on the preparatory consultations of the accession of the US to the Berne Convention. In respect of exceptions and limitations, only the jukebox exception was raised by the WIPO Secretariat and by the representatives of parties to the Berne Convention. No views were expressed according to which section 107 of the US Act

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[20] WT/DS160/R report, para. 6.109, quotation in the report; Oxford English Dictionary, p. 2971.

[21] WT/DS160/R report, para. 6.109.

[22] *See* S. Ricketson – J. C. Ginsburg: *International Copyright and Neighboring Rights – The Berne Convention and Beyond*, Oxford University Press, 2006, pp. 765-767.

[23] *See* (i) *WIPO Guide on Treaties Administered by WIPO*, WIPO publication N. 891(E,)p. 213; (ii) Senftleben, pp. 144 – 152; (iii) J. Reinbothe – S. von Lewinski: *The WIPO Treaties 1996 – The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; Commentary and Legal Analysis*, Batterworth – LexisNexis, 2002, p. 124; (iv) M. Ficsor: „How Many of What? – The 'Three-step Test' and its Application in two Recent WTO Dispute Settlement Cases," *Revue International du Droit d'Auteur (R.I.D.A.)*, vol. 192, April 2002. Ricketson's previous position was the same; *see* Sam Ricketson: *The Berne Convention for the protection of literary and artistic works: 1886 – 1986*, Kluwer, 1987, p. 482.

and the *fair use* regime in general would be in conflict with Article 9(2) of the Berne Convention.[24]

This was further confirmed at the Diplomatic Conference which adopted the WCT and the WPPT in 1996. The delegate of the US at the session of Main Committee I made the following statement: "it was essential that the Treaties permit application of the evolving doctrine of 'fair use,' which was recognized in the law of the United States of America, and which was also applicable in the digital environment."[25]

None of the 120 government delegations found anything in this statement for which it would have opposed or even commented on it. The reason for this was – and it is still the case – that, in the US *fair use* system, exceptions are also only applied in a way confined to certain special cases (and also fulfilling the other two conditions of the three-step test); just the identification of those cases is the result of a rich and fine-tuned case law rather than statutory law and its application.

6. The introduction of *fair use* (or *fair dealing*) in a country without appropriate legal tradition and well-established case law may create conflicts with the three-step test

When we consider the chances and possible consequences of introducing a *fair use* (or *fair dealing*) system in a country where there has been no such legal tradition, it should be taken into account that such a step may take place in two different ways. The first way is to introduce it but to recognize and state that its application is also subject to the three-step test. The second way would be to introduce such a system on the understanding – as suggested by KEI and those who may share its views – that it is "more flexible" than the three-step test and that thus it allows the application of exceptions that would not be allowed by the three-step test (at least in accordance with the correct interpretation thereof).

On the basis of the text of the new provisions, it seems that the way *fair use* has been introduced in the Republic of Korea may fall in the first above-mentioned category. The new Article 35-3 of the Korean Copyright Act, under the title of "Fair Use of Copyrighted Material," reads as follows:

1. Except for situations enumerated in art. 23 to art. 35-2 and in art. 101-3 to 101-5, provided it does not conflict with a normal exploitation of copyrighted work and does not unreasonably prejudice the legitimate interest of the copyright holder, the copyrighted work may be used, among other things, for reporting, criticism, education, and research.
2. In determining whether art. 35-3(1) above applies to a use of copyrighted work, the following factors must be considered: the purpose and character of the use, including

[24] For the material of the preparatory work of the US implementation of the Berne Convention, see *Berne Convention Implementation Act of 1987 – hearings before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the Committee on the Judiciary, House of Representatives, One Hundredth Congress*, US Government Printing Office, 1988.

[25] *Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, Geneva 1996*, WIPO publication No. 348(E), 1999. p. 704.

whether such use is of a commercial nature or is of a nonprofit nature; the type or purpose of the copyrighted work; the amount and importance of the portion used in relation to the copyrighted work as a whole; the effect of the use of the copyrighted work upon the current market or the current value of the copyrighted work or on the potential market or the potential value of the copyrighted work.

These provisions may only be interpreted in one way; namely that the exceptions in the specific cases mentioned in paragraph (1) are only applicable if they correspond also to the second and third conditions of the three-step test. Paragraph (2) does not relax these conditions; it indicates the factors that should be considered in order to establish whether or not an exception corresponds to the criteria under paragraph (1); that is, practically to the three-step test.

However, if the above-quoted translation is correct, there still seems to be a problem which does not follow from its – "advertised" – similarity to the US *fair use* system; just to the contrary, it follows from the apparent difference from it. Under section 107 of the US Copyright Act, the four factors are not exclusive; other factors may – and, where it is needed to judge fairness certainly should – be taken into account. In contrast, under 35-3(2) of the Korean Copyright Act, this seems unclear since, although the phrase "the following factors must be considered" may be read as "the following factors *must* be considered" (understood to mean that those factors must be always among the factors considered), the text may equally be read as "*the following factors* must be considered" (to mean that those factors – and those alone – must be considered). This shows that, even in countries where the intention is to introduce a US-type *fair use* system as faithfully as possible, without due traditions and without a well-established case law, some interpretation problems necessarily tend to emerge.

However, the real problems may be found where usually the devil is hidden: in the details; in this case, in the way courts unfamiliar with such concepts might apply such a system.

This may lead to legal uncertainty with potential conflicts with the three-step test – and thus with the international treaties. Such conflicts would be not just potential but pre-programmed – as a built-in element of the would-be treaty – if a provision like the one quoted at the beginning of this memorandum were included on the understanding that, by doing so, "more flexibility" and more and broader exceptions would be allowed than under the three-step test. All this would be aggravated if *fair use* were promoted to be introduced in countries where not only there is no tradition for such kind of judge-made law but, due to the actual level of development of the judicial system, there would be no realistic hope that it might lead to the same satisfactory legal situation as the above-referred well-established traditional *fair use* and *fair dealing/fair practice* systems.

7. Conclusions

Such a provision would create triple potential danger:

(i) A provision – according to which *fair dealing/fair practice* and *fair use* systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of such systems where they are based on appropriate tradition and duly developed case law; at the same time, its inclusion would create a potential danger since it might

suggest that now such systems may or should be introduced also in countries without such tradition and case law and, as a result, could lead to conflicts with existing international norms, in particular those on the three-step test.

(ii) This potential danger would be seriously aggravated and made more probable due to the fact that those who insist on the inclusion of such a provision do so on the basis of an – badly founded – theory that a *fair use* or *fair dealing/fair practice* system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.

(iii) Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.

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April 8, 2013

Provision on „fair practices, [fair] dealings and [fair] uses" in the draft text of the Instrument/Treaty on Accessible Format Copies for the Visually Impaired[26]

Executive summary:

- ***Those who promote such a provision wrongly imply that the* fair use *system is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow* fair use *also where it is allegedly in conflict with the (correct interpretation of the) test.***
- ***There is no well-founded reason to allege that a well-established* fair use *or* fair dealing/fair practice *system would not be in accordance with the three-step test***
- ***The introduction of* fair use *(or* fair dealing*) in a country without relevant legal tradition and well-established case law may create conflicts with the three-step test***
- ***Such a provision would create a triple danger:***
  (iv) Such a provision – according to which* fair dealing/fair practice *and* fair use *systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of these systems

[26] It seems that now it is more than probable that what may be adopted in Marrakesh in June this year will be a treaty rather than a soft-law instrument. One of the reasons for which I still refer also to the option of an „instrument" – as it was the case for a long while during the preparatory work – is my persuasion that the objective of providing access to works by the visually impaired could be adequately achieved through a recommendation (combined possibly with model provisions and practical arrangement to guarantee real access). With my favorite title „Treaty on Accessible Format Copies for the Visually Impaired" I would like to stress – with a *ceterum censeo* insistence – that, if a treaty is adopted, it should be considered unique for the reason indicated in the tile; the specific political reasons for which a treaty may be adapted, even if not really needed, do not exist in respect of other exceptions.

where they are based on appropriate tradition and duly developed case law; at the same time, it would create a potential danger since it might suggest that now such systems may and should be introduced also in countries without such tradition and case law and, as a result, it could lead to conflicts with the international norms, in particular those on the three-step test.

(v) This potential danger would be aggravated and made more probable by the fact that those who insist on the inclusion of such a provision do so on the basis of the badly founded theory that a* fair use *or* fair dealing/fair practice *system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.

(vi) ***Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.***

1. Provision in the draft text

The provision which refers to "fair practices, [fair] dealings or [fair] uses" may be found in the last part of the draft instrument/treaty. Until the November 2012 version – which served the basis for negotiations at the last session of the WIPO Standing Committee on Copyright and Related Rights (SCCR) in February 2013 – this part of the draft text had the title of "'Principles of application' cluster package." At the last session of the SCCR, the contents of this "cluster" was changed and its title was also modified to "Article(s)."

The text of the provision is presented below in a way that it is indicated how it has been modified in comparison with the November 2012 version (the changes appear in **bold** and **red** letters).

~~[Member States/~~Contracting Parties may fulfill their **rights and** obligations under this ~~instrument/~~Treaty through ~~specific~~ exceptions or limitations **specifically** for the **benefit of** beneficiary persons; ~~general~~ **other** exceptions or limitations, **or a combinations thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to** ~~[such as~~ fair **practices,** dealings **or uses to meet their needs** ~~or fair use; or a combination thereof,] whether existing or established to fulfill this instrument/treaty, [provided they are consistent with the Member States'/Contracting Parties' international obligations].].~~

The provision has been improved, in comparison with its previous version, by somewhat mitigating (but not eliminating) the danger of suggesting the introduction of *fair use* or *fair dealing* systems in countries without any legal tradition concerning these concepts (and without duly developed case law guaranteeing the adequate application thereof). First, now there is a reference to legal traditions (although this is weakened by the alternative reference to mere "legal systems"); second, the phrase "whether existing or established to

fulfill this instrument/treaty" – which would further stressed idea of newly introducing such systems – has been deleted (although this possibility – implicitly – would continue existing under the new version too).

However, these improvements are only sufficient to reduce the potential dangers that such a provision might cause for the existing copyright system under the international copyright norms. This memorandum outlines those potential dangers.

2. Existing *fair dealing (fair practice)* and *fair use* systems

Fair dealing. The standard model of "fair dealing" systems is the British system. The essence of the system is that a set of bases for defense against actions for infringement of copyright is determined in the statutory law. The defense only succeeds where the judge finds in the concrete case that the conditions of fairness are met.

Under the *Copyright, Designs and Patents Act 1988 (CDPA) of the United Kingdom*, fair dealing is limited for the purpose of research and private study (section 29), criticism, review, and news reporting (section 30). The courts have developed criteria to determine whether or not in these cases the "dealing" is truly fair.[27] Those criteria only exist in the form of case law precedents; they have not been codified in statutory law.

Similar "fair dealing" systems exist also in other countries following common law tradition with certain differences, although those differences do not concern the above-mentioned basic structure (exhaustive list of defenses and case-law determination of the criteria of fairness). For example, in the *Australian and Canadian copyright acts*, parody and satire are also listed as bases for finding fair dealing.[28] Furthermore, the Canadian "fair dealing" system also differs from such systems of other common-law countries in two quite substantial aspects due to the famous 2004 ruling of the Supreme Court in the *CCH Canadian Ltd. v. Law Society of Upper Canada* case.[29] The first such aspect is a weird statement in the ruling according to which the bases for defenses against actions for infringements should rather be characterized as bases for "users' rights."[30] The second aspect is that the ruling

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[27] A good example – frequently referred to – is how *Lord Dening* summed up the criteria of fairness of quotations (on the basis of the criticism and review defense) in the well- known *Hubbard v. Vosper* case ([1972] 2 QB 84, [1972] 1 All ER 1023., p. 94) : "You must first consider the number and the extent of the quotations... Then you must consider the use made of them. If they are used as a basis of comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, they may be unfair. Next you must consider the proportions. To take long extracts and attach short comments may be unfair. But short extracts and long comments may be fair. Other considerations may come to mind also. But... it must be a matter of impression."

[28] Section 41A of the (amended) Australian Copyright Act 1968 and section 29 of the (amended) Canadian Copyright Act 1985.

[29] 2004 SCC 17, [2004] 1 SCR 339.

[30] The statement reads as follows: „[T]he fair dealing exception is perhaps more properly understood as an integral part of the Copyright Act than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively." The nature and volume of this memorandum does not allow elaboration on the reasons for which this ideology-based theory is weird and unfounded. It seems sufficient to stress that it seems to deny that what are unequivocally (and rightly) characterized by the international copyright treaties as exceptions to and limitations of exclusive rights (see Article 13 of the TRIPS Agreement,

lists six generally applicable principal (but non-exhaustive) factors to be applied to determine whether or not such alleged "users' rights" may and should be recognized on the basis of the concept of *fair dealing* (factors which are quite similar to the criteria listed in the relevant provision of the US Copyright Act): (i) the purpose of the dealing; (ii) the character of the dealing; (iii) the amount of the dealing; (iv) available alternatives to the dealing; (v) the nature of the work; and (vi) effect of the dealing on the work.

Fair practice. In *South Africa*, the *Copyright Act of 1978* applies quite a unique solution too in other aspects. The existence of this kind of legislation may be the reason for which, in the above-quoted draft provision, in addition to the well-known cases of *fair dealing* and *fair use*, reference is made also to *fair practice*.

There are five kinds of exceptions in the South African Copyright Act (one of which does not mean genuine exceptions to economic rights but rather the exclusion of certain works from copyright protection as such):

(vi) Paragraph (1) of section 12 contains a fair dealing provision similar to the one in the UK Act.

(vii) Paragraphs (3) to (4) of section 12 provide for specific exceptions subject to *fair practice*. The two paragraphs – with negligible wording differences – correspond to those two provisions of the Berne Convention on specific exceptions (for quotations and illustrations for teaching, (Article 10(1) and (2)) in which the proviso "provided [the exception] is compatible with fair practice" appears.

(viii) Paragraphs (5) to (7) and (9) to (13) provide for exceptions to certain rights in cases specifically allowed by Berne provisions,[31] and in two further cases where such exceptions are generally recognized as justified under the Convention and the other copyright treaties.[32] The application of these exceptions is not subject to a proviso of *fair dealing* or *fair practice*, neither are they subject to the three-step test.

(ix) Paragraph (8) does not contain genuine exceptions to rights; it rather excludes from copyright protection certain works where the Berne Convention allows to do so,[33] and – in accordance with the Convention – clarifies that mere information is not covered by copyright.[34]

Article 10 of the WCT, Article 16 of the WPPT and Article 16 of the BTAP) are not truly exceptions and limitations."

[31] Ephemeral recording by broadcasting organizations; use of lectures, addresses or other works of a similar nature which are delivered in public; use of articles and broadcasts on current economic, political or religious topics.

[32] Use of works for the purposes of judicial proceedings or by reproduction for the purposes of reporting on judicial proceedings; *bona fide* demonstration of radio or television receivers or any type of recording or playback equipment to clients by dealers in such equipment.

[33] Official texts of a legislative, administrative and legal nature; political speeches and speeches delivered in legal proceedings.

[34] News of the day having the character of mere items of press *information*.

(x) Section 13 provides for "general exceptions in respect of reproduction of works" to be permitted by regulation subject to the second and third criteria of the three-step test.[35]

Without unnecessarily burdening this memorandum with an analysis about it, it seems sufficient to state that, in the given context, *fair practice* and *fair dealing* seem to be synonyms.

The problem with these unique provisions is that one might interpret them to mean that neither the *fair dealing* exceptions nor the specifically provided exceptions are subject to the three-step test (which would be contrary to Article 13 of the WCT and Article 10 of the WCT), and furthermore that certain specific exceptions are not even subject to the criteria of *fair sealing or fair practice.*

Fair use. Of the three categories mentioned in the draft provision, the *fair use* system is the best known; reference has been mainly made to it in the preparatory work of the would-be instrument/treaty. It is so much well known that its presentation may only be needed for the sake of completeness. The quotation of the relevant section – section 107 – of the US Copyright Act seems to be sufficient:

> Notwithstanding the provisions of sections 17 U.S.C. § 106 and 17 U.S.C. § 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:
>
> 5. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> 6. the nature of the copyrighted work;
> 7. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
> 8. the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

Two features of the *fair use* doctrine seem to be particularly relevant from the viewpoint of its comparison with the *fair dealing/fair practice* system and with the three-step test. First, contrary to the provisions on *fair dealing/fair practice*, only the most typical bases for finding for *free use* are listed but the list is non-exhaustive. Second (this does not follow directly from the text of section 107 – which is just a statutory codification of case law itself – but

[35] The provision reads as follows: „In addition to reproductions permitted in terms of this Act reproduction of a work shall also be permitted as prescribed by regulation, but in such a manner that the reproduction is not in conflict with a normal exploitation of the work and is not unreasonably prejudicial to the legitimate interests of the owner of the copyright."

from case law), contrary to the three-step test, the non-exhaustive criteria on the basis of which it should be judged whether or not a certain use is fair are not cumulative in the sense that an exception will only pass scrutiny if all those criteria suggest fair use (under the three-step test, an exception may only be allowed if it fulfills all the three criteria of the test step by step).

3. *Fair dealing/fair practice, fair use* and the copyright treaties

Under Article 36(1) of the *Berne Convention*, "any contracting party... undertakes to adopt, I accordance with its constitution, the measures necessary to ensure the application of this Convention." This offers flexibility as regards the way in which the Convention is applied. However, Article 36(2) also determines the limits of such flexibility stating the principle of *pacta sunt servanda* by providing that "at the time a country becomes bound by this Convention, it will be in a position under its domestic law to give effect to the provisions of this Convention."

In Article 1(1) of the *TRIPS Agreement*, the same principles are reflected. The first sentence applies the principle of *pacta sunt servanda* ("Members shall give effect to the provisions of this Agreement"), while the third sentence states that there is flexibility regarding the "appropriate method of implementing of the Agreement within their own legal system and practice" (of course, as long as such a "method" truly guarantees the implementation of provisions of the Agreement giving effect to them in accordance with the first sentence).

Article 14(1) of the *WIPO Copyright Treaty (WCT)* contains practically the same provisions as Article 36(1) of the Berne Convention, except that it refers to the legal systems of the Contracting Parties rather than to their constitutions.

As it can be seen, there is no obligation for the contracting parties of these treaties to implement the provisions thereof by statutory law; they may leave implementation to case law or to a combination of statutory law and case law – provided the treaties are duly implemented giving effect to their provisions.

From the viewpoint of this memorandum mainly the due implementation of the three-step test – provided in Article 9(2) of the Berne Convention (covering the right of reproduction), Article 13 of the TRIPS Agreement and Article 10 of the WCT (covering any economic right under copyright) is relevant.

It is submitted that due to the above-mentioned provisions of the copyright treaties, the contracting parties are allowed to implement the treaties concerning exceptions and limitations (hereinafter: exceptions) more or less through case law. There seems to be no provisions in the statutory laws of the countries mentioned above which apply *fair dealing/fair practice* or *fair use* systems that would suggest any conflict with the three-step test. It depends on the case law on the actual application of these systems in practice whether it is in accordance or in conflict with the test. This issue is discussed more in detail below.

4. Those who promote such a provision wrongly imply that the *fair use* doctrine is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow *fair use* also where it is allegedly in conflict with the test

There may be hardly any doubt that this is the intention behind the above-quoted draft text. This becomes quite clear for anybody who reads, for example, the statements published on the website of Knowledge Ecology International (KEI) which is among the most active promoters of a provision on *fair dealing, fair practice* and *fair use*.

In an article published on KEI's website last November, the following theory is presented:

> Currently, at SCCR 25, the interpretation of the three-step test is again being discussed, but how does it compare with the United States four-facture fair use test? While international law and the United States Copyright Act both provide for specifically enumerated limitations and exceptions as well as a test for additional limitations and exceptions, the United States "fair use" test provides a broader and more flexible interpretation than the restrictive WTO interpretation of the "three-step test." These interpretations are important, determining whether a flexible approach is taken, likely to result in greater limitations and exceptions...
>
> A version of the three-step test also appears in the TRIPS Agreement and in 2000, a WTO panel decision interpreted the three-step on limitations and exceptions narrowly, requiring that parties meet all three criteria to satisfy limitations to exclusive rights under Article 13 of TRIPS (of (1) certain special cases; (2) that do not conflict with a normal exploitation of the work; and (3) do not unreasonably prejudice the legitimate interests of the right holder). This interpretation results in a restrictive reading of the three-step test, requiring parties to independently satisfy each of the three criteria. If one factor is not satisfied, the inquiry ends and the limitation or exception will be found in non-compliance with the three-step test.
>
> In the United States, many limitations and exceptions to copyright are specifically codified under the Copyright Act. However, many noninfringing uses in the United States are not specifically enumerated, but rather, stem from the broad "fair use" provision codified at 17 U.S.C. 107. Section 107 provides for four factors in determining whether a use is "fair use" and therefore not an infringement of copyright. These four factors include: 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect of the use upon the potential market for or value of the copyrighted work.
>
> In applying the four fair use factors, courts in the United States have repeatedly held that a party need not prevail on each of the four factors, but are weighed and balanced...
>
> Thus, even where a defendant cannot establish satisfaction of one (or more) of the four enumerated factors, fair use may still apply. Taking a holistic approach, considering the four factors in total, allows greater flexibility and additional limitations and exceptions that may not otherwise be found as valid fair use if the defendant were required to satisfy each of the four factors... This approach is clearly distinguishable from the approach of the 2000 WTO panel

and is more in line with the approach favored in the Max Planck Declaration on a Balanced Interpretation of the Three-Step Test which advocates for a holistic approach.[36]

The allegations may be summed up in this way. If it is accepted that the three-step test is to be applied in a way that all the three criteria must be fulfilled by an exception, not all exceptions allowed under the *fair use* doctrine would be in accordance with the test. In such a case, the US *fair use* system would offer more flexibility and would allow more and broader exceptions than the three-step test since, contrary to the cumulatively applied three criteria of the test, the four factors mentioned in section 107 of the Copyright Act are not necessarily cumulative; *fair use* may apply even where it does not satisfy one (or more) of those factors.

However, it is obvious – since it unequivocally follows from the text and from the negotiation history of the international norms on the three-step test – that the three criteria of the test are cumulative. When the two WTO dispute settlement panels dealing, in 2000, with the interpretation of the test as provided in Articles 13 and 30 of the TRIPS Agreement, respectively,[37] recognized this, they adopted the only possible correct interpretation of the test.

Thus, the allegation according to which the US *fair use* system allows the application of exceptions also in cases where under the three-step test this would not be possible, does not suggest less than that the US copyright law is in conflict with Article 9(2) of the Berne Convention, Article 13 of the TRIPS Agreement and Article 10 of the WCT.

The idea behind the above-quoted provision (or its variant) of the would-be international instrument/treaty is to suggest that the exceptions to be provided in it may be implemented in a "more flexible" way than what follows from the three-step test and its correct interpretation, including through a *fair use* system allegedly offering such a "more flexible" way.

As it also turns out from the text published on KEI's website and quoted above, the proponents of such a provision to be included in the instrument/treaty would prefer the idea of adapting the three-step test, or at least its interpretation, to the alleged "more flexible" nature of the *fair use* doctrine. In this connection, reference is made to the *Munich Declaration* in which, among other things, it is suggested that – similarly to the four factors mentioned in section 107 of the US Copyright Act – the three conditions of the test only have to be considered but, if one of them is not fulfilled, an exception may still be applied. It is in particular the key second condition (no conflict with a normal exploitation of works) about which the Declaration seems to be of the view that it may be neglected. I have presented the unequivocal reasons in a paper for which this weird theory is in head-on crash with the relevant international norms. It is available on my website

[36] *"United States Four Fair Use Factors and the WTO Three-Sep Test"* submitted by K. Cox; November 20, 2012; at http://keionline.org/node/1597.

[37] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report); WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

(www.copyrightseesaw.com),[38] but for ready availability I also attach a copy to this memorandum. However, even without such a detailed analysis, it must be obvious for anybody who is aware of the meaning of the words and expressions involved that, in this respect, there is fundamental difference between section 107 of the US Act and the treaty provisions on the three-step test. In section 107, the expression "the factors to be considered shall include..." may truly be understood that, by considering a factor, it may be found that an exception is applicable even where it does not satisfy that specific factor. In contrast, the treaty provisions on the three-step test have the structure of "shall confine limitation or exceptions to/shall be a matter... to permit... in certain special cases ... provided that... and that" which cannot be interpreted as to mean that an exception may be applied also where it is not confined to a special case, or where it is confined to such a case, it does not fulfill the first proviso, or where, although it also fulfills the first proviso, it does not fulfill the second one.

However, as discussed below, it is *not* necessary to adapt the three-step test to the presumed "more flexible" nature of the *fair use* doctrine. There is appropriate and solid reason to be of the view that the US *fair use* system, due to the duly developed case law on which it is based, is in accordance with the three-step test.

In the case of the *fair dealing/fair practice* provisions in the respective national laws, it may also be stated that, with an adequately established applied case law, they may be in accordance with the three-step test.

5. There is no well-founded reason to allege that a truly well-established *fair use* or *fair dealing/fair practice* system would not be in accordance with the three-step test

A couple of academics have expressed doubts about the compatibility of *fair use* as codified in section 107 of the US Copyright Act – and as it is applied in practice – with the three-step test.[39] The source of such doubts may be found in a specific interpretation of the first "step" of the test under which exceptions and limitations may only be applied in *certain* special cases. In such a case, the adjective "certain" is interpreted as a requirement of a completely precise determination in statutory law of the scope of application of exceptions and limitation, which in under this view is not fulfilled in the US Copyright Act. However, other leading commentators[40] have pointed out in a persuasive manner that the doubts of the said academics are unfounded since they are based on an erroneous interpretation of the first "step" (see below more in detail).

These kinds of academic views have been based to a great extent to a specific reading of the report adopted by the second of the two WTO dispute settlement panels which interpreted

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[38] Under the title "'Munich Declaration' on the three-step test – respectable objective; wrong way to try to achieve it."

[39] The opinion which is the most frequently referred to has been expressed by Herman Cohen Jehoram in his article: "Einige Grundsatze zu Ausnahmen im Urheberrecht" in *Gewerblicher Rechtschutz und Urheberrechts Internationaler Teil*, 2001, p. 808. For a description and analysis of Jehoram's views, *see* M. Senftleben: *"Copyright, Limitation and the Three-step Test,"* Kluwer Law International, 2004 (hereinafter: Senftleben), pp. 162 and 165.

[40] *See* Senftleben, pp. 166-168.

the three-step test in 2000. Both panel reports were adopted in 2000; the first one in a patent case where an adapted version of the test provided in Article 30 of the TRIPS Agreement was concerned (hereinafter: the WTO patent panel),[41] and three months later a second one in a copyright case interpreting Article 13 of the Agreement[42] (hereinafter: the WTO copyright panel) (see below).

The *WTO copyright panel*, in interpreting the first condition of the test as provided in Article 13 of the TRIPS Agreement did not go beyond what it believed to be the ordinary meaning of the terms "certain" and "special." In respect of the term "certain" it stated that its ordinary meaning is "known and particularised, but not explicitly identified", "determined, fixed, not variable; definitive, precise, exact"[43] After quoting these different dictionary definitions, the panel concluded as follows:

> In other words, this term means that, *under the first condition, an exception or limitation in national legislation must be clearly defined.* However, *there is no need to identify explicitly each and every possible situation to which the exception could apply,* provided that the scope of the exception is known and particularised. This guarantees a sufficient degree of legal certainty.[44] (Emphasis added.)

Then the panel turned to the term "special" and quoted from the Oxford Dictionary that it connotes "having an individual or limited application or purpose", "containing details; precise, specific", "exceptional in quality or degree; unusual; out of the ordinary" or "distinctive in some way".[45] It deduced from this the following meaning:

> This term means that *more is needed than a clear definition* in order to meet the standard of the first condition. In addition, an exception or limitation must be limited in its field of application or exceptional in its scope. In other words, *an exception or limitation should be narrow in quantitative as well as a qualitative sense.* This suggests a narrow scope as well as an exceptional or distinctive objective.[46] (Emphasis added.)

The panel has not given sufficient explanation why it has based the interpretation of the word "certain" apparently on one of the dictionary definitions: *"determined, fixed, not variable; definitive, precise"* and why not on the other one: "known and particularised, but *not explicitly identified."* While certain commentators[47] consider the panel's interpretation as appropriate, many others[48] are of the opinion that *the word "certain" in front of "special*

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[41] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report).

[42] WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

[43] WT/DS160/R report, para. 6.108, quotation in the report from The New Shorter Oxford English Dictionary (hereinafter: "Oxford English Dictionary"), Oxford (1993), p. 364.

[44] WT/DS160/R report, para. 6.108.

[45] WT/DS160/R report, para. 6.109, quotation in the report; Oxford English Dictionary, p. 2971.

[46] WT/DS160/R report, para. 6.109.

[47] *See* S. Ricketson – J. C. Ginsburg: *International Copyright and Neighboring Rights – The Berne Convention and Beyond*, Oxford University Press, 2006, pp. 765-767.

[48] *See* (i) *WIPO Guide on Treaties Administered by WIPO*, WIPO publication N. 891(E,)p. 213; (ii) Senftleben, pp. 144 – 152; (iii) J. Reinbothe – S. von Lewinski: *The WIPO Treaties 1996 – The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; Commentary and Legal Analysis*, Batterworth – LexisNexis, 2002,

cases" does not have a separate normative meaning, that it is used rather as a synonym of "some," and that only the adjective "special" and the confined nature are decisive.

On the basis of the latter – in my view the only possible correct – interpretation, the allegations according to which the US *fair use* regulation and practice is not in accordance with the three-step step may be easily rejected. As mentioned above, the basis of such allegations is the view that the US Copyright Act does not fulfill the condition of "certainty," since it does not contain a sufficiently clear definition as required by the above-mentioned interpretation of the WTO panel. However, such a doubt about the US law is not justified even on the basis of the interpretation adopted by the copyright panel since it is based on an unjustified over-stretched emphasis of an isolated element of the panel's finding: the requirement of clear definition as a criterion of "certainty." This is so, since the panel otherwise adopts a sufficiently relaxed interpretation thereof by emphasizing, as quoted above, that "there is no need to identify explicitly each and every possible situation to which the exception could apply."

Otherwise, the fact that the international copyright community has not questioned the harmony of the *fair use* doctrine (and equally of the *fair dealing* systems) with the three-step test is reflected also in the documents on the preparatory consultations of the accession of the US to the Berne Convention. In respect of exceptions and limitations, only the jukebox exception was raised by WIPO and by the representatives of parties to the Berne Convention. No views were expressed according to which section 107 of the US Act and the *fair use* regime in general would be in conflict with Article 9(2) of the Berne Convention.[49]

This was further confirmed at the Diplomatic Conference which adopted the WCT and the WPPT in 1996. The delegate of the US at the session of Main Committee I made the following statement: "it was essential that the Treaties permit application of the evolving doctrine of 'fair use,' which was recognized in the law of the United States of America, and which was also applicable in the digital environment."[50]

None of the 120 government delegations found anything in this statement for which it would have opposed or even commented on it. The reason for this was – and it is still the case – that, in the US *fair use* system, exceptions are also only applied in a way confined to certain special cases (and also fulfilling the other two conditions of the three-step test); just the identification of those cases is the result of a rich and fine-tuned case law rather than statutory law and its application.

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p. 124; (iv) M. Ficsor: „How Many of What? – The 'Three-step Test' and its Application in two Recent WTO Dispute Settlement Cases," *Revue International du Droit d'Auteur (R.I.D.A.)*, vol. 192, April 2002. Ricketson's previous position was the same; *see* Sam Ricketson: *The Berne Convention for the protection of literary and artistic works: 1886 – 1986*, Kluwer, 1987, p. 482.

[49] For the material of the preparatory work of the US implementation of the Berne Convention, see *Berne Convention Implementation Act of 1987 – hearings before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the Committee on the Judiciary, House of Representatives, One Hundredth Congress*, US Government Printing Office, 1988.

[50] *Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, Geneva 1996*, WIPO publication No. 348(E), 1999. p. 704.

6. The introduction of *fair use* (or *fair dealing*) in a country without appropriate legal tradition and well-established case law may create conflicts with the three-step test

When we consider the chances and possible consequences of introducing a *fair use* (or *fair dealing*) system in a country where there has been no such legal tradition, it should be taken into account that such a step may take place in two different ways. The first way is to introduce it but to recognize and state that its application is also subject to the three-step test. The second way would be to introduce such a system on the understanding – as suggested by KEI and its allies – that it is "more flexible" than the three-step test and that thus it allows the application of exceptions that would not be allowed by the three-step test (at least in accordance with the correct interpretation thereof).

On the basis of the text of the new provisions, it seems that the way *fair use* has been introduced in the Republic of Korea may fall in the first above-mentioned category. The new Article 35-3 of the Korean Copyright Act, under the title of "Fair Use of Copyrighted Material," reads as follows:

3. Except for situations enumerated in art. 23 to art. 35-2 and in art. 101-3 to 101-5, provided it does not conflict with a normal exploitation of copyrighted work and does not unreasonably prejudice the legitimate interest of the copyright holder, the copyrighted work may be used, among other things, for reporting, criticism, education, and research.
4. In determining whether art. 35-3(1) above applies to a use of copyrighted work, the following factors must be considered: the purpose and character of the use, including whether such use is of a commercial nature or is of a nonprofit nature; the type or purpose of the copyrighted work; the amount and importance of the portion used in relation to the copyrighted work as a whole; the effect of the use of the copyrighted work upon the current market or the current value of the copyrighted work or on the potential market or the potential value of the copyrighted work.

These provisions may only be interpreted in one way; namely that the exceptions in the specific cases mentioned in paragraph (1) may only be applied if they correspond also to the second and third conditions of the three-step test. Paragraph (2) does not relax these conditions in any way whatsoever; it indicates the factors which should be considered in order to establish whether or not an exception would correspond to the criteria under paragraph (1); that is, practically to the three-step test.

However, if the above-quoted translation is correct, there still seems to be a problem which does not follow from its – "advertised" – similarity to the US *fair use* system; just to the contrary, it follows from the apparent difference from it. Under section 107 of the US Copyright Act, the four factors are not exclusive; other factors may – and, where it is needed to judge fairness certainly should – be taken into account. In contrast, under 35-3(2) of the Korean Copyright Act, this seems unclear since, although the phrase "the following factors must be considered" may be read as "the following factors *must* be considered" (understood to mean that those factors must be always among the factors considered), the text may equally be read as "*the following factors* must be considered" (to mean that those factors – and those alone – must be considered). This shows that, even in countries where the

intention is to introduce a US-type *fair use* system as faithfully as possible, without due traditions and without a well-established case law, some interpretation problems necessarily tend to emerge.

However, the real problems may be found where usually the devil may be found: in the details; in this case, in the way courts unfamiliar with such concepts have to apply such a system.

This may lead to legal uncertainty with potential conflicts with the three-step test – and thus with the international treaties. Such conflicts would be not just potential but pre-programmed – as a built-in element of the would-be treaty – if a provision like the one quoted at the beginning of this memorandum were included on the understanding that, by doing so, "more flexibility" and more and broader exceptions would be allowed than under the three-step test. All this would be aggravated if *fair use* were promoted to be introduced in countries where not only there is no tradition for such kind of judge-made law but, due to the actual level of development of the judicial system, there would be no realistic hope that it might lead to the same satisfactory legal situation as the above-referred well-established traditional *fair use* and *fair dealing/fair practice* systems.

7. Conclusions

Such a provision would create triple potential danger:

(iv) A provision – according to which *fair dealing/fair practice* and *fair use* systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of such systems where they are based on appropriate tradition and duly developed case law; at the same time, its inclusion would create a potential danger since it might suggest that now such systems may or should be introduced also in countries without such tradition and case law and, as a result, could lead to conflicts with existing international norms, in particular those on the three-step test.

(v) This potential danger would be seriously aggravated and made more probable due to the fact that those who insist on the inclusion of such a provision do so on the basis of an – badly founded – theory that a *fair use* or *fair dealing/fair practice* system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.

(vi) Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.

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ADVICE
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WIPO VIP NEGOTIATIONS
Reference to fair use
Incorporation of three-step test

The present advice was prepared at the request of the Motion Picture Association and explores the possible implications of the reference to fair use and the specific manner of incorporation of the three-step test in the Draft Text of an International Instrument/Treaty on Limitations and Exceptions for Visually Impaired Persons/Persons with Print Disabilities (WIPO-Doc. SCCR/25/2 Rev.).

1. Background

The proposed instrument is a novelty in the international legal framework of copyright insofar as its focus is on limitations and exceptions rather than the respective rights that are the subject of the proposed restrictions. As at present the proposed instrument does not oblige Contracting Parties to adhere to and ratify existing international conventions, notably WCT, there may be instances in which the mandatory limitations and exceptions refer to rights which may not even exist in the national law of a particular Contracting Party. From this angle, the nature of the proposed instrument and the relationship with existing treaties is crucial for arriving at a sensible outcome. Some of the aspects discussed in this document depend on it.

The proposed instrument first of all would oblige Contracting Parties to make provision for certain limitations and exceptions to the reproduction, distribution and making available rights for the benefit of visually-impaired persons (VIPs). Secondly, the proposed instrument would permit certain limitations and exceptions to the rights of public performance, and possibly translation. In this context, it is worth mentioning that legislators would already now have the possibility to provide for limitations and exceptions for the benefit of VIPs under existing international conventions and treaties in the copyright field. Under the Berne Convention, exceptions to the reproduction right for the benefit of VIPs could be based on Article 9(2) Berne Convention, subject to the three-step test. Implied exceptions apply to the translation right in Article 8[1], as well as to the public performance right in Article 11 of the Berne Convention in the form of so-

[1] Cf. Ricketson, S./Ginsburg, J., International Copyright and Neighbouring Rights, 2nd edition (2006), at para. 13.85: Article 9(2) Berne Convention is applied to the translation right by way of interpretation resulting from the Records of the 1967 Stockholm Conference.

called minor exceptions[2]. The exceptions and limitations allowed under the Berne Convention, including implied and minor exceptions, are also subject to the three-step test in application of Article 13 TRIPS[3] and Article 10(2) WCT[4]. Likewise, exceptions and limitations to the distribution and making available rights could be possible within the parameters of Article 10 (1) WCT, equally subject to the three-step test. In essence, this means that a Contracting Party to the aforementioned treaties and conventions may already now provide for a limitation or exception to the mentioned rights in the framework of the Berne Convention, TRIPS and/or WCT for the benefit of VIPs, with the three-step test being the common denominator; many States have done so[5].

Thus, an additional international instrument may clash with existing legislation and create legal uncertainty, if not carefully crafted. In particular, this could be the case where the proposed instrument deviates from accepted practices and standards that have been developed over time at the international level. At present, the proposed instrument would allow for limitations and exceptions to exclusive rights provided for under the Berne Convention, TRIPS and WCT without the need for all prospective Contracting Parties to apply the three-step test as a general rule. Contracting Parties are even expressly encouraged to implement the proposed instrument by way of fair use or fair dealing, again without the need to pass by the three-step test in each and every case. Consequently, the proposed instrument would allow broad exceptions to the reproduction, distribution, making available, public performance and possibly translation rights in a way which would not be permitted under the Berne Convention, TRIPS and WCT. Thus, the proposed instrument would not only disregard existing standards, it would also create a dangerous precedent for potential future international instruments on limitations and exceptions.

Such inconsistencies could be avoided or reduced to a minimum if the standards for measuring exceptions and limitations under the proposed instrument were equivalent to the respective provisions in existing international treaties and conventions whose rights the proposed instrument is intended to restrict. As a result, like existing international treaties and conventions in the copyright field, the proposed instrument should omit a reference to specific ways of implementation, in particular fair use and fair dealing, and subject all exceptions and limitations as a general rule to the three-step test.

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[2] Ricketson/Ginsburg, ibid., paras. 13.80-13.81: the Records of the 1967 Stockholm Conference endorsed a statement previously made by the Rapporteur Général M. Plaisant in the context of the 1948 Brussels Conference in this regard.
[3] Gervais, D. The TRIPS Agreement – Drafting History and Analysis, 3rd edition (2008), paras. 2.119 and 2.120; Senftleben, M., Copyright Limitations and the Three-Step Test (2004), ibid., p. 90; WTO Panel Report of 15 June 2000, Document WT/DS/160/R, 29-30.
[4] Reinbothe, J./von Lewinski, S., The WIPO Treaties 1996 (2002), Article 10 WCT, note 31.
[5] Cf. Sullivan, J., Study on Limitations and Exceptions for the Visually Impaired, WIPO-Doc. SCCR/15/7 of 20 February 2007.

In the following, the implications of the proposed way of incorporating the three-step test and the reference to fair use in the current text of the proposed instrument are discussed in more detail together with proposals for possible solutions.

2. Fair use

a. Reference to fair use in the Implementation provisions

The first part of the Implementation provisions contain rules similar to Article 14(1) WCT, but in a much expanded form and with a statement that the implementing measures may include *"judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs"*. Thus, just like existing treaties, the proposed instrument generally allows for the implementation of the limitations and exceptions in various ways in accordance with national legal systems, with the decisive difference however that a specific reference is made to fair use and fair dealing by weaving the terms into the fabric of the implementation provision.

There is no compelling reason for diverting from the text adopted in recent international treaties, namely Articles 14(1) WCT, 23(1) WPPT and 20(1) BTAP. These treaties give Contracting Parties a certain degree of flexibility when implementing treaty obligations in their legal systems, including exceptions and limitations to exclusive rights. Depending on the specificities of the legal system at stake, this could be a more open-ended formula, such as fair use in Sec. 107 US Copyright Law, or a closed list of exceptions as may be found in Article 5 of Directive 2001/29/EC in the European Union[6]. Fair dealing, as practised for instance under the UK Copyright Designs and Patents Act (CDPA), stands somewhere in between for it combines detailed exceptions with the application of the more general fairness principle[7].

This does, however, not mean that obligations under the existing treaties may be fulfilled by providing for a broad open-ended system. In the same way as in closed systems, the application of treaty obligations in the context of more or less open-ended systems such as fair use or fair dealing is subject to meeting the specific requirements and safeguards of the treaty in question, in particular the three-step test. Thus, any utilisation of a work permitted under a fair use style provision or as fair dealing will have

[6] For the varying degrees of discretion granted to regional and national legislators under the WIPO Treaties cf. Lindner, B., 'The WIPO Treaties', in Lindner, B./Shapiro, T., Copyright in the Information Society (2011), pp. 3-24 at p.16; Senftleben, M., ibid., pp. 162- 168; Sirinelli, P., Exceptions et Limites aux Droit d'Auteur et Droits Voisins, WIPO-Doc. WCT-WPPT/IMP/1 of 3 December 1999, pp. 18 -24; Taubman, A., Wager, H., Watal, J., A Handbook on the WTO TRIPS Agreement (2012), p. 47 refer to the different ways of implementing limitations and exceptions, including in open-ended systems such as fair use, in the context of Article 13 TRIPS.

[7] Fair dealing under the UK CDPA applies in three cases, namely research or private study (Sec. 29), criticism or review (Sec. 30(1)) and reporting of current events (Sec. 30(2)) and requires that the use made under these provisions passes the fairness test whose criteria have been developed by the courts.

to be restricted to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right owner. As has been pointed out by various commentators, open-ended systems such as fair use under Sec. 107 US Copyright Act may raise issues with the three-step test, in particular the first and possibly also the third step[8]. This represents a challenge not only for legislators but also for national courts, for instance when applying the guidelines for fair use under Sec. 107 US Copyright Act in individual cases, an exercise which requires a considerable amount of expertise. Consequently, it is neither necessary nor would it be reasonable or desirable in view of the mentioned difficulties to include an express reference to fair use or fair dealing in the proposed instrument.

A specific reference to fair use or fair dealing could also be misleading for it could be understood as an invitation to implement the instrument in such a way, whether or not it sits well with the particular legal system of the Contracting Party in question. However, any wholesale introduction of a particular legal feature, be it fair use, fair dealing or a closed list, would be contrary to the intended effect of the discretion that Contracting Parties may exercise with regard to the way of implementing their treaty obligations. The reason for this discretion granted to the national legislator resides in the fact that legislators should not be forced to abandon certain legal features which are deeply rooted in their legal system, as long as they are compatible with the treaty provisions[9]. In the copyright field, there are different legal traditions with distinct features which jointly lead to a homogenous legal system. As such, in civil law traditions more or less broadly phrased rights are met by a closed list of exceptions[10]; by contrast, common law traditions mostly display an exhaustive catalogue of rights together with an open-ended system such as fair use or fair dealing[11]. Many of these legal regimes have been developed over a long period of time with a large body of case-law. They are part of the country's legal culture. To introduce potentially unsuitable features from different legal systems into these organically grown legal regimes bears the risk of upsetting the overall balance found by the national legislator and the courts. However,

[8] Ricketson, S., Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment, WIPO-Doc. SCCR/9/7 of 5 April 2003, pp. 69-71 takes the view that the indeterminate "other purposes" in Sec. 107 of the US Act fall foul of the first step. In addition, the fact that non-pecuniary interests of authors are not taken into consideration as well as the absence of a reference to the proportionality of the detriment which may be caused to the author are matters of concern. Cf. also Cohen-Jehoram, H., Einige Grundsätze zu den Ausnahmen im Urheberrecht, GRUR Int. 2001, 807 (808) and Bornkamm, J., Der Dreistufentest als urheberrechtliche Schrankenbestimmung – Karriere eines Begriffs in Festschrift für Willi Erdmann zum 65. Geburtstag (2002), p. 29 at p. 45, who consider that fair use cannot represent a 'certain special case'.

[9] Reinbothe/von Lewinski, ibid., Article 14(1) WCT, note 12.

[10] Cf. §§ 44a – 63a of the German Law on Author's Right for a long list of exceptions and Article L.122-5 of the French Intellectual Property Code where the hitherto very short list has grown into a long list as a result of the implementation of Article 5 Directive 2001/29/EC.

[11] Cf. Fair use provisions in § 107 US Copyright Code and in Sec. 185 of the IP Code, Part IV of the Philippines. Israel, which hitherto applied the UK 1911 Copyright Act and hence the system of fair dealing, has moved to fair use in its new Copyright Act (cf. Sec. 19 of Copyright Act, 2007). As already indicated, fair dealing may be found in the UK CDPA which has been followed in a number of Commonwealth countries, as well as in the Irish Copyright and Related Rights Act, 2000 (Sections 50 and 51).

this may ultimately be the effect of the express reference to fair use and fair dealing in the proposed instrument.

At a time when the fair use doctrine is considered by many as a cure for all ills, this would clearly be the wrong sign. In Europe, fair use has become popular as a counterbalance to broad and flexible exclusive rights[12], although it may not represent the leading view[13]. In the Netherlands, the controversy over the introduction of a fair use system to replace the closed list of exceptions in the Dutch Copyright Act began in the 1980s[14]. The decision of the Dutch Supreme Court in the case Dior v Evora in 1995 fuelled the debate further[15]. While the opinions are divided as to whether this decision could be considered as a judicial move into the sphere of fair use, it appears to be nothing else than the expansion of an existing exception under the Copyright Act to a similar scenario. The controversy changed direction with the implementation of Directive 2001/29/EC on copyright in the information society by shifting towards reconsidering the three-step test as an "enabling provision" for further exceptions[16]. There have also been attempts in the UK to replace the robust system of fair dealing with a US-style fair use in the context of the so-called Hargreaves Review [17]. However, the approach advocated in the Report stopped *"short of advocating the big once and for all fix of the UK promoting a Fair Use copyright exception to the EU, as recommended by Google and under examination by the Irish Government"* and expressed *"genuine legal doubts about the viability of a US case law based mechanism in a European context"*[18]. The consultations in Ireland are still ongoing[19]. While an informed debate can hence fend off legal features which are potentially unsuitable for the respective national or regional copyright legislation, one wonders what would happen in countries which are still in the process of establishing a sound national copyright system and practice and may not presently have the necessary level of experience to deal with such challenges.

One of the reasons why fair use has become so popular with certain interest groups, and governments alike, appears to be that it is often considered as a blanket exception which would allow every thinkable use right up to the borders of fairness. The reference to an undefined concept of fair use and/or fair dealing as an acceptable means of implementation in an international instrument would increase the risk of a broad

[12] Senftleben, M., 'Quotations, Parody and Fair Use' in Hugenholtz, B./Quaedvlieg, A./Visser, D. (eds), A Century of Dutch Copyright Law (2012), pp. 359 – 412 at 403.
[13] Janssens, M.-C., 'The issue of exceptions' in Torremans, P. (ed.), Research Handbook on the Future of Copyright (2009), pp. 317-348 at 337/338.
[14] Cf. the report by Quaedvlieg, A., 'Netherlands', in Lindner/Shapiro, ibid., pp. 393-426 at pp. 394-398.
[15] Hoge Raad, Judgment of 20 October 1995, NJ 1996, 682.
[16] Senftleben, M., in Hugenholtz/Quaedvlieg/Visser, ibid., at p. 391.
[17] Digital Opportunity – A Review of Intellectual Property and Growth, An Independent Report by Professor Ian Hargreaves, pp. 5, 44-46, 52, accessible at: http://www.ipo.gov.uk/ipreview-finalreport.pdf (accessed on 27 March 2013).
[18] Hargreaves Review, ibid., p. 52, para. 5.41.
[19] The Copyright Review Committee published a Consultation Paper on copyright and innovation on 29 February 2012 in which it indicated that it was still unconvinced by the arguments on both sides of the fair use debate (p. 120, at para. 10.5). Cf. abundant information on the review and the consultation paper at: http://www.djei.ie/science/ipr/crc_index.htm (accessed 27 March 2013).

erosion of exclusive rights and would constitute a dangerous precedent. The absence of a clear obligation for all future Contracting Parties to apply the three-step test to all exceptions and limitations allowed under the proposed instrument would even increase the risk that fair use could become such a blanket exception, at least in certain countries. Hence the fair use reference and the incorporation of the three-step test are intertwined and both issues should be remedied hand in hand. As we have seen, in countries whose legislation presently contains a fair use provision as a long-standing feature of their legal system, its impact is balanced by the courts with the application of the three-step test. Even in such a case, the process of balancing is not straightforward and requires particular expertise. It is hence highly undesirable to recommend fair use, as well as fair dealing, as a suitable and generally acceptable means of implementing the proposed instrument to all Contracting Parties.

Consequently, for all the foregoing reasons, the reference to specific ways of implementation such as fair use or fair dealing should be omitted from the proposed instrument.

b. Possible Solutions

Option 1:

In the interest of creating legal certainty through avoiding ambiguities, it would be preferable to adopt the model chosen in previous treaties and state simply that *"Contracting Parties undertake to adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty"*. As we have seen, this could include various practices as they exist in the different legal systems, including fair use and fair dealing, provided they meet the specific requirements and safeguards for limitations and exceptions under the proposed instrument. To make this more apparent, a reference to legal system and practice could be added to the existing text.

The first option therefore consists in an adjustment of the text in the Implementation provisions to that in Articles 14(1) WCT, 23(1) WPPT, 20(1) BTAP:

Paragraph 1 of the Implementation provisions should be phrased as follows:

"Member States/Contracting Parties undertake to adopt, in accordance with their legal systems [and practice], the measures necessary to ensure the application of this instrument".

Paragraphs 2, 3 and 4 of the Implementation provisions should be deleted.

Option 2:

However, the specific course of the negotiation process may not allow for the adjustment of the Implementation Provisions to existing treaty provisions. In such a case, the situation could be remedied by deleting various parts of the Implementation provisions, depending on feasibility.

In this context, the best option would be to delete entirely the third paragraph as its content is already covered by the first two paragraphs:

~~*"Contracting Parties may fulfil their rights and obligations under this Treaty through, exceptions or limitations specifically for the benefit of beneficiary persons, other exceptions or limitations, or a combination thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs.*"~~

If such an attempt is resisted, it could be considered to delete the second sentence of paragraph 3:

"Contracting Parties may fulfil their rights and obligations under this Treaty through, exceptions or limitations specifically for the benefit of beneficiary persons, other exceptions or limitations, or a combination thereof within their national legal traditions/systems. ~~*These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs.*~~"

In both alternatives proposed under Option 2, paragraph 4 of the Implementation provisions should also be deleted. This paragraph could be misconstrued and understood as an invitation to introduce various kinds of limitations and exceptions for persons with disabilities. Particularly in conjunction with the Development provision (cf. below under 5), this would create ambiguities which should be avoided.

3. Three-step test

The proposed instrument makes references to the three-step test at several points as follows:

- Respect for copyright provision;
- Recital 10;
- implicitly (via cross-references) in Articles C(3) and D(4).

a. Respect for copyright provision

In essence, the respect for copyright provision calls for the application of the three-step test only in a case where a particular Contracting Party has such obligations under the Berne Convention, TRIPS and/or the WCT.

As a result, there appears to be a two-tier system of implementation obligations in the proposed instrument:

First, the Implementation provision part would apply to all future Contracting Parties of the proposed instrument and thus, as currently phrased, would generally invite for the implementation of the limitations and exceptions in various ways in accordance with the legal system and practice of the country concerned, including by way of fair use or fair dealing.

Secondly, additional conditions, namely compatibility with the three-step test, would come into play for Contracting Parties who have obligations under the Berne Convention, TRIPS or WCT ((...) *"a Contracting Party may exercise the rights and shall comply with the obligations that **that** Contracting Party has under ...* - emphasis added). Because the text of the provision refers expressly to obligations that the particular Contracting Party has under the aforementioned conventions, there are strong arguments for the application of the three-step test to be limited to such convention countries.

Thus, the reference to the three-step test does not appear to function as a general condition applicable to all Contracting Parties. This would mean that where the instrument, if adopted, would be implemented in open-ended fair use systems, the three-step test would not necessarily have to be applied in all cases nor would individual catalogue exceptions in closed list countries have to be tailored along the lines of the three-step test in all instances. The three-step test would only have to be applied by those Contracting Parties who are already obliged to do so under other treaties or conventions to which they have adhered. These are Contracting Parties who are members of Berne, TRIPS and/or WCT. While at present 166 countries are members of Berne[20] and 159 of TRIPS[21], only 90 States are Contracting Parties to the WCT[22]. Thus, a significantly lower number of countries would have to measure exceptions with the three-step test as far as distribution and making available rights under WCT are concerned. This would include countries like Brazil and India, Canada and New Zealand, Israel, many African States such as Algeria, Cameroon, Egypt, Kenya, Nigeria, South Africa, Zambia and Zimbabwe and numerous others. In essence, the situation would be as follows:

[20] http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/berne.pdf (accessed 26 March 2013).
[21] http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed 26 March 2013).
[22] http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/wct.pdf (accessed 26 March 2013).

- Where a Contracting Party is a member of Berne only, the proposed exceptions or limitations to the reproduction right would have to be compatible with the three-step test in Article 9(2) Berne Convention. Similar considerations apply to the translation right to which the exceptions and limitations to the reproduction right and in particular Article 9(2) Berne Convention apply implicitly[23]. In respect of the public performance right, only minor exceptions would be allowed[24].

- Where the Contracting Party is also a member of TRIPS, Article 13 TRIPS would come into play with regard to the exceptions in respect of the reproduction and translation rights and for the minor exceptions to the public performance right under Berne. The three-step test would operate as a kind of "safety net" against broad interpretations of the limitations and exceptions allowed under the Berne Convention[25].

- Where the Contracting Party is in addition to Berne and TRIPS a member of WCT, the three-step test would apply to the distribution and making available rights under Article 10(1) WCT and in respect of the Berne rights on the basis of Article 10(2) WCT[26].

In this context one may also like to raise the question what the opponents of the application of the three-step test as a general rule in the proposed instrument would gain: for example, a country like Brazil, which is a member of Berne and TRIPS only, would have to apply the three-step test in any event in respect of the reproduction, translation and public performance rights protected under Berne as a result of Article 9(2) Berne Convention and Article 13 TRIPS. Would Brazil then intend to provide for a broad blanket exception in respect of the distribution and making available rights? If so, how would this tie in with the reproduction right which may be affected by the same permitted use?

Finally, the respect for copyright provision must also be seen in conjunction with the General Clause. This Clause provides that *"nothing in this treaty shall derogate from any obligations that Contracting Parties have to each other under any other treaties, nor shall it prejudice any rights that a Contracting Party has under any other treaties"*. Even though the General Clause does not specify the treaties which remain unaffected by the proposed instrument, it is nonetheless an important achievement: the General Clause must be seen as a so-called subordination clause which concedes priority to the earlier treaty in instances where two treaties on the same subject-matter which bind the same parties contain incompatible obligations[27]. Thus, the General Clause prevents any claim

[23] Cf. Ricketson/Ginsburg, ibid., paras. 13.83 et seq.
[24] Ricketson/Ginsburg, ibid, paras. 13.79-13.82.
[25] von Lewinski, S., International Copyright Law and Policy (2008), paras. 10.83 -10.84; Gervais, D., ibid., paras. 2.119 and 2.120; Senftleben, M., ibid., p. 90; WTO Panel Report of 15 June 2000, Document WT/DS/160/R, 29-30.
[26] Reinbothe/von Lewinski, ibid., Article 10 WCT, note 31.
[27] Dörr/Schmalenbach, Vienna Convention on the Law of Treaties: a commentary, 2012, Article 30, p. 512, note 16.

that the relationship between the proposed instrument and existing copyright treaties is undetermined and should be resolved with the help of the interpretative rules in Article 30 (3) and (4) of the Vienna Convention on the Law of Treaties, according to which the later treaty would prevail. In other words, without such a specific subordination clause the proposed instrument could be considered to take precedence over the relevant incompatible provisions in existing treaties.

Transposed to the three-step test scenario the General Clause means that in a case where Berne, TRIPS and/or WCT would require compliance with the three-step test in respect of a particular exception for the benefit of VIPs which would be permitted under the proposed instrument without having regard to the test, the Berne, TRIPS and/or WCT requirements prevail insofar as a future Contracting Party is a member of such conventions. In such a case, the three-step test would have to be complied with. The same result would be obtained with the Respect for Copyright provision. It is thus a concretisation of the General Clause for the particular area of the three-step test which confirms that Contracting Parties that have adhered to Berne, TRIPS and/or WCT must comply with the three-step test with regard to exceptions under the proposed instrument to the exclusive rights provided under these treaties.

As a result, the solution proposed in the respect for copyright provision, which would not oblige all future Contracting Parties to apply the three-step test to the exceptions and limitations under the proposed instrument, would create significant loopholes and might encourage such Contracting Parties to adopt broadly phrased exceptions and limitations when implementing the instrument.

b. Other references to the three-step test in the proposed instrument

Apart from the respect for copyright provision, the three-step test is referred to in the proposed instrument in three other instances:

The 10th Recital stresses the importance and flexibility of the three-step test for limitations and exceptions established in Article 9(2) of the Berne Convention and other international instruments as a general principle. However, it does not oblige Contracting Parties to apply the three-step test to the proposed limitations and exceptions.

Secondly, Articles C(3) and D(4) contain potential cross-references to the three-step test, thus seemingly subjecting only those means of implementing the limitations and exceptions provided for in Articles C(1) and D(1) to the three-step test. This could lead to legal uncertainty: there could be an *a contrario* assumption that other ways of implementing limitations and exceptions under Articles C(1) and D(1) are not subject to the three-step test at all. It might also convey the message that the more detailed provisions in Articles C(1) and D(1) would already comply with the three-step test. This would however not be sufficient: the three-step test must be respected as a general rule

by national legislators when implementing international norms into national law as well as by national courts when applying the implemented norm in practice[28].

c. Conclusion

None of the references to the three-step test in the proposed instrument are particularly helpful. Their effect seems to be that the implementation of the instrument would in general not require the compatibility of the limitations and exceptions with the three-step test, except in two cases:

(i) where a Contracting Party is a member of other conventions which require the application of the test; or
(ii) where exceptions or limitations are implemented on the basis of Articles C(3) and D(4).

As a result, there is a danger that the desire to harmonise the system of limitations and exceptions for VIPs would ultimately water down the conditions for devising and applying such restrictions to rights. This should be avoided for several reasons:

- It would reverse the efforts of international lawmakers to provide for a commonly used and accepted benchmark for limitations and exceptions in international copyright conventions.

- It would set a negative precedent which risks to be perpetuated in future exercises since the appetite for harmonising limitations and exceptions is not yet satisfied; WIPO already has an agenda for further limitations and exceptions for educational, teaching and research institutions and persons with other disabilities as well as for libraries and archives.

- No effect of harmonisation: there could be broader exceptions in countries which do not need to comply with the three-step test in each and every case and narrower exceptions in those countries that are obliged to apply the test as a general rule. In particular, if the application of the fair use principle would not have to be restricted by the three-step test, some very broad exceptions may be the result.

[28] There are numerous examples for the application of the three-step test in case law, for instance by the European Court of Justice in its Judgment of 16 June 2011, Case C-462/09 – Stichting de Thuiskopie v Opus Supplies Deutschland GmbH; the French Cour de Cassation (Civ 1), 28 February 2006, [2006] RIDA 210, 327-339 in the case Perquin/UFC Que Choisir v Films Alain Sarde et al; the German Federal Supreme Court (BGH) Judgment of 25 February 1999, BGHZ 141, 13-40, at 30-39, in the case Kopienversanddienst; the Austrian Supreme Court with Judgment of 31 January 1995, MR 1995, 106 – Ludus Tonalis. For a general overview of the application of the three-step test by courts around the world see: Lewinski, S., General Report: 'Exceptions: General View of the Three-Step Test' in ALAI 2007, The Author's Place in XXI Century Copyright: the Challenges of Modernization, pp. 579 – 590 at pp. 585 – 589.

This is particularly problematic with regard to the cross-border exchange of accessible format copies between Contracting Parties as provided for under the proposed Article D and the importation of accessible format copies under Article E. There is a danger that copies made in countries with broad exceptions could be widely distributed in other countries, including those with more restrictive systems. Apart from addressing correctly the issue of fair use and the three-step test, which may remedy the situation to a certain extent, it could also be considered to insert a provision along the lines of Sec. 27(3) of the UK CDPA[29] which permits the importation of a copy only if its making would not have infringed copyright in the country of importation.

d. Possible solutions

Option 1:

The best option would be to incorporate the three-step test into the proposed instrument as a general principle and make it applicable to all Contracting Parties. There are two different ways in which this could be achieved:

(i) by altering the text in the respect for copyright provision using text from the former Article E*bis* Alternative A:

"In adopting measures necessary to ensure the application of this instrument, a Contracting Party shall ensure that limitations and exceptions provided under this instrument shall be limited to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rightholder."

This would create a universal benchmark for all limitations and exceptions and would continue with the tradition of applying the three-step test as a general condition in an international agreement. Such a provision would also mean that the application of fair use, in case the reference in the Implementation provisions cannot be deleted, would be subject to the three-step test. At present, it would only be subject to the three-step test where a Contracting Party is a Berne/TRIPS/WCT member.

(ii) by deleting the words *"that that Contracting Party has"* in the second line of the respect for copyright provision

Whilst far from being perfect, this option could be useful if there is resistance to proceed with a more substantial change to the wording of the respect for copyright

[29] Sec. 27(3) CDPA reads as follows: "An article is also an infringing copy if –
(a) it has been or is proposed to be imported into the United Kingdom, and
(b) its making in the United Kingdom would have constituted an infringement of the copyright in the work in question, or a breach of an exclusive licence agreement relating to that work".

provision. The effect would be similar to that under (i): by deleting the reference to "*that that Contracting Party has*", future Contracting Parties would be obliged to comply with Articles 9(2) Berne, 13 TRIPS and 10 WCT when devising limitations and exceptions under the proposed instrument. This means that even future Contracting Parties which are not party to Berne, TRIPS or WCT would have to comply with the three-step test.

Option 2:

If no change can be achieved with regard to elevating the three-step test to a general rule in the proposed instrument, another option could consist in requiring future Contracting Parties to the proposed instrument to also adhere to the relevant international agreements whose rights are to be restricted as a result of the proposed instrument. In such a case, the three-step test would apply indirectly on the basis of membership in Berne, TRIPS and WCT.

While there was reluctance during the discussions in the Standing Committee to make ratification of WCT a prerequisite for the adherence to the proposed instrument, it must be born in mind that the proposed instrument concerns limitations and exceptions to rights which are provided under WCT as well as Berne and TRIPS. Consequently, the proposed instrument is of interest where a Contracting Party provides for the relevant rights which are then subjected to the proposed limitations and exceptions. This being said, during the debates on the proposed instrument, a reference was made by India and Egypt to the Agreed Statement to Article 1 BTAP which clarifies that Contracting Parties are not required to ratify or accede to WPPT[30]. However, in the case of the BTAP, new rights had to be provided and the obligation to introduce yet more rights under WPPT might have created an obstacle to adherence to the BTAP. The present case is different: a limitation or exception only makes sense, if the relevant rights exist.

Combination of Options 1 + 2:

Of course, in an ideal world, Options 1 and 2 could be combined. In such a case, the three-step test would be reinstated as a general rule in the proposed instrument and future Contracting Parties to the proposed instrument would also be members of the relevant treaties and conventions whose rights would be restricted as a result of the proposed instrument.

Accompanying measure to options 1 + 2:

It should be considered to refrain from any potential isolated cross-references in Articles C(3) and D(4) to the three-step test in view of the *a contrario* effect.

[30] Report of the 24th Session of the SCCR, WIPO-Doc. SCCR/24/12 Prov. of 27 July 2012, at paras. 303-310 (304 and 309): the issue relates to fears expressed by a number of delegations (Egypt, India, Nigeria in particular), that a mere reference in the Preamble to WCT could lead to making the accession or ratification of WCT compulsory for future Contracting Parties of the proposed instrument to which these delegations were fiercely opposed.

Finally, the way of incorporating the three-step test in the proposed instrument is also related to the question what form the instrument will take, whether a (non)binding recommendation or a binding agreement. If the finally adopted instrument was a (non)binding recommendation, there would be no treaty membership as such. A Recommendation would provide guidelines for devising limitations and exceptions to exclusive rights under existing international agreements for the benefit of VIPs. In such a case, the three-step test should be integrated as a general principle to confirm the fundamental benchmark character of the norm.

4. Development provision

The development provision would allow future Contracting Parties to provide any kind of limitation or exception for the benefit of VIPs based solely on the economic situation and the social and cultural needs of a Contracting Party, as well as special needs in the case of a Least-Developed Country. This provision thus seems to be an invitation to proceed to a blanket exception in favour of VIPs. Although the provision is subject to the Contracting Party's international rights and obligations, and thus potentially also the three-step test, we have already seen that not all future Contracting Parties may be members of the relevant international conventions and treaties. There is hence a risk that some countries may provide for overly broad exceptions. This provision, which would also create an undesirable precedent for future international instruments, should be deleted from the proposed instrument.

5. Conclusion

The foregoing considerations lead to the conclusion that the reference to fair use and the particular way of incorporating the three-step test in the proposed instrument for the benefit of VIPs deviate substantially from the practice in existing international conventions and treaties in the copyright field and thus lead to ambiguities and legal uncertainty. Commensurate with existing treaties and conventions, the express reference to fair use and fair dealing should be omitted and all future Contracting Parties should be obliged to apply the three-step test in respect of all exceptions and limitations provided under the proposed instrument. This document contains various suggestions as to how this could be achieved; whether any of the proposed options are ultimately feasible, will depend on the individual circumstances of the negotiation process.

Rev. 4th April 2013

Brigitte Lindner
Rechtsanwältin (Berlin/Germany)
Registered European Lawyer
(Bar Council, England &Wales)
Serle Court, Lincoln's Inn, London

Seldon, Karon

From: Martin, Scott - Paramount <Scott_Martin@Paramount.com>
Sent: Monday, February 25, 2013 8:50 PM
To: Perlmutter, Shira

Shira-
Are you going to be in NYC on Monday for Maria's talk on "The Next Great Copyright Act"?

I would love to chat about last week's debacle in Geneva at the SCCR.

S

Seldon, Karon

From: Martin, Scott - Paramount <Scott_Martin@Paramount.com>
Sent: Tuesday, March 12, 2013 12:23 AM
To: Perlmutter, Shira
Attachments: Okediji objectives.pdf

Shira—

It was great to see you and to have some time to catch-up last week. Hank's Oyster Bar was the perfect spot.

I had a long lunch with Justin the next day and we discussed some language that could address our concerns about the 'fair use/fair dealing' debate. I'm discussing the language with the other studios and if they are cool with it we will discuss it further on a call with Justin tomorrow. I will copy you on anything we come up with.

We made less progress with the need for an explicit reference to the 3-step test language. Justin still believes that it is sufficient to refer to the 3ST provisions of Berne, WCT and TRIPPs. As you & I discussed, that approach is a Swiss cheese of loopholes. If I am remembering correctly, the 3-step test in Berne applies only to exceptions implicating the reproduction right and does apply to a making-available or communication-to-the-public right --- some key countries are not members of the WCT (India, Nigeria & Brazil) --- and TRIPPs exempts LDNs from 3ST compliance.

I suggested to Justin the concept that I heard from both you and Karyn Temple Claggett: membership in the VIP Treaty be limited to countries that have ratified and implemented the WCT. Perhaps if there is resistance from non-ratifiers, the US/EU could then proposal a new Article E*bis* that would apply only to countries which want to ratify the VIP Treaty but which have not yet ratified and implemented the WCT.

Justin seemed intrigued by that idea and mused that perhaps the Japanese proposal for Article E could be expanded to cover this separate goal. That text provides:

> Note on Article E: Text for discussion: Japan, EU and other interested delegations to work on this proposal: [A Contracting Party which does not have an appropriate and effective copyright system that is in line with the existing international copyright law (Berne Convention, TRIPs and WCT), shall provide in its national law a provision to prohibit making available or distribution of imported accessible format copies to persons who are not beneficiary persons.]

Hopefully these text-based discussions will move quickly & productively. What I've heard from everyone is that politically the best approach for fixing the 3-step test and fair use/fair dealing problems is to tinker with existing text rather than trying to introduce entirely new provisions.

For your amusement, attached is a note about Ruth Okediji's writings that – at least from my perspective – validates the view that she is pursuing an anti 3-step test agenda that has nothing to do with improving access for the visually impaired.

I look forward to seeing you in Geneva in a few weeks!

S

Scott Martin | Executive Vice-President, Intellectual Property | Paramount Pictures | 5555 Melrose Avenue | Lubitsch 324 | Hollywood, CA 90038 | ☎ PHONE 323.956.5570 |

Seldon, Karon

From: Chris_Marcich@mpaa.org
Sent: Thursday, April 11, 2013 4:40 PM
To: Perlmutter, Shira
Subject: RE: Hi - Hope to see you tomorrow

Yes, I will be there.

From: Perlmutter, Shira [mailto:Shira.Perlmutter@USPTO.GOV]
Sent: 11 April 2013 22:39
To: Marcich, Chris
Subject: Re: Hi - Hope to see you tomorrow

I'll be there! Are you coming to our 8:30 informal briefing?

From: Chris_Marcich@mpaa.org [mailto:Chris_Marcich@mpaa.org]
Sent: Thursday, April 11, 2013 04:30 PM
To: Perlmutter, Shira
Subject: Hi - Hope to see you tomorrow

Has been crazy today. Running til now (well actually spent two hours on the VIP call)

Hughes, Justin

From: Silver, Bradley <Bradley.Silver@timewarner.com>
Sent: Friday, February 01, 2013 11:03 AM
To: Hughes, Justin; Marks, Dean S. (WB)
Subject: RE: Re:

Indeed, sorry - I was on blackberry, but back on terra firma, so here's the whole thing with the words added in underline and caps:

Where the national law of a Member State/Contracting Party provides adequate legal protection and effective legal remedies against the circumvention of technological measures, a Member State/Contracting Party should/shall/may adopt effective and necessary measures to ensure that a beneficiary person may enjoy **THE** limitations and exceptions provided in that Member State's/Contracting Party's national law, in accordance with this instrument/Treaty, where technological measures have been applied to a work and the beneficiary person has legal access to that work, in circumstances such as where appropriate and effective measures have not been taken by rights holders in relation to that work to enable the beneficiary person to enjoy **SUCH** limitations and exceptions under that Member State/Contracting Party's national law.

-----Original Message-----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: Friday, February 01, 2013 10:22 AM
To: Silver, Bradley; Marks, Dean S. (WB)
Subject: RE: Re:

Could you just send me the whole language? :) [If not, I can go dig it up, but I'd rather keep fighting the email monster!]

-----Original Message-----
From: Silver, Bradley [mailto:Bradley.Silver@timewarner.com]
Sent: Friday, February 01, 2013 8:29 AM
To: Marks, Dean S. (WB); Hughes, Justin
Subject: Re: Re:

Hi Dean, Justin:

The tweak we were after was to insert "the" before the words "exceptions and limitations" in the 4th line, and in the last line change "the" exceptions and limitations to "such" exceptions and limitations.

The goal of course, is to make it clearer that the exceptions and limitations in question are limited to those specifically implemented under the relevant member state's law, and that the "effective and necessary measures" are specific to those exceptions and limitations.

Bradley

----- Original Message -----
From: Marks, Dean S. (WB)
To: 'Justin.Hughes@uspto.gov' <Justin.Hughes@uspto.gov>; Silver, Bradley
Sent: Fri Feb 01 00:13:28 2013
Subject: Re: Re:

I am down with the flu but may have the papers at home and will check in the morning and then send. Otherwise, I'll give Bradley a call to see if he has handy. Thanks Justin!

----- Original Message -----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: Thursday, January 31, 2013 07:12 PM
To: Marks, Dean (WB); Silver, Bradley (TW)
Subject: RE: Re:

Hi, Dean. Going through emails I saw this -- and realized that I didn't get your exact idea. Can one of you send me the text that would have the "the" and the "such" as you two envision it?

Justin

-----Original Message-----
From: Marks, Dean (WB) [mailto:Dean.Marks@warnerbros.com]
Sent: Sunday, December 16, 2012 5:15 PM
To: Silver, Bradley (TW); Hughes, Justin
Subject: Re:

Thanks Justin. We are happy to speak to you when convenient for you. And if after the GA is better, that's fine. Our suggestions on the TPM section literally involve the insertion one place of the word "the" and in another place of the word "such" so it's pretty minor tweaking, but helps address the concern I raised on our stakeholders call.
Safe travels and all the best,
Dean

----- Original Message -----
From: Silver, Bradley [mailto:Bradley.Silver@timewarner.com]
Sent: Sunday, December 16, 2012 06:33 AM
To: 'Justin.Hughes@USPTO.GOV' <Justin.Hughes@USPTO.GOV>; Marks, Dean (WB)
Subject: Re:

Hi Justin,

No worries about Friday - we assumed something like that had come up.

We wanted to chat about a couple of textual tweaks to the TPM section. Our impression was that little if any textual tweaking was going to happen this week, so can save it for after the GA if you prefer.

Otherwise can try you on your cell today.

Bradley

----- Original Message -----
From: Hughes, Justin <Justin.Hughes@USPTO.GOV>
To: Silver, Bradley; Marks, Dean S. (WB)
Sent: Sun Dec 16 05:01:37 2012
Subject:

Hi, Bradley and Dean.

At 4:00pm Friday, I had to jump back on another USG conference call because one agency had been unable to participate at 2:00pm. Friday was just jammed with meetings and calls.

Do you want to try to speak on Sunday? I will be in London in the morning, flying in the mid afternoon to Geneva. A dinner meeting with other dels starts at 19:30 and will probably go quite late.

Justin

Hughes, Justin

From: Chris_Marcich@mpaa.org
Sent: Friday, February 22, 2013 5:49 AM
To: Hughes, Justin
Cc: ted.shapiro@wiggin.co.uk
Subject: RE: I'd like your review, but please do not forward at this time

Justin
Given the lateness of the hour We are requesting that you keep the brackets on the "cluster" or whatever it is now called. We will be echoing the request via DC.
Best
Chris

-----Original Message-----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: vendredi 22 février 2013 11:05
To: Marcich, Chris
Cc: ted.shapiro@wiggin.co.uk
Subject: FW: I'd like your review, but please do not forward at this time

Let's discuss before you use further, but this is pretty much what we were led to believe was the (C) acceptable approach.

From: Metalitz, Steven [met@msk.com]
Sent: Monday, November 12, 2012 11:59 AM
To: Hughes, Justin
Subject: RE: I'd like your review, but please do not forward at this time

Justin, thanks for sharing this.

I am comfortable with the general approach of this language but suggest a few tweaks set out in the attached redline.

I found the formulation a bit awkward because it calls on "A Member State" [add"/Contracting Party" throughout] to respect the obligations that "Member States have with respect to each other." The latter phrase is vague because different countries have different obligations. I can see that this vague phrasing might be helpful but there is also a risk that it could be interpreted in a least common denominator fashion. It is more precise to require each Member State to respect the obligations that that Member State has.

I also was not sure what it added to include the phrase "with respect to each other." Might this be read solely as an obligation for national treatment or MFN? In any case, to say "obligations to each other under Berne etc." seems either identical to, or else more restrictive than, saying "obligations under Berne etc."

"Respecting" also seemed ambiguous - it could mean "with regard to" when we really mean "in obedience to." So I suggest a couple of verbs to replace this gerund.

The last two changes are mainly stylistic - the sentence is about respecting or fulfilling obligations, not rights; and "limit .. such limitations" seems awkward.

I am sharing with IIPA members some research re the substantive impact of this and will see if I can get that into your hands shortly.

I hope this is helpful, please let me know if any questions.

Steve

Steven J. Metalitz
On behalf of International Intellectual Property Alliance (IIPA)
| Mitchell Silberberg & Knupp LLP | 1818 N Street, N.W., 8th Floor, Washington, D.C. 20036 USA | tel: (+1) 202 355-7902| fax: (+1) 202 355-7899| met@msk.com
MS&K | Since 1908 | Lawyers for the 21st CenturyTM

-----Original Message-----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: Sunday, November 11, 2012 2:41 PM
To: Metalitz, Steven
Subject: I'd like your review, but please do not forward at this time

Steve,

Do you have time to help a little more with the print disabilities project?

Following the meeting/conference call last Friday - and after a further Brazil/EU/Nigeria/US videoconference yesterday - I want to socialize the TST language I read on Friday a little more broadly. So, take a look at this and give me your thoughts:

A Member State/Contracting party should/shall implement in its law the limitations or exceptions provided for in this instrument/treaty respecting existing obligations that Member States/Contracting Parties have with respect to each other under the Berne Convention for the Protection of Literary and Artistic Works and any other treaties, including any rights and obligations to limit such exceptions and limitations to certain special cases which do not conflict with a normal exploitation of a work and do not unreasonably prejudice the legitimate interests of the right holder;

From the videoconference, it seems pretty clear that a "straight" statement of TST for everything will not work and what is needed is a neutral reiteration of where-you-have-obligations-they-still-apply.

The Africans also seem to want some reassurance on fair use/fair dealing - stemming from EU trade negotiators telling them that fair use/fair dealing is not TST compliant. I am not sure how we might handle this other than with an agreed statement/ interpretative statement - and I'm looking at the agreed statements in the WCT for inspiration.

But that's a separate problem and just want you take on this TST formulation, which might then become part of Bbis, folding Ebis and Bbis together.

For now, please don't distribute this further.

Justin

Seldon, Karon

From:	Hughes, Justin
Sent:	Monday, April 15, 2013 8:43 PM
To:	BonillaJA@state.gov; nweiss@imls.gov; SchonanderCE@state.gov; Shapiro, Michael; RevesJT@state.gov; Graham, Neil; glinda.hill@ed.gov; weinbergjm@state.gov; Lashley-Johnson, Deborah; UrbanJ@state.gov; kacl@loc.gov; Joseph_P_Whitlock@ustr.eop.gov; Catherine_Field@ustr.eop.gov; George_E_York@ustr.eop.gov; Salmon, Paul E.; Perlmutter, Shira; Eve.Hill@usdoj.gov; GuernseyKN@state.gov; heumannJE@state.gov; Susan_F_Wilson@ustr.eop.gov; gillesmj@state.gov; ReedSM@state.gov; Sarah.DeCosse@usdoj.gov; TownleySG@state.gov; SullivanDB@state.gov; Peterson, Christine; Karin_Ferriter@ustr.eop.gov
Subject:	FW: VIP - Advice from Fiscsor and Lindner
Attachments:	Ficsor_reference to fair use in draft VIP treaty.docx; Advice WIPO VIP Negotiations CLEAR (rev. 04 04 13).doc

SCCR Group:

These papers commissioned by MPAA were distributed to the delegation members; MPAA said they are fine with a wider distribution to everyone in the SCCR Group.

Justin

Dear all

Attached please find advice on the current text provided by Mihaly Ficsor and Brigitte Lindner. Both confirm substantial difficulties with the proposed inclusion of the reference to Fair Use and the treatment of the Three Step Test. Here is a sentence from Brigitte's conclusions:

"The foregoing considerations lead to the conclusion that the reference to fair use and the particular way of incorporating the three-step test in the proposed instrument for the benefit of VIPs deviate substantially from the practice in existing international conventions and treaties in the copyright field and thus lead to ambiguities and legal uncertainty."

In Brigitte's paper you will also find some further thoughts on possible ways to address the TST issue.

It would be good to know what sort of feedback you are getting, in particular from Africa, but also from any other countries you may be been outreaching. Also I would like to understand better what you think will be the focus of the upcoming three day session, given that a number of important issues were not discussed at the last session at all...

Thank you

My best
Chris

Dr. Mihály Ficsor
International Legal Consultant
ceeca@t-online.hu

April 8, 2013

Provision on „fair practices, [fair] dealings and [fair] uses" in the draft text of the Instrument/Treaty on Accessible Format Copies for the Visually Impaired[1]

Executive summary:

- *Those who promote such a provision wrongly imply that the* fair use *system is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow* fair use *also where it is allegedly in conflict with the (correct interpretation of the) test.*
- *There is no well-founded reason to allege that a well-established* fair use *or* fair dealing/fair practice *system would not be in accordance with the three-step test.*
- *The introduction of* fair use *(or* fair dealing*) in a country without relevant legal tradition and well-established case law may create conflicts with the three-step test.*
- *Such a provision would create a triple danger:*
  (i) Such a provision – according to which fair dealing/fair practice *and* fair use *systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of these systems where they are based on appropriate tradition and duly developed case law; at the same time, it would create a potential danger since it might suggest that now such systems may and should be introduced also in countries without such tradition and case law and, as a result, it could lead to conflicts with the international norms, in particular those on the three-step test.*
  (ii) This potential danger would be aggravated and made more probable by the fact that those who insist on the inclusion of such a provision do so on the basis of the badly founded theory that a fair use *or* fair dealing/fair practice *system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.*
  (iii) *Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.*

[1] It seems that now it is more than probable that what will be adopted in Marrakesh in June this year will be a treaty rather than a soft-law instrument. However, in the last official version of the draft text, still the alternative "instrument" also has appeared. The – so far imaginary – title „Treaty on Accessible Format Copies for the Visually Impaired" is intended to stress that, if a treaty is adopted, it should be considered unique for the reason indicated in the title. The specific political reasons for which a treaty may be adapted on exceptions for the visually impaired even if not really needed, do not exist in respect of other exceptions.

1. Provision in the draft text

The provision which refers to "fair practices, [fair] dealings or [fair] uses" may be found in the last part of the draft instrument/treaty. Until the November 2012 version – which served the basis for negotiations at the last session of the WIPO Standing Committee on Copyright and Related Rights (SCCR) in February 2013 – this part of the draft text had the title of "'Principles of application' cluster package." At the last session of the SCCR, the contents of this "cluster" was changed and its title was also modified to "Article(s)."

The text of the provision is presented below in a way that it is indicated how it has been modified in comparison with the November 2012 version (the changes appear in **bold** and **red** letters).

> ~~[Member States/~~Contracting Parties may fulfill their **rights and** obligations under this ~~instrument/~~Treaty through ~~specific~~ exceptions or limitations **specifically** for the **benefit of** beneficiary persons; ~~general~~ **other** exceptions or limitations, **or a combinations thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to** ~~[such as~~ fair **practices,** dealings **or uses to meet their needs** ~~or fair use; or a combination thereof,] whether existing or established to fulfill this instrument/treaty, [provided they are consistent with the Member States'/Contracting Parties' international obligations].].~~

The provision has been improved, in comparison with its previous version, by somewhat mitigating (but not eliminating) the danger of suggesting the introduction of *fair use* or *fair dealing* systems in countries without any legal tradition concerning these concepts (and without duly developed case law guaranteeing the adequate application thereof). First, now there is a reference to legal traditions (although this is weakened by the alternative reference to mere "legal systems"); second, the phrase "whether existing or established to fulfill this instrument/treaty" – which would further stressed idea of newly introducing such systems – has been deleted (although this possibility – implicitly – would continue existing under the new version too).

However, these improvements are only sufficient to reduce the potential dangers that such a provision might cause for the existing copyright system under the international copyright norms. This memorandum outlines those potential dangers.

2. Existing *fair dealing (fair practice)* and *fair use* systems

Fair dealing. The standard model of "fair dealing" systems is the British system. The essence of the system is that a set of bases for defense against actions for infringement of copyright is determined in the statutory law. The defense only succeeds where the judge finds in the concrete case that the conditions of fairness are met.

Under the *Copyright, Designs and Patents Act 1988 (CDPA) of the United Kingdom*, fair dealing is limited for the purpose of research and private study (section 29), criticism, review, and news reporting (section 30). The courts have developed criteria to determine

whether or not in these cases the "dealing" is truly fair.[2] Those criteria only exist in the form of case law precedents; they have not been codified in statutory law.

Similar "fair dealing" systems exist also in other countries following the common law tradition with certain differences, although those differences do not concern the above-mentioned basic structure (exhaustive list of defenses and case-law determination of the criteria of fairness). For example, in the *Australian and Canadian copyright acts*, parody and satire are also listed as bases for finding fair dealing.[3] Furthermore, the Canadian "fair dealing" system also differs from such systems of other common-law countries in two quite substantial aspects due to the famous 2004 ruling of the Supreme Court in the *CCH Canadian Ltd. v. Law Society of Upper Canada* case.[4] The first such aspect is a strange statement in the ruling according to which the bases for defenses against actions for infringements should rather be characterized as bases for "users' rights."[5] The second aspect is that the ruling lists six generally applicable principal (but non-exhaustive) factors to be applied to determine whether or not such alleged "users' rights" may and should be recognized on the basis of the concept of *fair dealing* (factors which are quite similar to the criteria listed in the relevant provision of the US Copyright Act): (i) the purpose of the dealing; (ii) the character of the dealing; (iii) the amount of the dealing; (iv) available alternatives to the dealing; (v) the nature of the work; and (vi) effect of the dealing on the work.

Fair practice. In *South Africa*, the *Copyright Act of 1978* applies quite a unique solution in other aspects. The existence of this kind of legislation may be the reason for which, in the above-quoted draft provision, in addition to the well-known cases of *fair dealing* and *fair use*, reference is made also to *fair practice*.

There are five kinds of exceptions in the South African Copyright Act (one of which does not mean genuine exceptions to economic rights but rather the exclusion of certain works from copyright protection as such):

---

[2] A good example – frequently referred to – is how *Lord Dening* summed up the criteria of fairness of quotations (on the basis of the criticism and review defense) in the well- known *Hubbard v. Vosper* case ([1972] 2 QB 84, [1972] 1 All ER 1023., p. 94) : *"You* **must** *first consider the* **number** *and the extent of the quotations... Then you must consider the use made of them. If they are used as a basis of comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, they may be unfair. Next you must consider the proportions. To take long extracts and attach short comments may be unfair. But short extracts and long comments may be fair. Other considerations may come to mind also. But... it must be a matter of impression."*

[3] Section 41A of the (amended) Australian Copyright Act 1968 and section 29 of the (amended) Canadian Copyright Act 1985.

[4] 2004 SCC 17, [2004] 1 SCR 339.

[5] The statement reads as follows: „[T]he fair dealing exception is perhaps more properly understood as an integral part of the Copyright Act than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively." The nature and volume of this memorandum does not allow elaboration on the reasons for which this ideology-based theory is strange and unfounded. It seems sufficient to stress that it appears to deny that what are unequivocally (and rightly) characterized by the international copyright treaties as exceptions to and limitations of exclusive rights (see Article 13 of the TRIPS Agreement, Article 10 of the WCT, Article 16 of the WPPT and Article 16 of the BTAP) are not truly exceptions and limitations.

(i) Paragraph (1) of section 12 contains a fair dealing provision similar to the one in the UK Act.

(ii) Paragraphs (3) to (4) of section 12 provide for specific exceptions subject to *fair practice*. The two paragraphs – with negligible wording differences – correspond to those two provisions of the Berne Convention on specific exceptions (for quotations and illustrations for teaching, (Article 10(1) and (2)) in which the proviso "provided [the exception] is compatible with fair practice" appears.

(iii) Paragraphs (5) to (7) and (9) to (13) provide for exceptions to certain rights in cases specifically allowed by Berne provisions,[6] and in two further cases where such exceptions are generally recognized as justified under the Convention and the other copyright treaties.[7] The application of these exceptions is not subject to the proviso of *fair dealing* or *fair practice*, neither are they subject to the three-step test.

(iv) Paragraph (8) does not contain genuine exceptions to rights; it rather excludes from copyright protection certain works where the Berne Convention allows to do so,[8] and – in accordance with the Convention – clarifies that mere information is not covered by copyright.[9]

(v) Section 13 provides for "general exceptions in respect of reproduction of works" to be permitted by regulation subject to the second and third criteria of the three-step test.[10]

Without unnecessarily burdening this memorandum with an analysis about it, it seems sufficient to state that, in the given context, *fair practice* and *fair dealing* seem to be synonyms.

The problem with these unique provisions is that one might interpret them to mean that neither the *fair dealing* exceptions nor the specifically provided exceptions are subject to the three-step test (which would be contrary to Article 13 of the WCT and Article 10 of the WCT), and furthermore that certain specific exceptions are not even subject to the criteria of *fair dealing or fair practice.*

Fair use. Of the three categories mentioned in the draft provision, the *fair use* system is the best known; reference has been mainly made to it in the preparatory work of the would-be instrument/treaty. It is so much well known that its presentation may only be needed for the

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[6] Ephemeral recording by broadcasting organizations; use of lectures, addresses or other works of a similar nature which are delivered in public; use of articles and broadcasts on current economic, political or religious topics.

[7] Use of works for the purposes of judicial proceedings or by reproduction for the purposes of reporting on judicial proceedings; *bona fide* demonstration of radio or television receivers or any type of recording or playback equipment to clients by dealers in such equipment.

[8] Official texts of a legislative, administrative and legal nature; political speeches and speeches delivered in legal proceedings.

[9] News of the day having the character of mere items of press *information*.

[10] The provision reads as follows: „In addition to reproductions permitted in terms of this Act reproduction of a work shall also be permitted as prescribed by regulation, but in such a manner that the reproduction is not in conflict with a normal exploitation of the work and is not unreasonably prejudicial to the legitimate interests of the owner of the copyright."

sake of completeness. The quotation of the relevant section – section 107 – of the US Copyright Act seems to be sufficient:

> Notwithstanding the provisions of sections 17 U.S.C. § 106 and 17 U.S.C. § 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:
>
> 1. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> 2. the nature of the copyrighted work;
> 3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
> 4. the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

Two features of the *fair use* doctrine are particularly relevant from the viewpoint of its comparison with the *fair dealing/fair practice* system and with the three-step test. First, contrary to the provisions on *fair dealing/fair practice*, only the most typical bases for finding for *free use* are listed but the list is non-exhaustive. Second (this does not follow directly from the text of section 107 – which is just a statutory codification of case law itself – but from case law), contrary to the three-step test, the non-exhaustive criteria on the basis of which it should be judged whether or not a certain use is fair are *not cumulative* in the sense that an exception will only pass scrutiny if all those criteria suggest fair use (under the three-step test, an exception may only be allowed if it fulfills all the three criteria of the test step by step).

3. *Fair dealing/fair practice, fair use* and the copyright treaties

Under Article 36(1) of the *Berne Convention*, "any country party to this Convention undertakes to adopt, in accordance with its constitution, the measures necessary to ensure the application of this Convention." This offers flexibility as regards the way in which the Convention is applied. However, Article 36(2) also determines the limits of such flexibility stating the principle of *pacta sunt servanda* by providing that "at the time a country becomes bound by this Convention, it will be in a position under its domestic law to give effect to the provisions of this Convention."

In Article 1(1) of the *TRIPS Agreement*, the same principles are reflected. The first sentence also states the principle of *pacta sunt servanda* ("Members shall give effect to the provisions of this Agreement"), while the third sentence states that there is flexibility regarding the "appropriate method of implementing of the Agreement within their own legal system and practice" (of course, as long as such a "method" truly guarantees the implementation of the provisions of the Agreement giving effect to them in accordance with the first sentence).

Article 14(1) of the *WIPO Copyright Treaty (WCT)* contains practically the same provisions as Article 36(1) of the Berne Convention, except that it refers to the legal systems of the Contracting Parties rather than to their constitutions.

As it can be seen, there is no obligation for the contracting parties of these treaties to implement the provisions thereof by statutory law; they may leave implementation to case law or to a combination of statutory law and case law – provided the treaties are duly implemented giving effect to their provisions.

From the viewpoint of this memorandum mainly the adequate implementation of the three-step test – provided in Article 9(2) of the Berne Convention (covering the right of reproduction), Article 13 of the TRIPS Agreement and Article 10 of the WCT (covering any economic right under copyright) – is relevant.

It is submitted that, due to the above-mentioned provisions of the copyright treaties, the contracting parties are allowed to implement the treaties concerning exceptions and limitations (hereinafter: exceptions) more or less through case law. There seems to be no provisions in the statutory laws of the countries mentioned above which apply *fair dealing/fair practice* or *fair use* systems that would suggest any conflict with the three-step test. It depends on the case law on the actual application of these systems in practice whether it is in accordance or in conflict with the test. This issue is discussed more in detail below.

4. Those who promote such a provision wrongly imply that the *fair use* doctrine is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow *fair use* also where it is allegedly in conflict with the test

There may be hardly any doubt that this is the probable intention behind the above-quoted draft text. This seems quite clear, for example, on the basis of the statements published on the website of Knowledge Ecology International (KEI) (which is among the most active promoters of a provision on *fair dealing, fair practice* and *fair use*).

In an article published on KEI's website last November, the following theory is presented:

> Currently, at SCCR 25, the interpretation of the three-step test is again being discussed, but how does it compare with the United States four-facture fair use test? While international law and the United States Copyright Act both provide for specifically enumerated limitations and exceptions as well as a test for additional limitations and exceptions, the United States "fair use" test provides a broader and more flexible interpretation than the restrictive WTO interpretation of the "three-step test." These interpretations are important, determining whether a flexible approach is taken, likely to result in greater limitations and exceptions...
>
> A version of the three-step test also appears in the TRIPS Agreement and in 2000, a WTO panel decision interpreted the three-step on limitations and exceptions narrowly, requiring that parties meet all three criteria to satisfy limitations to exclusive rights under Article 13 of TRIPS (of (1) certain special cases; (2) that do not conflict with a normal exploitation of the work; and

(3) do not unreasonably prejudice the legitimate interests of the right holder). This interpretation results in a restrictive reading of the three-step test, requiring parties to independently satisfy each of the three criteria. If one factor is not satisfied, the inquiry ends and the limitation or exception will be found in non-compliance with the three-step test.

In the United States, many limitations and exceptions to copyright are specifically codified under the Copyright Act. However, many noninfringing uses in the United States are not specifically enumerated, but rather, stem from the broad "fair use" provision codified at 17 U.S.C. 107. Section 107 provides for four factors in determining whether a use is "fair use" and therefore not an infringement of copyright. These four factors include: 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect of the use upon the potential market for or value of the copyrighted work.

In applying the four fair use factors, courts in the United States have repeatedly held that a party need not prevail on each of the four factors, but are weighed and balanced...

Thus, even where a defendant cannot establish satisfaction of one (or more) of the four enumerated factors, fair use may still apply. Taking a holistic approach, considering the four factors in total, allows greater flexibility and additional limitations and exceptions that may not otherwise be found as valid fair use if the defendant were required to satisfy each of the four factors... This approach is clearly distinguishable from the approach of the 2000 WTO panel and is more in line with the approach favored in the Max Planck Declaration on a Balanced Interpretation of the Three-Step Test which advocates for a holistic approach.[11]

The allegations may be summed up in this way. If it is accepted that the three-step test is to be applied in a way that all the three criteria must be fulfilled by an exception, not all exceptions allowed under the *fair use* doctrine would be in accordance with the test. In such a case, the US *fair use* system would offer more flexibility and would allow more and broader exceptions than the three-step test since, contrary to the cumulatively applied three criteria of the test, the four factors mentioned in section 107 of the Copyright Act are not necessarily cumulative; *fair use* may apply even where it does not satisfy one (or more) of those factors.

However, it is obvious – since it unequivocally follows from the text and from the negotiation history of the international norms on the three-step test – that the three criteria of the test are cumulative. When the two WTO dispute settlement panels dealing, in 2000, with the interpretation of the test as provided in Articles 13 and 30 of the TRIPS Agreement, respectively,[12] recognized this, they adopted the only possible correct interpretation of the test.

Thus, the allegation according to which the US *fair use* system allows the application of exceptions, also in cases where under the three-step test it would not be possible, does not

[11] *"United States Four Fair Use Factors and the WTO Three-Sep Test"* submitted by K. Cox; November 20, 2012; at http://keionline.org/node/1597.

[12] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report); WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

suggest less than that the US copyright law is in conflict with Article 9(2) of the Berne Convention, Article 13 of the TRIPS Agreement and Article 10 of the WCT.

The idea behind the above-quoted provision (or any possible variant) of the would-be international instrument/treaty is to suggest that the exceptions to be provided in it may be implemented in a "more flexible" way than what follows from the three-step test and its correct interpretation, including through a *fair use* system allegedly offering such a "more flexible" way.

As it also turns out from the text published on KEI's website and quoted above, the proponents of such a provision to be included in the instrument/treaty would prefer the idea of adapting the three-step test, or at least its interpretation, to the alleged "more flexible" nature of the *fair use* doctrine. In this connection, reference is made to the *Munich Declaration* in which, among other things, it is suggested that – similarly to the four factors mentioned in section 107 of the US Copyright Act – the three conditions of the test only have to be considered and, if one of them is not fulfilled, an exception may still be applicable. It is in particular the key second condition (no conflict with a normal exploitation of works) about which the Declaration reflects the view that it may be neglected. Unequivocal reasons have been presented in a paper for which this strange theory is in a head-on crash with the relevant international norms. It is available on the website www.copyrightseesaw.com,[13] but for ready availability a copy is attached to this memorandum. However, even without such a detailed analysis, it must be obvious for anybody who is aware of the meaning of the words and expressions involved that, in this respect, there is fundamental difference between section 107 of the US Act and the treaty provisions on the three-step test. In section 107, the expression "the factors to be considered shall include..." may truly be understood that, by considering a factor, it may be found that an exception is applicable even where it does not satisfy that specific factor. In contrast, the treaty provisions on the three-step test have the structure of "shall confine limitation or exceptions to/shall be a matter... to permit... in certain special cases ... provided that... and that" which cannot be interpreted in a way to mean that an exception may be applied also where it is not confined to a special case, or where it is confined to such a case, it does not fulfill the first proviso, or where, although it fulfills the first proviso, it does not fulfill the second one.

However, as discussed below, it is *not* necessary to adapt the three-step test to the presumed "more flexible" nature of the *fair use* doctrine. There is appropriate and solid reason to be of the view that the US *fair use* system, due to the duly developed case law on which it is based, is in accordance with the three-step test.

In the case of the *fair dealing/fair practice* provisions in the respective national laws, it may also be stated that, with an adequately established applied case law, they may be in accordance with the three-step test.

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[13] Under the title "'Munich Declaration' on the three-step test – respectable objective; wrong way to try to achieve it."

5. There is no well-founded reason to allege that a truly well-established *fair use* or *fair dealing/fair practice* system would not be in accordance with the three-step test

A couple of academics have expressed doubts about the compatibility of *fair use* as codified in section 107 of the US Copyright Act – and as it is applied in practice – with the three-step test.[14] The source of such a doubt may be found in a specific interpretation of the first "step" of the test under which exceptions and limitations may only be applied in *certain* special cases. According to the belief of those who have such a doubt, the adjective "certain" may be interpreted as a requirement of a completely precise determination, in statutory law, of the scope of application of exceptions, which in their view is not fulfilled in the US Copyright Act. However, other leading commentators[15] have pointed out in a persuasive manner that the doubt of the said academics is badly founded since it is based on an erroneous interpretation of the first "step" (see below more in detail).

These kinds of academic views have been due to a great extent to a specific reading of the report adopted by the second of the two WTO dispute settlement panels which interpreted the three-step test in 2000. Both panel reports were adopted in 2000; the first one in a patent case where an adapted version of the test provided in Article 30 of the TRIPS Agreement was concerned,[16] and three months later a second one in a copyright case interpreting Article 13 of the Agreement[17] (hereinafter: the copyright panel).

The *copyright panel*, in interpreting the first condition of the test as provided in Article 13 of the TRIPS Agreement did not go beyond what it believed to be the ordinary meaning of the terms "certain" and "special." In respect of the term "certain" it stated that its ordinary meaning is "known and particularised, but not explicitly identified", "determined, fixed, not variable; definitive, precise, exact"[18] After quoting these dictionary definitions, the panel concluded as follows:

> In other words, this term means that, *under the first condition, an exception or limitation in national legislation must be clearly defined.* However, *there is no need to identify explicitly each and every possible situation to which the exception could apply,* provided that the scope of the exception is known and particularised. This guarantees a sufficient degree of legal certainty.[19] (Emphasis added.)

Then the panel turned to the term "special" and quoted from the Oxford Dictionary that it connotes "having an individual or limited application or purpose", "containing details;

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[14] The opinion which is the most frequently referred to has been expressed by Herman Cohen Jehoram in his article: "Einige Grundsatze zu Ausnahmen im Urheberrecht" in *Gewerblicher Rechtschutz und Urheberrechts Internationaler Teil*, 2001, p. 808. For a description and analysis of Jehoram's views, *see* M. Senftleben: "*Copyright, Limitation and the Three-step Test*," Kluwer Law International, 2004 (hereinafter: Senftleben), pp. 162 and 165.

[15] *See* Senftleben, pp. 166-168.

[16] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report).

[17] WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

[18] WT/DS160/R report, para. 6.108, quotation in the report from The New Shorter Oxford English Dictionary (hereinafter: "Oxford English Dictionary"), Oxford (1993), p. 364.

[19] WT/DS160/R report, para. 6.108.

precise, specific", "exceptional in quality or degree; unusual; out of the ordinary" or "distinctive in some way".[20] It deduced from this the following meaning:

> This term means that *more is needed than a clear definition* in order to meet the standard of the first condition. In addition, an exception or limitation must be limited in its field of application or exceptional in its scope. In other words, *an exception or limitation should be narrow in quantitative as well as a qualitative sense.* This suggests a narrow scope as well as an exceptional or distinctive objective.[21] (Emphasis added.)

The panel has not given sufficient explanation why it based the interpretation of the word "certain" apparently on one of the dictionary definitions: "*determined, fixed, not variable; definitive, precise*" and why not on the other one: "known and particularised, but *not explicitly identified.*" While certain commentators[22] consider the panel's interpretation as appropriate, many others[23] are of the opinion that *the word "certain" in front of "special cases" does not have a separate normative meaning, that it is used rather as a synonym of "some," and that only the adjective "special" and the confined nature of an exception are decisive.*

On the basis of the latter – quite surely the correct – interpretation, the allegations according to which the US *fair use* regulation and practice is not in accordance with the three-step step may be easily rejected. As mentioned above, the basis for such allegations is the view that the US Copyright Act does not fulfill the condition of "certainty," since it does not contain a sufficiently clear definition as required by the above-mentioned interpretation of the WTO panel. However, such a doubt about the US law is not justified even following the interpretation adopted by the copyright panel since it is based on an unjustified over-stretched emphasis of an isolated element of the panel's finding: the requirement of clear definition as a criterion of "certainty." This is so, since the panel otherwise adopts a sufficiently relaxed interpretation thereof by emphasizing, as quoted above, that "there is no need to identify explicitly each and every possible situation to which the exception could apply."

Otherwise, the fact that the international copyright community has not questioned the harmony of the *fair use* doctrine (and equally of the *fair dealing* systems) with the three-step test is reflected also in the documents on the preparatory consultations of the accession of the US to the Berne Convention. In respect of exceptions and limitations, only the jukebox exception was raised by the WIPO Secretariat and by the representatives of parties to the Berne Convention. No views were expressed according to which section 107 of the US Act

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[20] WT/DS160/R report, para. 6.109, quotation in the report; Oxford English Dictionary, p. 2971.

[21] WT/DS160/R report, para. 6.109.

[22] *See* S. Ricketson – J. C. Ginsburg: *International Copyright and Neighboring Rights – The Berne Convention and Beyond*, Oxford University Press, 2006, pp. 765-767.

[23] *See* (i) *WIPO Guide on Treaties Administered by WIPO*, WIPO publication N. 891(E,)p. 213; (ii) Senftleben, pp. 144 – 152; (iii) J. Reinbothe – S. von Lewinski: *The WIPO Treaties 1996 – The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; Commentary and Legal Analysis*, Batterworth – LexisNexis, 2002, p. 124; (iv) M. Ficsor: „How Many of What? – The 'Three-step Test' and its Application in two Recent WTO Dispute Settlement Cases," *Revue International du Droit d'Auteur (R.I.D.A.)*, vol. 192, April 2002. Ricketson's previous position was the same; *see* Sam Ricketson: *The Berne Convention for the protection of literary and artistic works: 1886 – 1986*, Kluwer, 1987, p. 482.

and the *fair use* regime in general would be in conflict with Article 9(2) of the Berne Convention.[24]

This was further confirmed at the Diplomatic Conference which adopted the WCT and the WPPT in 1996. The delegate of the US at the session of Main Committee I made the following statement: "it was essential that the Treaties permit application of the evolving doctrine of 'fair use,' which was recognized in the law of the United States of America, and which was also applicable in the digital environment."[25]

None of the 120 government delegations found anything in this statement for which it would have opposed or even commented on it. The reason for this was – and it is still the case – that, in the US *fair use* system, exceptions are also only applied in a way confined to certain special cases (and also fulfilling the other two conditions of the three-step test); just the identification of those cases is the result of a rich and fine-tuned case law rather than statutory law and its application.

6. The introduction of *fair use* (or *fair dealing*) in a country without appropriate legal tradition and well-established case law may create conflicts with the three-step test

When we consider the chances and possible consequences of introducing a *fair use* (or *fair dealing*) system in a country where there has been no such legal tradition, it should be taken into account that such a step may take place in two different ways. The first way is to introduce it but to recognize and state that its application is also subject to the three-step test. The second way would be to introduce such a system on the understanding – as suggested by KEI and those who may share its views – that it is "more flexible" than the three-step test and that thus it allows the application of exceptions that would not be allowed by the three-step test (at least in accordance with the correct interpretation thereof).

On the basis of the text of the new provisions, it seems that the way *fair use* has been introduced in the Republic of Korea may fall in the first above-mentioned category. The new Article 35-3 of the Korean Copyright Act, under the title of "Fair Use of Copyrighted Material," reads as follows:

1. Except for situations enumerated in art. 23 to art. 35-2 and in art. 101-3 to 101-5, provided it does not conflict with a normal exploitation of copyrighted work and does not unreasonably prejudice the legitimate interest of the copyright holder, the copyrighted work may be used, among other things, for reporting, criticism, education, and research.
2. In determining whether art. 35-3(1) above applies to a use of copyrighted work, the following factors must be considered: the purpose and character of the use, including

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[24] For the material of the preparatory work of the US implementation of the Berne Convention, see *Berne Convention Implementation Act of 1987 – hearings before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the Committee on the Judiciary, House of Representatives, One Hundredth Congress*, US Government Printing Office, 1988.

[25] *Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, Geneva 1996*, WIPO publication No. 348(E), 1999. p. 704.

whether such use is of a commercial nature or is of a nonprofit nature; the type or purpose of the copyrighted work; the amount and importance of the portion used in relation to the copyrighted work as a whole; the effect of the use of the copyrighted work upon the current market or the current value of the copyrighted work or on the potential market or the potential value of the copyrighted work.

These provisions may only be interpreted in one way; namely that the exceptions in the specific cases mentioned in paragraph (1) are only applicable if they correspond also to the second and third conditions of the three-step test. Paragraph (2) does not relax these conditions; it indicates the factors that should be considered in order to establish whether or not an exception corresponds to the criteria under paragraph (1); that is, practically to the three-step test.

However, if the above-quoted translation is correct, there still seems to be a problem which does not follow from its – "advertised" – similarity to the US *fair use* system; just to the contrary, it follows from the apparent difference from it. Under section 107 of the US Copyright Act, the four factors are not exclusive; other factors may – and, where it is needed to judge fairness certainly should – be taken into account. In contrast, under 35-3(2) of the Korean Copyright Act, this seems unclear since, although the phrase "the following factors must be considered" may be read as "the following factors *must* be considered" (understood to mean that those factors must be always among the factors considered), the text may equally be read as "*the following factors* must be considered" (to mean that those factors – and those alone – must be considered). This shows that, even in countries where the intention is to introduce a US-type *fair use* system as faithfully as possible, without due traditions and without a well-established case law, some interpretation problems necessarily tend to emerge.

However, the real problems may be found where usually the devil is hidden: in the details; in this case, in the way courts unfamiliar with such concepts might apply such a system.

This may lead to legal uncertainty with potential conflicts with the three-step test – and thus with the international treaties. Such conflicts would be not just potential but pre-programmed – as a built-in element of the would-be treaty – if a provision like the one quoted at the beginning of this memorandum were included on the understanding that, by doing so, "more flexibility" and more and broader exceptions would be allowed than under the three-step test. All this would be aggravated if *fair use* were promoted to be introduced in countries where not only there is no tradition for such kind of judge-made law but, due to the actual level of development of the judicial system, there would be no realistic hope that it might lead to the same satisfactory legal situation as the above-referred well-established traditional *fair use* and *fair dealing/fair practice* systems.

7. Conclusions

Such a provision would create triple potential danger:

(i) A provision – according to which *fair dealing/fair practice* and *fair use* systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of such systems where they are based on appropriate tradition and duly developed case law; at the same time, its inclusion would create a potential danger since it might

suggest that now such systems may or should be introduced also in countries without such tradition and case law and, as a result, could lead to conflicts with existing international norms, in particular those on the three-step test.

(ii) This potential danger would be seriously aggravated and made more probable due to the fact that those who insist on the inclusion of such a provision do so on the basis of an – badly founded – theory that a *fair use* or *fair dealing/fair practice* system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.

(iii) Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.

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April 8, 2013

Provision on „fair practices, [fair] dealings and [fair] uses" in the draft text of the Instrument/Treaty on Accessible Format Copies for the Visually Impaired[26]

Executive summary:

- ***Those who promote such a provision wrongly imply that the* fair use *system is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow* fair use *also where it is allegedly in conflict with the (correct interpretation of the) test.***
- ***There is no well-founded reason to allege that a well-established* fair use *or* fair dealing/fair practice *system would not be in accordance with the three-step test***
- ***The introduction of* fair use *(or* fair dealing*) in a country without relevant legal tradition and well-established case law may create conflicts with the three-step test***
- ***Such a provision would create a triple danger:***
  (iv) Such a provision – according to which* fair dealing/fair practice *and* fair use *systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of these systems

[26] It seems that now it is more than probable that what may be adopted in Marrakesh in June this year will be a treaty rather than a soft-law instrument. One of the reasons for which I still refer also to the option of an „instrument" – as it was the case for a long while during the preparatory work – is my persuasion that the objective of providing access to works by the visually impaired could be adequately achieved through a recommendation (combined possibly with model provisions and practical arrangement to guarantee real access). With my favorite title „Treaty on Accessible Format Copies for the Visually Impaired" I would like to stress – with a *ceterum censeo* insistence – that, if a treaty is adopted, it should be considered unique for the reason indicated in the tile; the specific political reasons for which a treaty may be adapted, even if not really needed, do not exist in respect of other exceptions.

where they are based on appropriate tradition and duly developed case law; at the same time, it would create a potential danger since it might suggest that now such systems may and should be introduced also in countries without such tradition and case law and, as a result, it could lead to conflicts with the international norms, in particular those on the three-step test.

(v) This potential danger would be aggravated and made more probable by the fact that those who insist on the inclusion of such a provision do so on the basis of the badly founded theory that a* fair use *or* fair dealing/fair practice *system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.

(vi) *Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.*

1. Provision in the draft text

The provision which refers to "fair practices, [fair] dealings or [fair] uses" may be found in the last part of the draft instrument/treaty. Until the November 2012 version – which served the basis for negotiations at the last session of the WIPO Standing Committee on Copyright and Related Rights (SCCR) in February 2013 – this part of the draft text had the title of "'Principles of application' cluster package." At the last session of the SCCR, the contents of this "cluster" was changed and its title was also modified to "Article(s)."

The text of the provision is presented below in a way that it is indicated how it has been modified in comparison with the November 2012 version (the changes appear in **bold** and **red** letters).

> ~~[Member States/~~Contracting Parties may fulfill their **rights and** obligations under this ~~instrument/~~Treaty through ~~specific~~ exceptions or limitations **specifically** for the **benefit of** beneficiary persons; ~~general~~ **other** exceptions or limitations, **or a combinations thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to** ~~[such as~~ fair **practices,** dealings **or uses to meet their needs** ~~or fair use; or a combination thereof,] whether existing or established to fulfill this instrument/treaty, [provided they are consistent with the Member States'/Contracting Parties' international obligations].].~~

The provision has been improved, in comparison with its previous version, by somewhat mitigating (but not eliminating) the danger of suggesting the introduction of *fair use* or *fair dealing* systems in countries without any legal tradition concerning these concepts (and without duly developed case law guaranteeing the adequate application thereof). First, now there is a reference to legal traditions (although this is weakened by the alternative reference to mere "legal systems"); second, the phrase "whether existing or established to

fulfill this instrument/treaty" – which would further stressed idea of newly introducing such systems – has been deleted (although this possibility – implicitly – would continue existing under the new version too).

However, these improvements are only sufficient to reduce the potential dangers that such a provision might cause for the existing copyright system under the international copyright norms. This memorandum outlines those potential dangers.

2. Existing *fair dealing (fair practice)* and *fair use* systems

Fair dealing. The standard model of "fair dealing" systems is the British system. The essence of the system is that a set of bases for defense against actions for infringement of copyright is determined in the statutory law. The defense only succeeds where the judge finds in the concrete case that the conditions of fairness are met.

Under the *Copyright, Designs and Patents Act 1988 (CDPA) of the United Kingdom*, fair dealing is limited for the purpose of research and private study (section 29), criticism, review, and news reporting (section 30). The courts have developed criteria to determine whether or not in these cases the "dealing" is truly fair.[27] Those criteria only exist in the form of case law precedents; they have not been codified in statutory law.

Similar "fair dealing" systems exist also in other countries following common law tradition with certain differences, although those differences do not concern the above-mentioned basic structure (exhaustive list of defenses and case-law determination of the criteria of fairness). For example, in the *Australian and Canadian copyright acts*, parody and satire are also listed as bases for finding fair dealing.[28] Furthermore, the Canadian "fair dealing" system also differs from such systems of other common-law countries in two quite substantial aspects due to the famous 2004 ruling of the Supreme Court in the *CCH Canadian Ltd. v. Law Society of Upper Canada* case.[29] The first such aspect is a weird statement in the ruling according to which the bases for defenses against actions for infringements should rather be characterized as bases for "users' rights."[30] The second aspect is that the ruling

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[27] A good example – frequently referred to – is how *Lord Dening* summed up the criteria of fairness of quotations (on the basis of the criticism and review defense) in the well- known *Hubbard v. Vosper* case ([1972] 2 QB 84, [1972] 1 All ER 1023., p. 94) : "You must first consider the number and the extent of the quotations... Then you must consider the use made of them. If they are used as a basis of comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, they may be unfair. Next you must consider the proportions. To take long extracts and attach short comments may be unfair. But short extracts and long comments may be fair. Other considerations may come to mind also. But... it must be a matter of impression."

[28] Section 41A of the (amended) Australian Copyright Act 1968 and section 29 of the (amended) Canadian Copyright Act 1985.

[29] 2004 SCC 17, [2004] 1 SCR 339.

[30] The statement reads as follows: „[T]he fair dealing exception is perhaps more properly understood as an integral part of the Copyright Act than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively." The nature and volume of this memorandum does not allow elaboration on the reasons for which this ideology-based theory is weird and unfounded. It seems sufficient to stress that it seems to deny that what are unequivocally (and rightly) characterized by the international copyright treaties as exceptions to and limitations of exclusive rights (see Article 13 of the TRIPS Agreement,

lists six generally applicable principal (but non-exhaustive) factors to be applied to determine whether or not such alleged "users' rights" may and should be recognized on the basis of the concept of *fair dealing* (factors which are quite similar to the criteria listed in the relevant provision of the US Copyright Act): (i) the purpose of the dealing; (ii) the character of the dealing; (iii) the amount of the dealing; (iv) available alternatives to the dealing; (v) the nature of the work; and (vi) effect of the dealing on the work.

Fair practice. In *South Africa*, the *Copyright Act of 1978* applies quite a unique solution too in other aspects. The existence of this kind of legislation may be the reason for which, in the above-quoted draft provision, in addition to the well-known cases of *fair dealing* and *fair use*, reference is made also to *fair practice*.

There are five kinds of exceptions in the South African Copyright Act (one of which does not mean genuine exceptions to economic rights but rather the exclusion of certain works from copyright protection as such):

(vi) Paragraph (1) of section 12 contains a fair dealing provision similar to the one in the UK Act.

(vii) Paragraphs (3) to (4) of section 12 provide for specific exceptions subject to *fair practice*. The two paragraphs – with negligible wording differences – correspond to those two provisions of the Berne Convention on specific exceptions (for quotations and illustrations for teaching, (Article 10(1) and (2)) in which the proviso "provided [the exception] is compatible with fair practice" appears.

(viii) Paragraphs (5) to (7) and (9) to (13) provide for exceptions to certain rights in cases specifically allowed by Berne provisions,[31] and in two further cases where such exceptions are generally recognized as justified under the Convention and the other copyright treaties.[32] The application of these exceptions is not subject to a proviso of *fair dealing* or *fair practice*, neither are they subject to the three-step test.

(ix) Paragraph (8) does not contain genuine exceptions to rights; it rather excludes from copyright protection certain works where the Berne Convention allows to do so,[33] and – in accordance with the Convention – clarifies that mere information is not covered by copyright.[34]

Article 10 of the WCT, Article 16 of the WPPT and Article 16 of the BTAP) are not truly exceptions and limitations."

[31] Ephemeral recording by broadcasting organizations; use of lectures, addresses or other works of a similar nature which are delivered in public; use of articles and broadcasts on current economic, political or religious topics.

[32] Use of works for the purposes of judicial proceedings or by reproduction for the purposes of reporting on judicial proceedings; *bona fide* demonstration of radio or television receivers or any type of recording or playback equipment to clients by dealers in such equipment.

[33] Official texts of a legislative, administrative and legal nature; political speeches and speeches delivered in legal proceedings.

[34] News of the day having the character of mere items of press *information*.

(x) Section 13 provides for "general exceptions in respect of reproduction of works" to be permitted by regulation subject to the second and third criteria of the three-step test.[35]

Without unnecessarily burdening this memorandum with an analysis about it, it seems sufficient to state that, in the given context, *fair practice* and *fair dealing* seem to be synonyms.

The problem with these unique provisions is that one might interpret them to mean that neither the *fair dealing* exceptions nor the specifically provided exceptions are subject to the three-step test (which would be contrary to Article 13 of the WCT and Article 10 of the WCT), and furthermore that certain specific exceptions are not even subject to the criteria of *fair sealing or fair practice.*

Fair use. Of the three categories mentioned in the draft provision, the *fair use* system is the best known; reference has been mainly made to it in the preparatory work of the would-be instrument/treaty. It is so much well known that its presentation may only be needed for the sake of completeness. The quotation of the relevant section – section 107 – of the US Copyright Act seems to be sufficient:

> Notwithstanding the provisions of sections 17 U.S.C. § 106 and 17 U.S.C. § 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:
>
> 5. the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
> 6. the nature of the copyrighted work;
> 7. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
> 8. the effect of the use upon the potential market for or value of the copyrighted work.
>
> The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

Two features of the *fair use* doctrine seem to be particularly relevant from the viewpoint of its comparison with the *fair dealing/fair practice* system and with the three-step test. First, contrary to the provisions on *fair dealing/fair practice*, only the most typical bases for finding for *free use* are listed but the list is non-exhaustive. Second (this does not follow directly from the text of section 107 – which is just a statutory codification of case law itself – but

[35] The provision reads as follows: „In addition to reproductions permitted in terms of this Act reproduction of a work shall also be permitted as prescribed by regulation, but in such a manner that the reproduction is not in conflict with a normal exploitation of the work and is not unreasonably prejudicial to the legitimate interests of the owner of the copyright."

from case law), contrary to the three-step test, the non-exhaustive criteria on the basis of which it should be judged whether or not a certain use is fair are not cumulative in the sense that an exception will only pass scrutiny if all those criteria suggest fair use (under the three-step test, an exception may only be allowed if it fulfills all the three criteria of the test step by step).

3. *Fair dealing/fair practice, fair use* and the copyright treaties

Under Article 36(1) of the *Berne Convention*, "any contracting party... undertakes to adopt, I accordance with its constitution, the measures necessary to ensure the application of this Convention." This offers flexibility as regards the way in which the Convention is applied. However, Article 36(2) also determines the limits of such flexibility stating the principle of *pacta sunt servanda* by providing that "at the time a country becomes bound by this Convention, it will be in a position under its domestic law to give effect to the provisions of this Convention."

In Article 1(1) of the *TRIPS Agreement*, the same principles are reflected. The first sentence applies the principle of *pacta sunt servanda* ("Members shall give effect to the provisions of this Agreement"), while the third sentence states that there is flexibility regarding the "appropriate method of implementing of the Agreement within their own legal system and practice" (of course, as long as such a "method" truly guarantees the implementation of provisions of the Agreement giving effect to them in accordance with the first sentence).

Article 14(1) of the *WIPO Copyright Treaty (WCT)* contains practically the same provisions as Article 36(1) of the Berne Convention, except that it refers to the legal systems of the Contracting Parties rather than to their constitutions.

As it can be seen, there is no obligation for the contracting parties of these treaties to implement the provisions thereof by statutory law; they may leave implementation to case law or to a combination of statutory law and case law – provided the treaties are duly implemented giving effect to their provisions.

From the viewpoint of this memorandum mainly the due implementation of the three-step test – provided in Article 9(2) of the Berne Convention (covering the right of reproduction), Article 13 of the TRIPS Agreement and Article 10 of the WCT (covering any economic right under copyright) is relevant.

It is submitted that due to the above-mentioned provisions of the copyright treaties, the contracting parties are allowed to implement the treaties concerning exceptions and limitations (hereinafter: exceptions) more or less through case law. There seems to be no provisions in the statutory laws of the countries mentioned above which apply *fair dealing/fair practice* or *fair use* systems that would suggest any conflict with the three-step test. It depends on the case law on the actual application of these systems in practice whether it is in accordance or in conflict with the test. This issue is discussed more in detail below.

4. Those who promote such a provision wrongly imply that the *fair use* doctrine is not in accordance with (the correct interpretation of) the three-step test and suggest that the international norms be adapted to allow *fair use* also where it is allegedly in conflict with the test

There may be hardly any doubt that this is the intention behind the above-quoted draft text. This becomes quite clear for anybody who reads, for example, the statements published on the website of Knowledge Ecology International (KEI) which is among the most active promoters of a provision on *fair dealing, fair practice* and *fair use*.

In an article published on KEI's website last November, the following theory is presented:

> Currently, at SCCR 25, the interpretation of the three-step test is again being discussed, but how does it compare with the United States four-facture fair use test? While international law and the United States Copyright Act both provide for specifically enumerated limitations and exceptions as well as a test for additional limitations and exceptions, the United States "fair use" test provides a broader and more flexible interpretation than the restrictive WTO interpretation of the "three-step test." These interpretations are important, determining whether a flexible approach is taken, likely to result in greater limitations and exceptions...
>
> A version of the three-step test also appears in the TRIPS Agreement and in 2000, a WTO panel decision interpreted the three-step on limitations and exceptions narrowly, requiring that parties meet all three criteria to satisfy limitations to exclusive rights under Article 13 of TRIPS (of (1) certain special cases; (2) that do not conflict with a normal exploitation of the work; and (3) do not unreasonably prejudice the legitimate interests of the right holder). This interpretation results in a restrictive reading of the three-step test, requiring parties to independently satisfy each of the three criteria. If one factor is not satisfied, the inquiry ends and the limitation or exception will be found in non-compliance with the three-step test.
>
> In the United States, many limitations and exceptions to copyright are specifically codified under the Copyright Act. However, many noninfringing uses in the United States are not specifically enumerated, but rather, stem from the broad "fair use" provision codified at 17 U.S.C. 107. Section 107 provides for four factors in determining whether a use is "fair use" and therefore not an infringement of copyright. These four factors include: 1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; 2) the nature of the copyrighted work; 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and 4) the effect of the use upon the potential market for or value of the copyrighted work.
>
> In applying the four fair use factors, courts in the United States have repeatedly held that a party need not prevail on each of the four factors, but are weighed and balanced...
>
> Thus, even where a defendant cannot establish satisfaction of one (or more) of the four enumerated factors, fair use may still apply. Taking a holistic approach, considering the four factors in total, allows greater flexibility and additional limitations and exceptions that may not otherwise be found as valid fair use if the defendant were required to satisfy each of the four factors... This approach is clearly distinguishable from the approach of the 2000 WTO panel

and is more in line with the approach favored in the Max Planck Declaration on a Balanced Interpretation of the Three-Step Test which advocates for a holistic approach.[36]

The allegations may be summed up in this way. If it is accepted that the three-step test is to be applied in a way that all the three criteria must be fulfilled by an exception, not all exceptions allowed under the *fair use* doctrine would be in accordance with the test. In such a case, the US *fair use* system would offer more flexibility and would allow more and broader exceptions than the three-step test since, contrary to the cumulatively applied three criteria of the test, the four factors mentioned in section 107 of the Copyright Act are not necessarily cumulative; *fair use* may apply even where it does not satisfy one (or more) of those factors.

However, it is obvious – since it unequivocally follows from the text and from the negotiation history of the international norms on the three-step test – that the three criteria of the test are cumulative. When the two WTO dispute settlement panels dealing, in 2000, with the interpretation of the test as provided in Articles 13 and 30 of the TRIPS Agreement, respectively,[37] recognized this, they adopted the only possible correct interpretation of the test.

Thus, the allegation according to which the US *fair use* system allows the application of exceptions also in cases where under the three-step test this would not be possible, does not suggest less than that the US copyright law is in conflict with Article 9(2) of the Berne Convention, Article 13 of the TRIPS Agreement and Article 10 of the WCT.

The idea behind the above-quoted provision (or its variant) of the would-be international instrument/treaty is to suggest that the exceptions to be provided in it may be implemented in a "more flexible" way than what follows from the three-step test and its correct interpretation, including through a *fair use* system allegedly offering such a "more flexible" way.

As it also turns out from the text published on KEI's website and quoted above, the proponents of such a provision to be included in the instrument/treaty would prefer the idea of adapting the three-step test, or at least its interpretation, to the alleged "more flexible" nature of the *fair use* doctrine. In this connection, reference is made to the *Munich Declaration* in which, among other things, it is suggested that – similarly to the four factors mentioned in section 107 of the US Copyright Act – the three conditions of the test only have to be considered but, if one of them is not fulfilled, an exception may still be applied. It is in particular the key second condition (no conflict with a normal exploitation of works) about which the Declaration seems to be of the view that it may be neglected. I have presented the unequivocal reasons in a paper for which this weird theory is in head-on crash with the relevant international norms. It is available on my website

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[36] *"United States Four Fair Use Factors and the WTO Three-Sep Test"* submitted by K. Cox; November 20, 2012; at http://keionline.org/node/1597.

[37] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report); WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

(www.copyrightseesaw.com),[38] but for ready availability I also attach a copy to this memorandum. However, even without such a detailed analysis, it must be obvious for anybody who is aware of the meaning of the words and expressions involved that, in this respect, there is fundamental difference between section 107 of the US Act and the treaty provisions on the three-step test. In section 107, the expression "the factors to be considered shall include..." may truly be understood that, by considering a factor, it may be found that an exception is applicable even where it does not satisfy that specific factor. In contrast, the treaty provisions on the three-step test have the structure of "shall confine limitation or exceptions to/shall be a matter... to permit... in certain special cases ... provided that... and that" which cannot be interpreted as to mean that an exception may be applied also where it is not confined to a special case, or where it is confined to such a case, it does not fulfill the first proviso, or where, although it also fulfills the first proviso, it does not fulfill the second one.

However, as discussed below, it is *not* necessary to adapt the three-step test to the presumed "more flexible" nature of the *fair use* doctrine. There is appropriate and solid reason to be of the view that the US *fair use* system, due to the duly developed case law on which it is based, is in accordance with the three-step test.

In the case of the *fair dealing/fair practice* provisions in the respective national laws, it may also be stated that, with an adequately established applied case law, they may be in accordance with the three-step test.

5. There is no well-founded reason to allege that a truly well-established *fair use* or *fair dealing/fair practice* system would not be in accordance with the three-step test

A couple of academics have expressed doubts about the compatibility of *fair use* as codified in section 107 of the US Copyright Act – and as it is applied in practice – with the three-step test.[39] The source of such doubts may be found in a specific interpretation of the first "step" of the test under which exceptions and limitations may only be applied in *certain* special cases. In such a case, the adjective "certain" is interpreted as a requirement of a completely precise determination in statutory law of the scope of application of exceptions and limitation, which in under this view is not fulfilled in the US Copyright Act. However, other leading commentators[40] have pointed out in a persuasive manner that the doubts of the said academics are unfounded since they are based on an erroneous interpretation of the first "step" (see below more in detail).

These kinds of academic views have been based to a great extent to a specific reading of the report adopted by the second of the two WTO dispute settlement panels which interpreted

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[38] Under the title "'Munich Declaration' on the three-step test – respectable objective; wrong way to try to achieve it."

[39] The opinion which is the most frequently referred to has been expressed by Herman Cohen Jehoram in his article: "Einige Grundsatze zu Ausnahmen im Urheberrecht" in *Gewerblicher Rechtschutz und Urheberrechts Internationaler Teil*, 2001, p. 808. For a description and analysis of Jehoram's views, *see* M. Senftleben: *"Copyright, Limitation and the Three-step Test,"* Kluwer Law International, 2004 (hereinafter: Senftleben), pp. 162 and 165.

[40] *See* Senftleben, pp. 166-168.

the three-step test in 2000. Both panel reports were adopted in 2000; the first one in a patent case where an adapted version of the test provided in Article 30 of the TRIPS Agreement was concerned (hereinafter: the WTO patent panel),[41] and three months later a second one in a copyright case interpreting Article 13 of the Agreement[42] (hereinafter: the WTO copyright panel) (see below).

The *WTO copyright panel*, in interpreting the first condition of the test as provided in Article 13 of the TRIPS Agreement did not go beyond what it believed to be the ordinary meaning of the terms "certain" and "special." In respect of the term "certain" it stated that its ordinary meaning is "known and particularised, but not explicitly identified", "determined, fixed, not variable; definitive, precise, exact"[43] After quoting these different dictionary definitions, the panel concluded as follows:

> In other words, this term means that, *under the first condition, an exception or limitation in national legislation must be clearly defined.* However, *there is no need to identify explicitly each and every possible situation to which the exception could apply,* provided that the scope of the exception is known and particularised. This guarantees a sufficient degree of legal certainty.[44] (Emphasis added.)

Then the panel turned to the term "special" and quoted from the Oxford Dictionary that it connotes "having an individual or limited application or purpose", "containing details; precise, specific", "exceptional in quality or degree; unusual; out of the ordinary" or "distinctive in some way".[45] It deduced from this the following meaning:

> This term means that *more is needed than a clear definition* in order to meet the standard of the first condition. In addition, an exception or limitation must be limited in its field of application or exceptional in its scope. In other words, *an exception or limitation should be narrow in quantitative as well as a qualitative sense.* This suggests a narrow scope as well as an exceptional or distinctive objective.[46] (Emphasis added.)

The panel has not given sufficient explanation why it has based the interpretation of the word "certain" apparently on one of the dictionary definitions: *"determined, fixed, not variable; definitive, precise"* and why not on the other one: "known and particularised, but *not explicitly identified.*" While certain commentators[47] consider the panel's interpretation as appropriate, many others[48] are of the opinion that *the word "certain" in front of "special*

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[41] WTO document WT/DS114/R of March 17 2000; panel report in the *Canada – patent protection of pharmaceutical products* case (hereinafter: WT/DS114R report).

[42] WTO document WT/DS160/R of June 15, 2000; panel report in the *United States – Section 110(5) of the United States Copyright Act* (hereinafter: WT/DS160/R report).

[43] WT/DS160/R report, para. 6.108, quotation in the report from The New Shorter Oxford English Dictionary (hereinafter: "Oxford English Dictionary"), Oxford (1993), p. 364.

[44] WT/DS160/R report, para. 6.108.

[45] WT/DS160/R report, para. 6.109, quotation in the report; Oxford English Dictionary, p. 2971.

[46] WT/DS160/R report, para. 6.109.

[47] *See* S. Ricketson – J. C. Ginsburg: *International Copyright and Neighboring Rights – The Berne Convention and Beyond*, Oxford University Press, 2006, pp. 765-767.

[48] *See* (i) *WIPO Guide on Treaties Administered by WIPO*, WIPO publication N. 891(E,)p. 213; (ii) Senftleben, pp. 144 – 152; (iii) J. Reinbothe – S. von Lewinski: *The WIPO Treaties 1996 – The WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty; Commentary and Legal Analysis*, Batterworth – LexisNexis, 2002,

cases" does not have a separate normative meaning, that it is used rather as a synonym of "some," and that only the adjective "special" and the confined nature are decisive.

On the basis of the latter – in my view the only possible correct – interpretation, the allegations according to which the US *fair use* regulation and practice is not in accordance with the three-step step may be easily rejected. As mentioned above, the basis of such allegations is the view that the US Copyright Act does not fulfill the condition of "certainty," since it does not contain a sufficiently clear definition as required by the above-mentioned interpretation of the WTO panel. However, such a doubt about the US law is not justified even on the basis of the interpretation adopted by the copyright panel since it is based on an unjustified over-stretched emphasis of an isolated element of the panel's finding: the requirement of clear definition as a criterion of "certainty." This is so, since the panel otherwise adopts a sufficiently relaxed interpretation thereof by emphasizing, as quoted above, that "there is no need to identify explicitly each and every possible situation to which the exception could apply."

Otherwise, the fact that the international copyright community has not questioned the harmony of the *fair use* doctrine (and equally of the *fair dealing* systems) with the three-step test is reflected also in the documents on the preparatory consultations of the accession of the US to the Berne Convention. In respect of exceptions and limitations, only the jukebox exception was raised by WIPO and by the representatives of parties to the Berne Convention. No views were expressed according to which section 107 of the US Act and the *fair use* regime in general would be in conflict with Article 9(2) of the Berne Convention.[49]

This was further confirmed at the Diplomatic Conference which adopted the WCT and the WPPT in 1996. The delegate of the US at the session of Main Committee I made the following statement: "it was essential that the Treaties permit application of the evolving doctrine of 'fair use,' which was recognized in the law of the United States of America, and which was also applicable in the digital environment."[50]

None of the 120 government delegations found anything in this statement for which it would have opposed or even commented on it. The reason for this was – and it is still the case – that, in the US *fair use* system, exceptions are also only applied in a way confined to certain special cases (and also fulfilling the other two conditions of the three-step test); just the identification of those cases is the result of a rich and fine-tuned case law rather than statutory law and its application.

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p. 124; (iv) M. Ficsor: „How Many of What? – The 'Three-step Test' and its Application in two Recent WTO Dispute Settlement Cases," *Revue International du Droit d'Auteur (R.I.D.A.)*, vol. 192, April 2002. Ricketson's previous position was the same; *see* Sam Ricketson: *The Berne Convention for the protection of literary and artistic works: 1886 – 1986*, Kluwer, 1987, p. 482.

[49] For the material of the preparatory work of the US implementation of the Berne Convention, see *Berne Convention Implementation Act of 1987 – hearings before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the Committee on the Judiciary, House of Representatives, One Hundredth Congress*, US Government Printing Office, 1988.

[50] *Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, Geneva 1996*, WIPO publication No. 348(E), 1999. p. 704.

6. The introduction of *fair use* (or *fair dealing*) in a country without appropriate legal tradition and well-established case law may create conflicts with the three-step test

When we consider the chances and possible consequences of introducing a *fair use* (or *fair dealing*) system in a country where there has been no such legal tradition, it should be taken into account that such a step may take place in two different ways. The first way is to introduce it but to recognize and state that its application is also subject to the three-step test. The second way would be to introduce such a system on the understanding – as suggested by KEI and its allies – that it is "more flexible" than the three-step test and that thus it allows the application of exceptions that would not be allowed by the three-step test (at least in accordance with the correct interpretation thereof).

On the basis of the text of the new provisions, it seems that the way *fair use* has been introduced in the Republic of Korea may fall in the first above-mentioned category. The new Article 35-3 of the Korean Copyright Act, under the title of "Fair Use of Copyrighted Material," reads as follows:

3. Except for situations enumerated in art. 23 to art. 35-2 and in art. 101-3 to 101-5, provided it does not conflict with a normal exploitation of copyrighted work and does not unreasonably prejudice the legitimate interest of the copyright holder, the copyrighted work may be used, among other things, for reporting, criticism, education, and research.
4. In determining whether art. 35-3(1) above applies to a use of copyrighted work, the following factors must be considered: the purpose and character of the use, including whether such use is of a commercial nature or is of a nonprofit nature; the type or purpose of the copyrighted work; the amount and importance of the portion used in relation to the copyrighted work as a whole; the effect of the use of the copyrighted work upon the current market or the current value of the copyrighted work or on the potential market or the potential value of the copyrighted work.

These provisions may only be interpreted in one way; namely that the exceptions in the specific cases mentioned in paragraph (1) may only be applied if they correspond also to the second and third conditions of the three-step test. Paragraph (2) does not relax these conditions in any way whatsoever; it indicates the factors which should be considered in order to establish whether or not an exception would correspond to the criteria under paragraph (1); that is, practically to the three-step test.

However, if the above-quoted translation is correct, there still seems to be a problem which does not follow from its – "advertised" – similarity to the US *fair use* system; just to the contrary, it follows from the apparent difference from it. Under section 107 of the US Copyright Act, the four factors are not exclusive; other factors may – and, where it is needed to judge fairness certainly should – be taken into account. In contrast, under 35-3(2) of the Korean Copyright Act, this seems unclear since, although the phrase "the following factors must be considered" may be read as "the following factors *must* be considered" (understood to mean that those factors must be always among the factors considered), the text may equally be read as "*the following factors* must be considered" (to mean that those factors – and those alone – must be considered). This shows that, even in countries where the

intention is to introduce a US-type *fair use* system as faithfully as possible, without due traditions and without a well-established case law, some interpretation problems necessarily tend to emerge.

However, the real problems may be found where usually the devil may be found: in the details; in this case, in the way courts unfamiliar with such concepts have to apply such a system.

This may lead to legal uncertainty with potential conflicts with the three-step test – and thus with the international treaties. Such conflicts would be not just potential but pre-programmed – as a built-in element of the would-be treaty – if a provision like the one quoted at the beginning of this memorandum were included on the understanding that, by doing so, "more flexibility" and more and broader exceptions would be allowed than under the three-step test. All this would be aggravated if *fair use* were promoted to be introduced in countries where not only there is no tradition for such kind of judge-made law but, due to the actual level of development of the judicial system, there would be no realistic hope that it might lead to the same satisfactory legal situation as the above-referred well-established traditional *fair use* and *fair dealing/fair practice* systems.

7. Conclusions

Such a provision would create triple potential danger:

(iv) **A provision – according to which *fair dealing/fair practice* and *fair use* systems may be used to implement the exceptions foreseen in the would-be instrument/treaty – has never been necessary for the applicability of such systems where they are based on appropriate tradition and duly developed case law; at the same time, its inclusion would create a potential danger since it might suggest that now such systems may or should be introduced also in countries without such tradition and case law and, as a result, could lead to conflicts with existing international norms, in particular those on the three-step test.**

(v) **This potential danger would be seriously aggravated and made more probable due to the fact that those who insist on the inclusion of such a provision do so on the basis of an – badly founded – theory that a *fair use* or *fair dealing/fair practice* system would offer "more flexibility" and would make more and broader exceptions possible than what is allowed under the three-step test.**

(vi) **Such a provision with the danger of undermining the adequate balance of interests guaranteed by the three-step test might have an impact on the application of other exceptions too; first, it might be presented as a standard for any new norm-setting activity in WIPO; and, second, it might be claimed that the "new interpretation" reflected in the proposed provision could and should serve also for the interpretation and application of any other exceptions allowed by the existing international norms.**

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VIP - Advice from Fiscsor and Lindner

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Cc: ted.shapiro@wiggin.co.uk
Attachments: Ficsor reference to fair ~1.docx (91 KB) [Open as Web Page]; Advice WIPO VIP Negotiatio~1.doc (116 KB) [Open as Web Page]

Dear all

Attached please find advice on the current text provided by Mihaly Ficsor and Brigitte Lindner. Both confirm substantial difficulties with the proposed inclusion of the reference to Fair Use and the treatment of the Three Step Test. Here is a sentence from Brigitte's conclusions:

"The foregoing considerations lead to the conclusion that the reference to fair use and the particular way of incorporating the three-step test in the proposed instrument for the benefit of VIPs deviate substantially from the practice in existing international conventions and treaties in the copyright field and thus lead to ambiguities and legal uncertainty."

In Brigitte's paper you will also find some further thoughts on possible ways to address the TST issue.

It would be good to know what sort of feedback you are getting, in particular from Africa, but also from any other countries you may be been outreaching. Also I would like to understand better what you think will be the focus of the upcoming three day session, given that a number of important issues were not discussed at the last session at all...

Thank you

My best
Chris

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ADVICE
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WIPO VIP NEGOTIATIONS
Reference to fair use
Incorporation of three-step test

The present advice was prepared at the request of the Motion Picture Association and explores the possible implications of the reference to fair use and the specific manner of incorporation of the three-step test in the Draft Text of an International Instrument/Treaty on Limitations and Exceptions for Visually Impaired Persons/Persons with Print Disabilities (WIPO-Doc. SCCR/25/2 Rev.).

1. Background

The proposed instrument is a novelty in the international legal framework of copyright insofar as its focus is on limitations and exceptions rather than the respective rights that are the subject of the proposed restrictions. As at present the proposed instrument does not oblige Contracting Parties to adhere to and ratify existing international conventions, notably WCT, there may be instances in which the mandatory limitations and exceptions refer to rights which may not even exist in the national law of a particular Contracting Party. From this angle, the nature of the proposed instrument and the relationship with existing treaties is crucial for arriving at a sensible outcome. Some of the aspects discussed in this document depend on it.

The proposed instrument first of all would oblige Contracting Parties to make provision for certain limitations and exceptions to the reproduction, distribution and making available rights for the benefit of visually-impaired persons (VIPs). Secondly, the proposed instrument would permit certain limitations and exceptions to the rights of public performance, and possibly translation. In this context, it is worth mentioning that legislators would already now have the possibility to provide for limitations and exceptions for the benefit of VIPs under existing international conventions and treaties in the copyright field. Under the Berne Convention, exceptions to the reproduction right for the benefit of VIPs could be based on Article 9(2) Berne Convention, subject to the three-step test. Implied exceptions apply to the translation right in Article 8[1], as well as to the public performance right in Article 11 of the Berne Convention in the form of so-

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[1] Cf. Ricketson, S./Ginsburg, J., International Copyright and Neighbouring Rights, 2nd edition (2006), at para. 13.85: Article 9(2) Berne Convention is applied to the translation right by way of interpretation resulting from the Records of the 1967 Stockholm Conference.

called minor exceptions[2]. The exceptions and limitations allowed under the Berne Convention, including implied and minor exceptions, are also subject to the three-step test in application of Article 13 TRIPS[3] and Article 10(2) WCT[4]. Likewise, exceptions and limitations to the distribution and making available rights could be possible within the parameters of Article 10 (1) WCT, equally subject to the three-step test. In essence, this means that a Contracting Party to the aforementioned treaties and conventions may already now provide for a limitation or exception to the mentioned rights in the framework of the Berne Convention, TRIPS and/or WCT for the benefit of VIPs, with the three-step test being the common denominator; many States have done so[5].

Thus, an additional international instrument may clash with existing legislation and create legal uncertainty, if not carefully crafted. In particular, this could be the case where the proposed instrument deviates from accepted practices and standards that have been developed over time at the international level. At present, the proposed instrument would allow for limitations and exceptions to exclusive rights provided for under the Berne Convention, TRIPS and WCT without the need for all prospective Contracting Parties to apply the three-step test as a general rule. Contracting Parties are even expressly encouraged to implement the proposed instrument by way of fair use or fair dealing, again without the need to pass by the three-step test in each and every case. Consequently, the proposed instrument would allow broad exceptions to the reproduction, distribution, making available, public performance and possibly translation rights in a way which would not be permitted under the Berne Convention, TRIPS and WCT. Thus, the proposed instrument would not only disregard existing standards, it would also create a dangerous precedent for potential future international instruments on limitations and exceptions.

Such inconsistencies could be avoided or reduced to a minimum if the standards for measuring exceptions and limitations under the proposed instrument were equivalent to the respective provisions in existing international treaties and conventions whose rights the proposed instrument is intended to restrict. As a result, like existing international treaties and conventions in the copyright field, the proposed instrument should omit a reference to specific ways of implementation, in particular fair use and fair dealing, and subject all exceptions and limitations as a general rule to the three-step test.

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[2] Ricketson/Ginsburg, ibid., paras. 13.80-13.81: the Records of the 1967 Stockholm Conference endorsed a statement previously made by the Rapporteur Général M. Plaisant in the context of the 1948 Brussels Conference in this regard.
[3] Gervais, D. The TRIPS Agreement – Drafting History and Analysis, 3rd edition (2008), paras. 2.119 and 2.120; Senftleben, M., Copyright Limitations and the Three-Step Test (2004), ibid., p. 90; WTO Panel Report of 15 June 2000, Document WT/DS/160/R, 29-30.
[4] Reinbothe, J./von Lewinski, S., The WIPO Treaties 1996 (2002), Article 10 WCT, note 31.
[5] Cf. Sullivan, J., Study on Limitations and Exceptions for the Visually Impaired, WIPO-Doc. SCCR/15/7 of 20 February 2007.

In the following, the implications of the proposed way of incorporating the three-step test and the reference to fair use in the current text of the proposed instrument are discussed in more detail together with proposals for possible solutions.

2. Fair use

a. Reference to fair use in the Implementation provisions

The first part of the Implementation provisions contain rules similar to Article 14(1) WCT, but in a much expanded form and with a statement that the implementing measures may include *"judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs"*. Thus, just like existing treaties, the proposed instrument generally allows for the implementation of the limitations and exceptions in various ways in accordance with national legal systems, with the decisive difference however that a specific reference is made to fair use and fair dealing by weaving the terms into the fabric of the implementation provision.

There is no compelling reason for diverting from the text adopted in recent international treaties, namely Articles 14(1) WCT, 23(1) WPPT and 20(1) BTAP. These treaties give Contracting Parties a certain degree of flexibility when implementing treaty obligations in their legal systems, including exceptions and limitations to exclusive rights. Depending on the specificities of the legal system at stake, this could be a more open-ended formula, such as fair use in Sec. 107 US Copyright Law, or a closed list of exceptions as may be found in Article 5 of Directive 2001/29/EC in the European Union[6]. Fair dealing, as practised for instance under the UK Copyright Designs and Patents Act (CDPA), stands somewhere in between for it combines detailed exceptions with the application of the more general fairness principle[7].

This does, however, not mean that obligations under the existing treaties may be fulfilled by providing for a broad open-ended system. In the same way as in closed systems, the application of treaty obligations in the context of more or less open-ended systems such as fair use or fair dealing is subject to meeting the specific requirements and safeguards of the treaty in question, in particular the three-step test. Thus, any utilisation of a work permitted under a fair use style provision or as fair dealing will have

[6] For the varying degrees of discretion granted to regional and national legislators under the WIPO Treaties cf. Lindner, B., 'The WIPO Treaties', in Lindner, B./Shapiro, T., Copyright in the Information Society (2011), pp. 3-24 at p.16; Senftleben, M., ibid., pp. 162- 168; Sirinelli, P., Exceptions et Limites aux Droit d'Auteur et Droits Voisins, WIPO-Doc. WCT-WPPT/IMP/1 of 3 December 1999, pp. 18 -24; Taubman, A., Wager, H., Watal, J., A Handbook on the WTO TRIPS Agreement (2012), p. 47 refer to the different ways of implementing limitations and exceptions, including in open-ended systems such as fair use, in the context of Article 13 TRIPS.

[7] Fair dealing under the UK CDPA applies in three cases, namely research or private study (Sec. 29), criticism or review (Sec. 30(1)) and reporting of current events (Sec. 30(2)) and requires that the use made under these provisions passes the fairness test whose criteria have been developed by the courts.

to be restricted to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right owner. As has been pointed out by various commentators, open-ended systems such as fair use under Sec. 107 US Copyright Act may raise issues with the three-step test, in particular the first and possibly also the third step[8]. This represents a challenge not only for legislators but also for national courts, for instance when applying the guidelines for fair use under Sec. 107 US Copyright Act in individual cases, an exercise which requires a considerable amount of expertise. Consequently, it is neither necessary nor would it be reasonable or desirable in view of the mentioned difficulties to include an express reference to fair use or fair dealing in the proposed instrument.

A specific reference to fair use or fair dealing could also be misleading for it could be understood as an invitation to implement the instrument in such a way, whether or not it sits well with the particular legal system of the Contracting Party in question. However, any wholesale introduction of a particular legal feature, be it fair use, fair dealing or a closed list, would be contrary to the intended effect of the discretion that Contracting Parties may exercise with regard to the way of implementing their treaty obligations. The reason for this discretion granted to the national legislator resides in the fact that legislators should not be forced to abandon certain legal features which are deeply rooted in their legal system, as long as they are compatible with the treaty provisions[9]. In the copyright field, there are different legal traditions with distinct features which jointly lead to a homogenous legal system. As such, in civil law traditions more or less broadly phrased rights are met by a closed list of exceptions[10]; by contrast, common law traditions mostly display an exhaustive catalogue of rights together with an open-ended system such as fair use or fair dealing[11]. Many of these legal regimes have been developed over a long period of time with a large body of case-law. They are part of the country's legal culture. To introduce potentially unsuitable features from different legal systems into these organically grown legal regimes bears the risk of upsetting the overall balance found by the national legislator and the courts. However,

[8] Ricketson, S., Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment, WIPO-Doc. SCCR/9/7 of 5 April 2003, pp. 69-71 takes the view that the indeterminate "other purposes" in Sec. 107 of the US Act fall foul of the first step. In addition, the fact that non-pecuniary interests of authors are not taken into consideration as well as the absence of a reference to the proportionality of the detriment which may be caused to the author are matters of concern. Cf. also Cohen-Jehoram, H., Einige Grundsätze zu den Ausnahmen im Urheberrecht, GRUR Int. 2001, 807 (808) and Bornkamm, J., Der Dreistufentest als urheberrechtliche Schrankenbestimmung – Karriere eines Begriffs in Festschrift für Willi Erdmann zum 65. Geburtstag (2002), p. 29 at p. 45, who consider that fair use cannot represent a 'certain special case'.

[9] Reinbothe/von Lewinski, ibid., Article 14(1) WCT, note 12.

[10] Cf. §§ 44a – 63a of the German Law on Author's Right for a long list of exceptions and Article L.122-5 of the French Intellectual Property Code where the hitherto very short list has grown into a long list as a result of the implementation of Article 5 Directive 2001/29/EC.

[11] Cf. Fair use provisions in § 107 US Copyright Code and in Sec. 185 of the IP Code, Part IV of the Philippines. Israel, which hitherto applied the UK 1911 Copyright Act and hence the system of fair dealing, has moved to fair use in its new Copyright Act (cf. Sec. 19 of Copyright Act, 2007). As already indicated, fair dealing may be found in the UK CDPA which has been followed in a number of Commonwealth countries, as well as in the Irish Copyright and Related Rights Act, 2000 (Sections 50 and 51).

this may ultimately be the effect of the express reference to fair use and fair dealing in the proposed instrument.

At a time when the fair use doctrine is considered by many as a cure for all ills, this would clearly be the wrong sign. In Europe, fair use has become popular as a counterbalance to broad and flexible exclusive rights[12], although it may not represent the leading view[13]. In the Netherlands, the controversy over the introduction of a fair use system to replace the closed list of exceptions in the Dutch Copyright Act began in the 1980s[14]. The decision of the Dutch Supreme Court in the case Dior v Evora in 1995 fuelled the debate further[15]. While the opinions are divided as to whether this decision could be considered as a judicial move into the sphere of fair use, it appears to be nothing else than the expansion of an existing exception under the Copyright Act to a similar scenario. The controversy changed direction with the implementation of Directive 2001/29/EC on copyright in the information society by shifting towards reconsidering the three-step test as an "enabling provision" for further exceptions[16]. There have also been attempts in the UK to replace the robust system of fair dealing with a US-style fair use in the context of the so-called Hargreaves Review [17]. However, the approach advocated in the Report stopped *"short of advocating the big once and for all fix of the UK promoting a Fair Use copyright exception to the EU, as recommended by Google and under examination by the Irish Government"* and expressed *"genuine legal doubts about the viability of a US case law based mechanism in a European context"*[18]. The consultations in Ireland are still ongoing[19]. While an informed debate can hence fend off legal features which are potentially unsuitable for the respective national or regional copyright legislation, one wonders what would happen in countries which are still in the process of establishing a sound national copyright system and practice and may not presently have the necessary level of experience to deal with such challenges.

One of the reasons why fair use has become so popular with certain interest groups, and governments alike, appears to be that it is often considered as a blanket exception which would allow every thinkable use right up to the borders of fairness. The reference to an undefined concept of fair use and/or fair dealing as an acceptable means of implementation in an international instrument would increase the risk of a broad

[12] Senftleben, M., 'Quotations, Parody and Fair Use' in Hugenholtz, B./Quaedvlieg, A./Visser, D. (eds), A Century of Dutch Copyright Law (2012), pp. 359 – 412 at 403.

[13] Janssens, M.-C., 'The issue of exceptions' in Torremans, P. (ed.), Research Handbook on the Future of Copyright (2009), pp. 317-348 at 337/338.

[14] Cf. the report by Quaedvlieg, A., 'Netherlands', in Lindner/Shapiro, ibid., pp. 393-426 at pp. 394-398.

[15] Hoge Raad, Judgment of 20 October 1995, NJ 1996, 682.,

[16] Senftleben, M., in Hugenholtz/Quaedvlieg/Visser, ibid., at p. 391.

[17] Digital Opportunity – A Review of Intellectual Property and Growth, An Independent Report by Professor Ian Hargreaves, pp. 5, 44-46, 52, accessible at: http://www.ipo.gov.uk/ipreview-finalreport.pdf (accessed on 27 March 2013).

[18] Hargreaves Review, ibid., p. 52, para. 5.41.

[19] The Copyright Review Committee published a Consultation Paper on copyright and innovation on 29 February 2012 in which it indicated that it was still unconvinced by the arguments on both sides of the fair use debate (p. 120, at para. 10.5). Cf. abundant information on the review and the consultation paper at: http://www.djei.ie/science/ipr/crc_index.htm (accessed 27 March 2013).

erosion of exclusive rights and would constitute a dangerous precedent. The absence of a clear obligation for all future Contracting Parties to apply the three-step test to all exceptions and limitations allowed under the proposed instrument would even increase the risk that fair use could become such a blanket exception, at least in certain countries. Hence the fair use reference and the incorporation of the three-step test are intertwined and both issues should be remedied hand in hand. As we have seen, in countries whose legislation presently contains a fair use provision as a long-standing feature of their legal system, its impact is balanced by the courts with the application of the three-step test. Even in such a case, the process of balancing is not straightforward and requires particular expertise. It is hence highly undesirable to recommend fair use, as well as fair dealing, as a suitable and generally acceptable means of implementing the proposed instrument to all Contracting Parties.

Consequently, for all the foregoing reasons, the reference to specific ways of implementation such as fair use or fair dealing should be omitted from the proposed instrument.

b. Possible Solutions

Option 1:

In the interest of creating legal certainty through avoiding ambiguities, it would be preferable to adopt the model chosen in previous treaties and state simply that *"Contracting Parties undertake to adopt, in accordance with their legal systems, the measures necessary to ensure the application of this Treaty"*. As we have seen, this could include various practices as they exist in the different legal systems, including fair use and fair dealing, provided they meet the specific requirements and safeguards for limitations and exceptions under the proposed instrument. To make this more apparent, a reference to legal system and practice could be added to the existing text.

The first option therefore consists in an adjustment of the text in the Implementation provisions to that in Articles 14(1) WCT, 23(1) WPPT, 20(1) BTAP:

Paragraph 1 of the Implementation provisions should be phrased as follows:

"Member States/Contracting Parties undertake to adopt, in accordance with their legal systems [and practice], the measures necessary to ensure the application of this instrument".

Paragraphs 2, 3 and 4 of the Implementation provisions should be deleted.

Option 2:

However, the specific course of the negotiation process may not allow for the adjustment of the Implementation Provisions to existing treaty provisions. In such a case, the situation could be remedied by deleting various parts of the Implementation provisions, depending on feasibility.

In this context, the best option would be to delete entirely the third paragraph as its content is already covered by the first two paragraphs:

~~*"Contracting Parties may fulfil their rights and obligations under this Treaty through, exceptions or limitations specifically for the benefit of beneficiary persons, other exceptions or limitations, or a combination thereof within their national legal traditions/systems. These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs*."~~

If such an attempt is resisted, it could be considered to delete the second sentence of paragraph 3:

"*Contracting Parties may fulfil their rights and obligations under this Treaty through, exceptions or limitations specifically for the benefit of beneficiary persons, other exceptions or limitations, or a combination thereof within their national legal traditions/systems.* ~~*These may include judicial, administrative or regulatory determinations for the benefit of beneficiary persons as to fair practices, dealings or uses to meet their needs*~~."

In both alternatives proposed under Option 2, paragraph 4 of the Implementation provisions should also be deleted. This paragraph could be misconstrued and understood as an invitation to introduce various kinds of limitations and exceptions for persons with disabilities. Particularly in conjunction with the Development provision (cf. below under 5), this would create ambiguities which should be avoided.

3. Three-step test

The proposed instrument makes references to the three-step test at several points as follows:

- Respect for copyright provision;
- Recital 10;
- implicitly (via cross-references) in Articles C(3) and D(4).

a. Respect for copyright provision

In essence, the respect for copyright provision calls for the application of the three-step test only in a case where a particular Contracting Party has such obligations under the Berne Convention, TRIPS and/or the WCT.

As a result, there appears to be a two-tier system of implementation obligations in the proposed instrument:

First, the Implementation provision part would apply to all future Contracting Parties of the proposed instrument and thus, as currently phrased, would generally invite for the implementation of the limitations and exceptions in various ways in accordance with the legal system and practice of the country concerned, including by way of fair use or fair dealing.

Secondly, additional conditions, namely compatibility with the three-step test, would come into play for Contracting Parties who have obligations under the Berne Convention, TRIPS or WCT ((...) *"a Contracting Party may exercise the rights and shall comply with the obligations that **that** Contracting Party has under ...* - emphasis added). Because the text of the provision refers expressly to obligations that the particular Contracting Party has under the aforementioned conventions, there are strong arguments for the application of the three-step test to be limited to such convention countries.

Thus, the reference to the three-step test does not appear to function as a general condition applicable to all Contracting Parties. This would mean that where the instrument, if adopted, would be implemented in open-ended fair use systems, the three-step test would not necessarily have to be applied in all cases nor would individual catalogue exceptions in closed list countries have to be tailored along the lines of the three-step test in all instances. The three-step test would only have to be applied by those Contracting Parties who are already obliged to do so under other treaties or conventions to which they have adhered. These are Contracting Parties who are members of Berne, TRIPS and/or WCT. While at present 166 countries are members of Berne[20] and 159 of TRIPS[21], only 90 States are Contracting Parties to the WCT[22]. Thus, a significantly lower number of countries would have to measure exceptions with the three-step test as far as distribution and making available rights under WCT are concerned. This would include countries like Brazil and India, Canada and New Zealand, Israel, many African States such as Algeria, Cameroon, Egypt, Kenya, Nigeria, South Africa, Zambia and Zimbabwe and numerous others. In essence, the situation would be as follows:

[20] http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/berne.pdf (accessed 26 March 2013).
[21] http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (accessed 26 March 2013).
[22] http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/wct.pdf (accessed 26 March 2013).

- Where a Contracting Party is a member of Berne only, the proposed exceptions or limitations to the reproduction right would have to be compatible with the three-step test in Article 9(2) Berne Convention. Similar considerations apply to the translation right to which the exceptions and limitations to the reproduction right and in particular Article 9(2) Berne Convention apply implicitly[23]. In respect of the public performance right, only minor exceptions would be allowed[24].

- Where the Contracting Party is also a member of TRIPS, Article 13 TRIPS would come into play with regard to the exceptions in respect of the reproduction and translation rights and for the minor exceptions to the public performance right under Berne. The three-step test would operate as a kind of "safety net" against broad interpretations of the limitations and exceptions allowed under the Berne Convention[25].

- Where the Contracting Party is in addition to Berne and TRIPS a member of WCT, the three-step test would apply to the distribution and making available rights under Article 10(1) WCT and in respect of the Berne rights on the basis of Article 10(2) WCT[26].

In this context one may also like to raise the question what the opponents of the application of the three-step test as a general rule in the proposed instrument would gain: for example, a country like Brazil, which is a member of Berne and TRIPS only, would have to apply the three-step test in any event in respect of the reproduction, translation and public performance rights protected under Berne as a result of Article 9(2) Berne Convention and Article 13 TRIPS. Would Brazil then intend to provide for a broad blanket exception in respect of the distribution and making available rights? If so, how would this tie in with the reproduction right which may be affected by the same permitted use?

Finally, the respect for copyright provision must also be seen in conjunction with the General Clause. This Clause provides that "*nothing in this treaty shall derogate from any obligations that Contracting Parties have to each other under any other treaties, nor shall it prejudice any rights that a Contracting Party has under any other treaties*". Even though the General Clause does not specify the treaties which remain unaffected by the proposed instrument, it is nonetheless an important achievement: the General Clause must be seen as a so-called subordination clause which concedes priority to the earlier treaty in instances where two treaties on the same subject-matter which bind the same parties contain incompatible obligations[27]. Thus, the General Clause prevents any claim

[23] Cf. Ricketson/Ginsburg, ibid., paras. 13.83 et seq.
[24] Ricketson/Ginsburg, ibid, paras. 13.79-13.82.
[25] von Lewinski, S., International Copyright Law and Policy (2008), paras. 10.83 -10.84; Gervais, D., ibid., paras. 2.119 and 2.120; Senftleben, M., ibid., p. 90; WTO Panel Report of 15 June 2000, Document WT/DS/160/R, 29-30.
[26] Reinbothe/von Lewinski, ibid., Article 10 WCT, note 31.
[27] Dörr/Schmalenbach, Vienna Convention on the Law of Treaties: a commentary, 2012, Article 30, p. 512, note 16.

that the relationship between the proposed instrument and existing copyright treaties is undetermined and should be resolved with the help of the interpretative rules in Article 30 (3) and (4) of the Vienna Convention on the Law of Treaties, according to which the later treaty would prevail. In other words, without such a specific subordination clause the proposed instrument could be considered to take precedence over the relevant incompatible provisions in existing treaties.

Transposed to the three-step test scenario the General Clause means that in a case where Berne, TRIPS and/or WCT would require compliance with the three-step test in respect of a particular exception for the benefit of VIPs which would be permitted under the proposed instrument without having regard to the test, the Berne, TRIPS and/or WCT requirements prevail insofar as a future Contracting Party is a member of such conventions. In such a case, the three-step test would have to be complied with. The same result would be obtained with the Respect for Copyright provision. It is thus a concretisation of the General Clause for the particular area of the three-step test which confirms that Contracting Parties that have adhered to Berne, TRIPS and/or WCT must comply with the three-step test with regard to exceptions under the proposed instrument to the exclusive rights provided under these treaties.

As a result, the solution proposed in the respect for copyright provision, which would not oblige all future Contracting Parties to apply the three-step test to the exceptions and limitations under the proposed instrument, would create significant loopholes and might encourage such Contracting Parties to adopt broadly phrased exceptions and limitations when implementing the instrument.

b. Other references to the three-step test in the proposed instrument

Apart from the respect for copyright provision, the three-step test is referred to in the proposed instrument in three other instances:

The 10th Recital stresses the importance and flexibility of the three-step test for limitations and exceptions established in Article 9(2) of the Berne Convention and other international instruments as a general principle. However, it does not oblige Contracting Parties to apply the three-step test to the proposed limitations and exceptions.

Secondly, Articles C(3) and D(4) contain potential cross-references to the three-step test, thus seemingly subjecting only those means of implementing the limitations and exceptions provided for in Articles C(1) and D(1) to the three-step test. This could lead to legal uncertainty: there could be an *a contrario* assumption that other ways of implementing limitations and exceptions under Articles C(1) and D(1) are not subject to the three-step test at all. It might also convey the message that the more detailed provisions in Articles C(1) and D(1) would already comply with the three-step test. This would however not be sufficient: the three-step test must be respected as a general rule

by national legislators when implementing international norms into national law as well as by national courts when applying the implemented norm in practice[28].

c. Conclusion

None of the references to the three-step test in the proposed instrument are particularly helpful. Their effect seems to be that the implementation of the instrument would in general not require the compatibility of the limitations and exceptions with the three-step test, except in two cases:

(i) where a Contracting Party is a member of other conventions which require the application of the test; or
(ii) where exceptions or limitations are implemented on the basis of Articles C(3) and D(4).

As a result, there is a danger that the desire to harmonise the system of limitations and exceptions for VIPs would ultimately water down the conditions for devising and applying such restrictions to rights. This should be avoided for several reasons:

- It would reverse the efforts of international lawmakers to provide for a commonly used and accepted benchmark for limitations and exceptions in international copyright conventions.

- It would set a negative precedent which risks to be perpetuated in future exercises since the appetite for harmonising limitations and exceptions is not yet satisfied; WIPO already has an agenda for further limitations and exceptions for educational, teaching and research institutions and persons with other disabilities as well as for libraries and archives.

- No effect of harmonisation: there could be broader exceptions in countries which do not need to comply with the three-step test in each and every case and narrower exceptions in those countries that are obliged to apply the test as a general rule. In particular, if the application of the fair use principle would not have to be restricted by the three-step test, some very broad exceptions may be the result.

[28] There are numerous examples for the application of the three-step test in case law, for instance by the European Court of Justice in its Judgment of 16 June 2011, Case C-462/09 – Stichting de Thuiskopie v Opus Supplies Deutschland GmbH; the French Cour de Cassation (Civ 1), 28 February 2006, [2006] RIDA 210, 327-339 in the case Perquin/UFC Que Choisir v Films Alain Sarde et al; the German Federal Supreme Court (BGH) Judgment of 25 February 1999, BGHZ 141, 13-40, at 30-39, in the case Kopienversanddienst; the Austrian Supreme Court with Judgment of 31 January 1995, MR 1995, 106 – Ludus Tonalis. For a general overview of the application of the three-step test by courts around the world see: Lewinski, S., General Report: 'Exceptions: General View of the Three-Step Test' in ALAI 2007, The Author's Place in XXI Century Copyright: the Challenges of Modernization, pp. 579 – 590 at pp. 585 – 589.

This is particularly problematic with regard to the cross-border exchange of accessible format copies between Contracting Parties as provided for under the proposed Article D and the importation of accessible format copies under Article E. There is a danger that copies made in countries with broad exceptions could be widely distributed in other countries, including those with more restrictive systems. Apart from addressing correctly the issue of fair use and the three-step test, which may remedy the situation to a certain extent, it could also be considered to insert a provision along the lines of Sec. 27(3) of the UK CDPA[29] which permits the importation of a copy only if its making would not have infringed copyright in the country of importation.

d. Possible solutions

Option 1:

The best option would be to incorporate the three-step test into the proposed instrument as a general principle and make it applicable to all Contracting Parties. There are two different ways in which this could be achieved:

(i) by altering the text in the respect for copyright provision using text from the former Article E*bis* Alternative A:

"In adopting measures necessary to ensure the application of this instrument, a Contracting Party shall ensure that limitations and exceptions provided under this instrument shall be limited to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rightholder."

This would create a universal benchmark for all limitations and exceptions and would continue with the tradition of applying the three-step test as a general condition in an international agreement. Such a provision would also mean that the application of fair use, in case the reference in the Implementation provisions cannot be deleted, would be subject to the three-step test. At present, it would only be subject to the three-step test where a Contracting Party is a Berne/TRIPS/WCT member.

(ii) by deleting the words *"that that Contracting Party has"* in the second line of the respect for copyright provision

Whilst far from being perfect, this option could be useful if there is resistance to proceed with a more substantial change to the wording of the respect for copyright

[29] Sec. 27(3) CDPA reads as follows: "An article is also an infringing copy if –
(a) it has been or is proposed to be imported into the United Kingdom, and
(b) its making in the United Kingdom would have constituted an infringement of the copyright in the work in question, or a breach of an exclusive licence agreement relating to that work".

provision. The effect would be similar to that under (i): by deleting the reference to *"that that Contracting Party has"*, future Contracting Parties would be obliged to comply with Articles 9(2) Berne, 13 TRIPS and 10 WCT when devising limitations and exceptions under the proposed instrument. This means that even future Contracting Parties which are not party to Berne, TRIPS or WCT would have to comply with the three-step test.

Option 2:

If no change can be achieved with regard to elevating the three-step test to a general rule in the proposed instrument, another option could consist in requiring future Contracting Parties to the proposed instrument to also adhere to the relevant international agreements whose rights are to be restricted as a result of the proposed instrument. In such a case, the three-step test would apply indirectly on the basis of membership in Berne, TRIPS and WCT.

While there was reluctance during the discussions in the Standing Committee to make ratification of WCT a prerequisite for the adherence to the proposed instrument, it must be born in mind that the proposed instrument concerns limitations and exceptions to rights which are provided under WCT as well as Berne and TRIPS. Consequently, the proposed instrument is of interest where a Contracting Party provides for the relevant rights which are then subjected to the proposed limitations and exceptions. This being said, during the debates on the proposed instrument, a reference was made by India and Egypt to the Agreed Statement to Article 1 BTAP which clarifies that Contracting Parties are not required to ratify or accede to WPPT[30]. However, in the case of the BTAP, new rights had to be provided and the obligation to introduce yet more rights under WPPT might have created an obstacle to adherence to the BTAP. The present case is different: a limitation or exception only makes sense, if the relevant rights exist.

Combination of Options 1 + 2:

Of course, in an ideal world, Options 1 and 2 could be combined. In such a case, the three-step test would be reinstated as a general rule in the proposed instrument and future Contracting Parties to the proposed instrument would also be members of the relevant treaties and conventions whose rights would be restricted as a result of the proposed instrument.

Accompanying measure to options 1 + 2:

It should be considered to refrain from any potential isolated cross-references in Articles C(3) and D(4) to the three-step test in view of the *a contrario* effect.

[30] Report of the 24th Session of the SCCR, WIPO-Doc. SCCR/24/12 Prov. of 27 July 2012, at paras. 303-310 (304 and 309): the issue relates to fears expressed by a number of delegations (Egypt, India, Nigeria in particular), that a mere reference in the Preamble to WCT could lead to making the accession or ratification of WCT compulsory for future Contracting Parties of the proposed instrument to which these delegations were fiercely opposed.

Finally, the way of incorporating the three-step test in the proposed instrument is also related to the question what form the instrument will take, whether a (non)binding recommendation or a binding agreement. If the finally adopted instrument was a (non)binding recommendation, there would be no treaty membership as such. A Recommendation would provide guidelines for devising limitations and exceptions to exclusive rights under existing international agreements for the benefit of VIPs. In such a case, the three-step test should be integrated as a general principle to confirm the fundamental benchmark character of the norm.

4. Development provision

The development provision would allow future Contracting Parties to provide any kind of limitation or exception for the benefit of VIPs based solely on the economic situation and the social and cultural needs of a Contracting Party, as well as special needs in the case of a Least-Developed Country. This provision thus seems to be an invitation to proceed to a blanket exception in favour of VIPs. Although the provision is subject to the Contracting Party's international rights and obligations, and thus potentially also the three-step test, we have already seen that not all future Contracting Parties may be members of the relevant international conventions and treaties. There is hence a risk that some countries may provide for overly broad exceptions. This provision, which would also create an undesirable precedent for future international instruments, should be deleted from the proposed instrument.

5. Conclusion

The foregoing considerations lead to the conclusion that the reference to fair use and the particular way of incorporating the three-step test in the proposed instrument for the benefit of VIPs deviate substantially from the practice in existing international conventions and treaties in the copyright field and thus lead to ambiguities and legal uncertainty. Commensurate with existing treaties and conventions, the express reference to fair use and fair dealing should be omitted and all future Contracting Parties should be obliged to apply the three-step test in respect of all exceptions and limitations provided under the proposed instrument. This document contains various suggestions as to how this could be achieved; whether any of the proposed options are ultimately feasible, will depend on the individual circumstances of the negotiation process.

Rev. 4th April 2013

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Office Outlook Web Access | Type here to search | This Folder | Address Book | Options | Log Off

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Drafts [5]
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Junk E-mail [209]
Sent Items

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Re: Call Thursday?

Chris_Marcich@mpaa.org [Chris_Marcich@mpaa.org]

You replied on 4/10/2013 11:39 AM.

Sent: Wednesday, April 10, 2013 11:28 AM
To: Hughes, Justin; Babb, Terrika

Not that I have received. Terrika, thanks for (re)sending please.
My best
Chris
Chris Marcich, MPA/EMEA
Sent from my BlackBerry Wireless Handheld

----- Original Message -----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: Wednesday, April 10, 2013 05:25 PM
To: Marcich, Chris; Babb, Terrika <Terrika.Babb@USPTO.GOV>
Subject: RE: Call Thursday?

Yes, we distributed call-in information already, I thought. No? Terri, will you resend the call-in information to Mr. Marcich?

From: Chris_Marcich@mpaa.org [Chris_Marcich@mpaa.org]
Sent: Wednesday, April 10, 2013 2:51 AM
To: Hughes, Justin
Subject: Call Thursday?

Has it been confirmed?

Thanks
Chris
Chris Marcich, MPA/EMEA
Sent from my BlackBerry Wireless Handheld

Connected to Microsoft Exchange

Re:

Ted Shapiro [ted.shapiro@wiggin.co.uk]

Sent: Monday, February 25, 2013 9:39 AM
To: Hughes, Justin

He would and indeed it may have been covered in various advices we've gotten before in connection with the dev agenda. T

----- Original Message -----
From: Hughes, Justin [mailto:Justin.Hughes@USPTO.GOV]
Sent: Monday, February 25, 2013 12:39 PM
To: Ted Shapiro
Subject:

P.S. One of the things the Swiss were telling people last week was that inconsistency with the Beijing language is not that important because of the insignificance of an Agreed Statement. In the process of the Swiss making this case, I am concerned that some delegations got misrepresentations about how Articles 31 and 32 of the Vienna Convention work – and how important an Agreed Statement is as an "agreement" among the parties of a treaty under Vienna Article 31. Would Mihaly have any views on this that you might solicit and we might use to counter?

Wiggin LLP,
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Tel: 01242 224114 Fax: 01242 224223 Skype: wigginllp

TPMs

Silver, Bradley [Bradley.Silver@timewarner.com]

Sent: Monday, March 25, 2013 3:44 PM
To: Hughes, Justin
Cc: Marks, Dean S. (WB) [dean.marks@warnerbros.com]; Silver, Bradley [Bradley.Silver@timewarner.com]

Justin –

As we discussed, here were our thoughts for the proposed additional language on TPMs. As you know, our first preference would be no TPM provision, or at the very least, nothing that undoes any of the compromises reached in Beijing in a manner that leaves us worse off. That said, if additional language is proposed, Dean and I were concerned that a consideration of the impact of allowing circumvention on the market for or value of the copyrighted work should also be part of the minimum standard set forth below. We thought that could be remedied by the addition of the language in CAPS. (Note, as mentioned – these are our thoughts alone, and this hasn't been fully discussed amongst other MPAA members.)

- "It is understood that a Contracting Party may adopt such effective and necessary measures [only where] [provided that][on the condition that] the actual or likely adverse impact of the Contracting Party's law protecting technological measure on the beneficiary person's lawful use of the work is established by credible evidence in a transparent legislative or administrative proceeding **WHICH PROCEEDING TAKES ACCOUNT OF THE IMPACT/EFFECT OF SUCH EFFECTIVE AND NECESSARY MEASURES ON THE MARKET FOR OR VALUE OF THE RELEVANT WORK(S)."**

Thanks again for discussing this with us.

I also attach below, the email we sent you in early Feb regarding the small tweaks to the TPM language.

Thanks,

Bradley

From: Silver, Bradley [mailto:Bradley.Silver@timewarner.com]
Sent: Friday, February 01, 2013 11:03 AM
To: Hughes, Justin; Marks, Dean S. (WB)
Subject: RE: Re:

Indeed, sorry - I was on blackberry, but back on terra firma, so here's the whole thing with the words added in underline and caps:

Where the national law of a Member State/Contracting Party provides adequate legal protection and effective legal remedies against the circumvention of technological measures, a Member State/Contracting Party should/shall/may adopt effective and necessary measures to ensure that a beneficiary person may enjoy **THE** limitations and exceptions provided in that Member State's/Contracting Party's national law, in accordance with this instrument/Treaty, where technological measures have been applied to a work and the beneficiary person has legal access to that work, in circumstances such as where appropriate and effective measures have not been taken by rights holders in relation to that work to enable the beneficiary person to enjoy **SUCH**

limitations and exceptions under that Member State/Contracting Party's national law.

from your computer or storage system. Thank you.
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substantial difficulties with the proposed inclusion of the reference to Fair Use and the treatment of the three

the last session at all...

Thank you

My best
Chris

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