

# WIPO Information Session on Limitations and Exceptions



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# WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment



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# Exceptions to exclusive rights

- Part of national laws and international agreements from the very start

“...limits to absolute protection are rightly set by the public interest”

Numa Droz, closing speech to the 1884 Berne Conference



# The role of limitations and exceptions – in general

- Kinds of provisions:
  - Those limiting protection altogether (“limitations”)
  - Those providing immunity from infringement (“exceptions”)
  - Those allowing access subject to payment and compliance with other conditions (“compulsory or non-voluntary licences”)



## Role (cont)

### ■ Juridical basis:

- Differing philosophical traditions:
  - Natural rights (pro-author) –as few as possible
  - Utilitarian – balancing of competing interests
- Public policy, eg education, reporting of news, etc
- The importance of national cultural, social usages – from adult literacy to religious ceremonies and displays
- Market failure – leading to compulsory licences



# The international agreements considered in this study

- The Berne Convention for the Protection of Literary and Artistic Works (“Berne”)
- The Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (“Rome”)
- Agreement on Trade-related Intellectual Property Rights (“TRIPS”)
- WIPO Copyright Treaty (“WCT”)
- WIPO Performances and Phonograms Treaty (“WPPT”)



# Interpretation of international treaty provisions

- These set the goals and limits for compliance at domestic level
  - particularly important in countries where treaties are not self-implementing
- Strictly rules of customary international law apply here
- But codified for most practical purposes under Vienna Convention on Law of Treaties: articles 31-32
- Similar but not identical to statutory interpretation or contractual construction in the domestic context – more fluid and open-ended



# Vienna Convention rules – art 31(1)

1. (1) A treaty shall be interpreted in good faith in accordance with the **ordinary meaning** to be given to the terms of the treaty in their **context** and in the light of its **object and purpose**.
- **“Ordinary meaning”**:
  - use of dictionaries (WTO panel homestyle decision)
  - different treaty languages – art 37(1) Berne



## “Context” – art 31(2)

- (2) The **context** for the purpose of the interpretation of a treaty shall comprise, in addition to the text, including its preamble and annexes:
- (a) any **agreement** relating to the treaty which was made between all the parties in connexion with the conclusion of the treaty;
  - (b) any **instrument** which was made by one or more parties in connexion with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty.



## Additional “context” – art 31(3)

- (3) There shall be taken into account together with the context:
  - (a) any **subsequent agreement** between the parties regarding the interpretation of the treaty or the application of its provisions;
  - (b) any **subsequent practice** in the application of the treaty which establishes the agreement of the parties regarding its interpretation;
  - (c) any relevant rules of international law applicable in the relations between the parties.
- “Special meanings”
  - (4) A special meaning shall be given to a term if it is established that the parties so intended.



## “Object and purpose”

- To be derived from the text, including the preamble
- “Author-centric” in the case of Berne (the “protection of authors...”)
- More nuanced in the case of later agreements, eg TRIPS and WCT – referring to a balancing of interests



## Supplementary/extrinsic aids to interpretation – art 32

- 32** Recourse may be had to supplementary means of interpretation, including the **preparatory work** of the treaty and the **circumstances of its conclusion**, in order to **confirm** the meaning resulting from the application of article 31, or to **determine** the meaning when the interpretation according to article 31:
- (a) leads the meaning **ambiguous** or **obscure**; or
  - (b) leads to a result which is **manifestly absurd** or **unreasonable**.



## Art 32 (cont)

- Supplementary aids would include:
  - Conference documents, country proposals, amendments, etc
  - “circumstances of its conclusion” – more open-ended
  - Others – decisions of treaty organs, national and international tribunal decisions, scholarly commentaries

# Setting the scene - the Berne Convention



The range of limitations and exceptions provided for in the pre-digital environment



# The general approach

- (Generally) permissive not mandatory – leaving this as a matter for national legislation
- Set criteria for application – the “outer limits”
- A range of limitations and exceptions that have increased over time –
  - Varying as to works and rights involved and purpose
  - No broad formula (except for art 9(2) – a very late provision)



# Limitations

- Official texts – art 2(4)
- News of the day and press information – art 2(8)
- Political speeches and speeches in legal proceedings – art 2bis(1)
- Limitations in formulation of exclusive rights, eg “public performance” and “public recitation” rights, reproduction in non-digital formats



# Exceptions – quotation and teaching

- Lawful rights of quotation – art 10(1) (inserted 1948, Brussels)
  - Not limited to a particular exclusive right
  - Quantum – undefined
  - Compatible with “fair practice” (3 step test?)
  - Must “not exceed that justified by the purpose” –left undefined
  - Includes quotations from newspapers and press summaries
  - Source and author to be mentioned (art 10(3))
  - **Mandatory**
- Utilization for teaching – art 10(2) (originally Berne 1886)
  - In publications, broadcasting, recordings and films
  - To the extent justified by the purpose of “illustration”
  - Compatible with “fair practice” (3 step test?)
  - Source and author to be mentioned (art 10(3))
  - Permissive



# Exceptions (cont) – press and reporting

- Press usage - art 10bis(1) (originally Berne 1886)
  - Reproduction, broadcasting or communication to the public by wire of articles in newspapers and periodicals and “broadcast works of same nature”
    - Limitations – must be “current economic, political or religious topics”
    - No express reservation of rights (by owner)
    - Indication of source
    - Permissive
- Incidental use of works – art 10bis(2) (Brussels 1948)
  - Photography, cinematography, broadcasting, communication by wire
  - Extent justified by the purpose
  - Reporting of current events
  - Permissive



## Exceptions (cont) – the 3 step test

- General exception for reproduction rights – added Stockholm 1967
  - Article 9(2) – the “3 step test”

“It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.”
- Now applies more generally under art 13, TRIPS, art 10, WCT; art 16, WPPT: template for national laws



# Origins of the three step test

- No right of reproduction in Berne prior to 1967
- No need to define exceptions at this point – only necessary once the exclusive right was recognised
- Problem for Stockholm program drafters
  - Need to accommodate existing national exceptions
  - Need to avoid compromising new right
  - To list exceptions or adopt a general formula?
- See Senftleben study (2004) Kluwer



# The problem stated – 1964 Study Group

“This prerogative was of fundamental importance in the legislation of member countries of the Union; the fact that it is not recognised in the Convention would therefore appear to be an anomaly. However, if a provision on the subject is to be incorporated in the text of the Convention, a satisfactory formula will have to be found for the inevitable exceptions to this right.”



## The problem stated (cont)

On the one hand, it is obvious that all forms of exploiting a work which have, or are likely to acquire, considerable economic or practical importance must in principle be reserved to the authors. Exceptions that might restrict the possibilities open to the authors in these respects are unacceptable. On the other hand, it must not be forgotten that national legislations already contain a series of exceptions in favour of various public and cultural interests and that it would be vain to suppose that States would be ready at this stage to do away with these exceptions to any appreciable extent."



# Existing exceptions under national laws -1964

- (a) public speeches;
- (b) quotations;
- (c) school, books and chrestomathies;
- (d) newspaper articles;
- (e) reporting current events;
- (f) ephemeral recordings;
- (g) private use;
- (h) reproduction by photocopying in libraries;



## Existing exceptions (cont)

- (i) reproduction in special characters for the use of the blind;
- (j) sound recordings of literary works for the use of the blind;
- (k) texts of songs;
- (l) sculptures on permanent display in public places, etc;
- (m) artistic works used as a background in films and television programmes;
- (n) reproduction in the interests of public safety.



# Result – art 9(2), Stockholm 1967

- Three steps/requirements to be satisfied before exceptions to reproduction can be justified:
  - “certain special cases”
  - should “not conflict with a normal exploitation of the work”
  - should “not unreasonably prejudice the legitimate interests of the author”
- Abstract formula, no specification of any specific purpose (cf US fair use provision)
- Cumulative not independent requirements
- WTO panel decision 2000 provides some guidance – but no binding re Berne



# Interpreting the test – first step: “certain special cases”

- Dictionary meanings (the WTO Panel approach)
  - “Certain” – “known and particularised...fixed, determined, not variable”
  - “Special” – “having an individual or limited application or purpose”
  - “Case” – “occurrence, circumstance, event”
- Does “special” require some kind of special purpose or justification? – Differing views



# First step (cont)

- Suggested interpretation:
  - Any exception that is made under this step should be **clearly defined** as to purpose, subject-matter and usage and should be **narrow in its scope and reach**.
  - No further requirement at this stage to point to some specific public policy or exceptional circumstance justifying the exception.



## Second step: “no conflict with normal exploitation of work”

- Dictionary meanings:
  - “Exploitation” – “making use of”, “utilising for one’s own ends”, “extracting economic value from”
  - “Normal” – “conforming to a type or standard”



## Second step (cont)

- “Normal” – has both empirical and normative aspects
  - Empirical – “what is” and “what may be”
    - what the author presently earns remuneration from, and
    - what she may reasonably expect to earn in the future, eg with technological change
  - “Normative” – “what should be”
    - What markets **should** the author be able to control?
    - Non-economic aspects relevant here – do these trump the economic? Becomes highly subjective
    - Eg market for criticism, review, research



## Second step (cont)

- Suggested interpretation:
  - Must have regard not only to existing, but to potential, uses of a work from which the copyright owner can extract economic benefit – not necessarily all possible potential uses, but certainly those of "considerable or practical" importance.
  - Conflict with a normal exploitation of a work does not arise simply because it is use that would otherwise be of a commercial benefit to the author: the test is whether it enters into or will enter into economic competition with the author.



## Second step (cont)

- Exceptions do not operate for all time: “normal exploitation” is a dynamic concept, and an exception may come into conflict with a normal exploitation as technology and circumstance of use change.
- “Normative” issues of a non-economic kind are also relevant, that is, it must be determined whether the use in question is one that the copyright owner **should** control, or whether there is some other countervailing interest that would justify this not being so.
- No scope for compulsory licences arises at this stage



## Third step: unreasonable prejudice to legitimate interests of author”

- Only relevant where steps 1 and 2 are satisfied
- “Interests” (not “rights”) – both economic and personal (moral) interests of author
- “Legitimate” – lawful, justifiable – normative aspect here
- “Prejudice” – harms, injury, damage
- “Unreasonably” – within limits, proportionate
  - May therefore allow for compulsory licence and/or other conditions at this stage



# Compulsory licences under Berne

- Recording of musical works and words: art 13(1)
  - “reservations and conditions” may be imposed following first authorised recording and not prejudicial to right to obtain equitable remuneration
- Broadcasting of works and other rights under art 11 bis(1)
  - Countries may determine “conditions” under which rights may be exercised – must not be prejudicial to moral rights of author or right to obtain equitable remuneration: art 11bis(2)
- Compulsory licences for developing countries: see Appendix to Paris Act
- Final possibility: under third step of art 9(2); also possibly open under arts 10(1) and (2)



# Implied exceptions under Berne – *Berne acquis*

- The “minor reservations/exceptions” doctrine: principally directed to public performing rights, but extended also to broadcasting, public recitation, etc (arts 11bis, 11ter, 13 and 14)
  - Source: “agreed statement” (Plaisant) at Brussels Revision Conference 1948, confirmed Stockholm 1967)
  - Intended to protect existing exceptions in national laws – military bands, religious ceremonies, etc - reluctance of Brussels delegates to adopt a specific general exception (like art 9(2))
  - Essentially concerned with de minimis uses of no commercial significance
  - Subject to 3 step test? See WTO Panel but consider consequences: compulsory licences



## Implied exceptions (cont)

- Translation rights (art 8):
  - Agreed statement at Stockholm: applies to arts 2bis(2), 9(2), 10(1) and (2) and 10bis(1) and (2) – uncertainty re arts 11bis and 13
- With respect to abuse of monopoly
  - Declaration of UK Government and others re public performing rights at Brussels 1948, confirmed Stockholm 1967
- Article 17: police or public order power



## General conclusions re Berne

- Specific range of limitations and exceptions – clear criteria for application
- One general formula exception (3 step test)
- Open-ended series of implied exceptions (the Berne *acquis*).

# Setting the scene – the Rome Convention



Limitations and exceptions provided  
for



# Specific exceptions

- Article 15(1):
  - Private use
  - Use of short excerpts in connexion with reporting of current events
  - Ephemeral fixation by b'casting organisations
  - Use solely for purposes of teaching or scientific research
  - All permissive



## Specific exceptions (cont)

- Art 15(2)
  - Irrespective of art 15(1), states may adopt the same kinds of limitations as they provide for works (presumably these must be Berne-compliant)
  - May not have compulsory licences unless compatible with Rome requirements, ie arts 7(2)(3), 12 and 13(d).

# Superadded requirements – edging into the digital age



Limitations and exceptions under TRIPS –  
the extension of the 3 step template



# The principal obligations under TRIPS

- Compliance with arts 1-21, Berne –includes the mandatory quotation requirement under art 10(1), Berne and Berne *acquis* (WTO Panel)
- National treatment requirement under art 3(1), subject to “exceptions already provided in, respectively,...the Berne Convention
- Can be no derogation from Berne obligations: art 2(2)
- Specific TRIPS provision re exceptions:
  - Art 13: adopts 3 step test criteria as a “universalising formula”?



## Article 13, TRIPS

- “Members shall confine limitations and exceptions to exclusive rights 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.**”



# Application of art 13, TRIPS

- To rights specifically required to be protected only under TRIPS
  - In theory allows for wider exceptions – reference to wider public interest considerations in arts 7 and 8, TRIPS
  - Need not consider author's moral rights: excluded under art 9(1), TRIPS
  - Currently only applicable to rental rights



## Application of art 13 (cont)

- To Berne rights and exceptions (the incorporated obligations) – the broader function
  - Reproduction rights - direct overlap with art 9(2), Berne, except:
    - No need to have regard to non-economic interests of author (moral rights)
    - Interaction between art 2(2) and 9(1), TRIPS
    - May be breach of Berne but not TRIPS



# Application of art 13 (cont)

- To other Berne exclusive rights and exceptions
    - Cannot add new exceptions to existing Berne exceptions: art 2(2), TRIPS
    - Cannot limit existing Berne exceptions if latter are wider (a matter for investigation, eg in relation to “fair practice” criterion under art 10, Berne),
- but**
- May add further restrictions cumulatively if not inconsistent: see art 2(2), TRIPS, and art 20, Berne
  - May fill the gap in Berne exceptions where latter are silent, eg implied minor exceptions, as per WTO Panel, but this may go too far
  - May be clearly excluded in other cases: eg art 11bis (2) (WTO Panel)



## Application of art 13 (cont)

- Subject matter not strictly protected under Berne:
  - Computer programs (art 10(1), TRIPS): where TRIPS member does not treat themselves as otherwise required to protect them as literary works under Berne – wider exceptions may be possible
  - Compilations of data and other material (art 10(2), TRIPS) – not a requirement to protect these under Berne and again wider exceptions may be possible



# TRIPS and Rome obligations

- Rome not incorporated in TRIPS:
  - Only obligations are those in art 14, TRIPS
  - Limitations and exceptions:
    - Art 3(1), TRIPS – national treatment, subject to exceptions already provided in Rome
    - Art 14(6), TRIPS – in relation to rights protected under art 14(1), (2) and (3) allows for application Rome exceptions

# Going digital



Limitations and exceptions under the WCT  
– the 3 step child grows up (but not quite)



# Adoption of 3 step test through incorporation: art 1(4)

- Art 1(4): requires compliance with arts 1-21 and Appendix of Berne:
  - Includes art 9(1) and (2), Berne
  - Agreed statement to art 1(4):

The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment, in particular to the use of works in digital form. It is understood that the storage of a protected work in digital form in an electronic medium constitutes a reproduction within the meaning of Article 9 of the Berne Convention.
  - Uncertain status of this statement as part of WCT and/or Berne: not unanimously adopted
- Note also “special agreement” status of WCT under art 20, Berne: art 1(1), WCT and the non-derogation provision in art 1((2)



# Direct application of 3 step test to WCT rights

- Article 10(1):

Contracting Parties may, in their national legislation, provide for limitations of or exceptions to the **rights granted to authors of literary and artistic works under this Treaty** in **certain special cases** that do **not conflict with a normal exploitation** of the work and **do not unreasonably prejudice the legitimate interests of the author.**



# Direct application to WCT rights (cont)

- No need to have regard here to Berne obligations
- May allow for application of more generous limitations – see preamble (reference to “balance between the rights of authors and the larger public interest, particularly education, research and access to information, as reflected in the Berne Convention”)
- Overlap between new right of public communication and exclusive rights under art 11bis(1), Berne – wider limitations could only apply to those rights not covered by art 11bis(1), eg webcasting



# Application to incorporated Berne obligations

- Article 10(2) :  
Contracting Parties shall, when applying the Berne Convention, confine any limitations of or exceptions to rights provided therein to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author.
- Similar operation to art 13 , TRIPS, except that the three steps are identical to art 9(2), Berne
- Needs to be read with agreed statements



# The agreed statements to art 10

“It is understood that the provisions of Article 10 permit Contracting Parties to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention. Similarly, these provisions should be understood to permit Contracting Parties to devise new exceptions and limitations that are “appropriate in the digital environment”.

It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention.”



## Agreed statements (cont) –their legal effect

- Part of context of WCT as agreement made at time of conclusion: can therefore “direct” parties as to how to apply provisions of WCT, including art 1(4)
- Effect vis-à-vis Berne, as a subsequent agreement between Berne parties? May operate as a kind of sub-Union among Berne countries, but no more
- But, limited in its own terms in any event: see last statement (“neither reduces or extends the scope of applicability of limitations and exceptions permitted by the Berne Convention”).



# Agreed statements (cont) – practical effects

- Three scenarios:
  - Existing Berne exceptions: not intended to affect these, even if wider than 3 step test, eg arts 10(1) and (2).
  - Assumes there can be extensions into the digital environment of existing “acceptable” Berne exceptions where “appropriate”: but “acceptability” under Berne may not mean the same as under 3 step test.
  - Contemplates making of “new” exceptions “appropriate in the digital environment”: but is this possible outside existing Berne exceptions, eg for new purposes “appropriate” in digital environment (but not previously)?
- Last agreed statement trumps all the above: cannot reduce or extend scope of application of Berne exceptions and limitations: see also art 2(2)
- What remains? A statement of aspiration?



## Provisional conclusions re WCT agreed statements to art 10

- Capable of operating as an expanding sub-Union of Berne as more Berne members accede – provisions can apply as between members of sub-Union (but beware art 4, TRIPS)
- Would be helpful for WCT members to agree to removal of last agreed statement
- The 3 step test still under considerable restraints as a general template

# Expanding the 3 step test



The WPPT and beyond



# Limitations and exceptions under the WPPT

- Art 16(1): members may align limitations and exceptions with those for literary and artistic works, ie exceptions and limitations that will be Berne and/or TRIPS and/or WCT compliant
- Art 16(2): limitations and exceptions to rights under WPPT to be “confined” to those complying with 3 step test (“legitimate interests” are those of the performer and phonogram producer)
- See further agreed statements to arts 7, 11 and 16 (re reproductions in digital forms) and 16 (adopting agreed statement to art 10, WCT)



## WPPT (cont)

- Rome non-derogation provision in art 1(1)  
WPPT may cause conflict between art 16  
WPPT and art 15(1)(a) Rome – private use  
exception may go beyond 3 step test
- Otherwise, application of 3 step test is self-  
contained
- Unclear what agreed statements add



## Other “horizontal” adaptations of the 3 step test

- Elsewhere in TRIPS:
  - Designs: art 26(2)
  - Patents: art 30
    - Both refer to “legitimate interests” of patent/design owner but require account to be taken of the “legitimate interests of third parties”
  - Likewise in relation to trade marks: art 17

# Applying the 3 step test



The style of limitations allowed



# A multi-layered inquiry

- Works: is country a member of Berne/TRIPS and/ or WCT?
- If Berne, is proposed limitation or exception covered by existing Berne provision?
- If a Berne/TRIPS member, is proposed limitation or exception also consistent with 3-step test (where this is appropriate)?
- If Berne/TRIPS/WCT member, is proposed limitation or exception also consistent with 3-step test (where this is appropriate)?
- If new right, eg as in TRIPS and WCT, 3 step test applies unimpeded
- If WPPT, 3 step test also applies unimpeded



# Conclusions concerning the 3 step test

- Three step test - a general template now for exceptions?
  - Only to the extent that it is consistent with older exceptions and does not reduce them
- Is it appropriate for either non-digital or digital environment?
- The “pull” of the older instruments, particularly Berne – would another formulation be appropriate?
- “Lists” versus abstract formulas?
- More explicit reference to countervailing public interests?



## Conclusions (cont)

- Complexity of current situation
- Virtue in attempts to provide general formula for limitations and exceptions (TRIPS, WCT), even as a further filter for proposed exceptions
- But is 3 step test the best formula?



# A modified (4 or 5) step test?

Contracting Parties may, in their national legislation, provide for limitations of or exceptions to the rights granted to authors of literary and artistic works in specific and limited situations where:

1. there is a public interest justification for the limitation or exception in question, such as the needs of education, the making of criticism and review, the reporting of news, and the carrying out of research and study;
2. this public interest outweighs the economic interests of the author/rights owner;
3. the prejudice to the author/right holder's exploitation of their rights is not disproportionate because of the conditions governing the excepted use; and
4. there is appropriate and reasonable recognition and protection of the moral rights of the author.

The end

