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WIPO STUDY ON LIMITATIONS AND EXCEPTIONS OF COPYRIGHT AND RELATED RIGHTS IN THE DIGITAL ENVIRONMENT

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INTRODUCTION–SCOPE OF THE STUDY

The present Study is intended to outline the main limitations and exceptions to copyright and related rights protection that exist under the following international conventions:

The Berne Convention *for the Protection of Literary and Artistic Works* 1886 (most recently revised at Paris in 1971–"the Paris Act of Berne")

– The *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations* 1961 ("the Rome Convention")

The Agreement *on Trade-Related Aspects of Intellectual Property Rights* (the "TRIPS Agreement")

– The *WIPO Copyright Treaty* 1996 (the "WCT")

– The *WIPO Performances and Phonograms Treaty* 1996 (the "WPPT")

While the study is concerned principally with the limitations and exceptions that these provisions impose as a matter of international law,[1] some attention will also be paid to different national approaches to their application, in particular with respect to the digital environment.

[1] In this regard, the author has drawn on his previous writings in this area, in particular from: S. Ricketson, *The* Berne Convention *for the Protection of Literary and Artistic Works*: *1886-1986*, Centre for Commercial Law Studies, Queen Mary College, London, 1987, chapter 9 ("Ricketson I"); S Ricketson, "The Boundaries of Copyright: Its Proper Limitations and Exceptions–International Conventions and Treaties, *Intellectual Property Quarterly* (UK), Issue 1, 56-94, (1999) ("Ricketson II"); S Ricketson, "The Three-step Test, Deemed Quantities, libraries and Closed Exceptions," Advice prepared for the Centre of Copyright Studies Ltd.," Centre for Copyright Studies, Sydney 2003 ("Ricketson III").

THE ROLE OF LIMITATIONS AND EXCEPTIONS

It has long been recognized that restrictions or limitations upon authors, and related rights may be justified in particular cases. Thus, at the outset of the negotiations that led to the formation of the Berne Convention in 1884, the distinguished Swiss delegate Numa Droz stated that it should be remembered that "limits to absolute protection are rightly set by the public interest."[2] In consequence, from the original Berne Act of 1886,[3] the Berne Convention has contained provisions granting latitude to member states to limit the rights of authors in certain circumstances. In keeping with this approach, the present international conventions on authors' and related rights contain a mixture of limitations and exceptions on protection that may be adopted under national laws. These can be grouped, very roughly, under the following headings:

1. Provisions that exclude, or allow for the exclusion of, protection for particular categories of works or material. There are several striking instances of such provisions in the Paris Act of Berne: for official texts of a legislative, administrative and legal nature (Article 2(4)), news of the day (Article 2(8)), and speeches delivered in the course of legal proceedings (Article 2*bis*(1)). For the purposes of analysis, these might be described as "limitations" on protection, in the sense that no protection is required for the particular kind of subject-matter in question.

2. Provisions that allow for the giving of immunity (usually on a permissive, rather than mandatory, basis) from infringement proceedings for particular kinds of use, for example, where this is for the purposes of news reporting or education, or where particular conditions are satisfied. These can be termed "permitted uses," or exceptions to protection, in that they allow for the removal of liability that would otherwise arise. In the case of the Paris Act of Berne, examples are to be found in Articles 2*bis*(2) (reproduction and communication to the public of public addresses, lectures, etc, by the press), 9(2) (certain exceptions to the

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[2] See *Actes de la Conférence internationale pour la protection des droits d'auteur réunie à* Berne *du 8 au 19 septembre 1884*, pp. 67 (closing speech to the 1884 Conference).

[3] For ease of reference, the earlier versions of the Berne Convention are referred to as "Acts" and are qualified by the name of the place at which they were adopted by a revision conference. Thus: Berne *Act* 1886–the original text adopted at Berne in 1886 (there were earlier draft texts of 1884 and 1885 respectively that were produced for the successive revision conferences of those years. *Paris Additional Act* 1896–the Additional Act of the Convention formulated in Paris 1896. *Berlin Act* 1908–revision formulated at Berlin 1908. *Rome Act* 1928–revision formulated at Rome 1928. *Brussels Act* 1948–revision formulated at Brussels 1948. *Stockholm Act* 1967–revision formulated at Stockholm 1967. *Paris Act*1971 –revision formulated at Paris 1971 (arts 1-21 the same as in Stockholm Act).
For ease of reference, the following abbreviations are used to refer to the records of the above conferences: *Actes* 1884: Actes de la Conférence internationale pour la protection des droits d'auteur réunie à Berne du 8 au 19 septembre 1884; *Actes* 1885: *Actes de la 2ème Conférence internationale pour la protection des œuvres littéraires et artistiques réunie à* Berne *du 7 au 18 septembre 1885; Actes* 1886: *Actes de la 3ème Conférence internationale pour la protection des œuvres littéraires et artistiques réunie à* Berne *du 6 au 9 septembre 1886. Actes* 1896: *Actes de la Conférence de Paris de 1896; Actes* 1908: *Actes de la Conférence de Berlin 1908; Actes* 1928: *Actes de la Conférence réunie à Rome du 7 mai au 2 juin 1928*: *Documents* 1948: *Documents de la Conférence réunie à Bruxelles du 5 au 26 juin 1948. Records* 1967: *Records of the Intellectual Property Conference of Stockholm, June 11 to July 14, 1967; Records* 1971: *Records of the Paris Conference 1971 (Paris, July 5 to 24, 1971).*

reproduction right, subject to specific conditions), 10 (quotation and use for teaching purposes) and 10*bis* (certain uses for reporting of news and the like). Analogous exceptions are to be found in art 15 of the Rome Convention, while the TRIPS Agreement (Article 13), the WCT (Article 10) and the WPPT (Article 16) adopt and extend the template of the three conditions in Article 9(2) of Berne as the basis for exceptions that are to be applied generally under that agreement (the "three-step" test, of which more below).

3. By provisions that allow a particular use of copyright material, subject to the payment of compensation to the copyright owner. These are usually described as "compulsory" or "obligatory licenses," and specific dispositions permitting them are found in Articles 11*bis*(2) and 13, and the Appendix of the Paris Act of Berne. It is also possible that such licenses may be allowable under other provisions of this and the other conventions listed above, where certain conditions are met.

The juridical and policy basis for each kind of provision is different. The first proceeds on the assumption that there are clear public policy grounds that copyright protection should not exist in the works in question, for example, because of the importance of the need for ready availability of such works from the point of view of the general public. The second represents a more limited concession that certain kinds of uses of works that are otherwise protected should be allowed**:** there is a public interest present here that justifies overriding the private rights of authors in their works in these particular circumstances. In the third category of cases, the author's rights continue to be protected but are significantly abridged**:** public interest still justifies the continuance of the use, regardless of the author's consent, but subject to the payment of appropriate remuneration. Instances of all three kinds of provisions are to be found in each of the conventions that are the subject of the present study, although they are most developed in the case of the Paris Act of Berne. For the most part, they are not made mandatory, but are left as matters for the national legislation of member states to determine for themselves, albeit usually within strict boundaries that are set by the provision in question.

A NOTE ON TREATY INTERPRETATION

Each of the limitations and exceptions that is considered in this study is contained in a multilateral international agreement or treaty.

By their nature, treaty provisions are usually expressed in more general and open-ended language than, say, provisions in national legislation, or conditions in a contract between parties. Nonetheless, there are generally accepted rules or canons of treaty construction that need to be applied. For three of the treaties dealt with in this Study–the Berne and Rome Convention[4] and the TRIPS Agreement,[5] these rules of interpretation are to be found in customary public international law. The two latest treaties are governed by the rules contained in the *Vienna Convention on the Law of Treaties*, in particular those contained in Articles 31 and 32. For all practical purposes, however, it is accepted that Articles 31 and 32 codify customary public international law on the matters covered in those Articles. In the treatment that follows, for the sake of convenience reference will only be made to Articles 31 and 32, even in the case of those treaties, such as Berne, *Rome* and TRIPS, to which the *Vienna Convention* does not strictly apply.

Articles 31 and 32 are worth setting out in full before we begin our consideration of particular treaty provisions.

"31(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.

(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 connection with the conclusion of the treaty; (b) any instrument which was made by one or more parties in connection with the conclusion of the treaty and accepted by the other parties as an instrument related to the treaty.

(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.

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4 This is because both these treaties were formulated before the entry into force of the *Vienna Convention.*

5 Although this is a later agreement, there is a provision in Article 3(2) of the *Understanding on Dispute Settlement* to which TRIPS is subject that dispute panels are to construe the TRIPS Agreement "in accordance with the customary rules of interpretation of public international law." It appears that the reason for this is that the USA, an important member of TRIPS, is not a party to the *Vienna Convention.* See further N.W. Netanel, "The Digital Agenda of the World Intellectual Property OrganiZation: Comment: The Next Round: The Impact of the WIPO Copyright Treaty on TRIPS Dispute Settlement" (1997) 37 *Virginia Journal of International Law* 441, 449. At the same time, it appears that the USA takes the view that the provisions of the *Vienna Convention* reflect custom: see further 1 *Restatement (Third) of the Foreign Relations Law of the United States* 145 (1986).

(4) A special meaning shall be given to a term if it is established that the parties so intended."

"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) leaves the meaning ambiguous or obscure; or (b) leads to a result which is manifestly absurd or unreasonable."

It will be seen that the primary task of interpretation is to ascertain the "ordinary meaning" of the terms of the treaty in their "context" and in the light of "its object and purpose" (Article 31(1)). So far as the "context" is concerned, the matters listed in Article 31(2) and (3) are strictly objective in nature: the text itself, the preamble and annexes, any ancillary and subsequent agreements made by the parties, their subsequent practice in relation to treaty obligations, and such rules of international law as may be applicable to their interpretation. Of particular relevance to the provisions that we will consider in this Study is the reference in Article 31(2)(a) to "any agreement relating to the treaty which was made between all the parties in connection with the conclusion of the treaty." Such agreements would include any agreed statement concerning the interpretation of a particular provision that was adopted by the parties at the time of adopting the formal treaty text. Such "agreed statements" may be clearly identified as such (as in the case of the WCT and WPPT, both of which have a string of such statements attached to them), but can also be contained in particular passages in the official conference reports (as happened at the Brussels and Stockholm Revision Conferences). It also seems that such agreements may include "uncontested interpretations" given at a diplomatic conference, e.g., by the chairman of a drafting committee or plenary session.[6] Agreements of this kind are therefore not simply part of the "preparatory work" of the treaty, which may only be used as a supplementary means of interpretation pursuant to Article 32, but will form part of the context of the treaty for the primary task of interpretation under Article 31(1).[7]

The "object and purpose" of the treaty are also important in the interpretation of treaty provisions (see Article 31(1)), but it seems that this is a secondary or subsidiary process. The primary inquiry is for the "ordinary meaning" of the terms of the treaty in their "context" (see the previous paragraph), and "it is in the light of the object and purpose of the treaty that the initial and preliminary conclusion must be tested and either confirmed or denied."[8] The most obvious way of doing this is to examine the text of the treaty, including its preamble: as the

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6 Yasseen, "L'interprétation des traités d'après la Convention de Vienne sur le Droit des Traités," 151 *Recueil des Cours* (1976–III), par 20, pp. 39 and cited with approval by the WTO Panel on *United States–Section 110(5) of the US Copyright Act*, 15 June 2000, pp. 18, note 56. But note that Sinclair, *op cit*, states that this is "debatable" and might better be regarded as part of the *travaux préparatoires* and therefore relevant only under Article 32.

7 Such agreements have particular significance in the context of Article 9(2) of Berne, as several uncontested statements were made by the Chairman of Main Committee I of the Stockholm Conference (the distinguished German scholar, Prof. Eugen Ulmer). Such statements, of course, need to be distinguished from interpretative or explanatory statements that are put forward by members of such committees in the course of deliberations. Such statements, at best, will fall to be considered as part of the preparatory works of the treaty under Article 32.

8 I. Sinclair, *The Vienna Convention on the Law of Treaties*, Melland Schill Monographs in International Law, Manchester University Press, 2nd Ed. 1984, pp. 130.

leading British commentator, Sinclair notes, this is, after all, the expression of the parties' intentions, and "it is to that expression of intent that one must first look."[9] In the case of the Berne Convention, for example, the relevant statement of "object and purpose" is to be found in the preamble which states, in the briefest possible manner, that:

> "The countries of the Union, being equally animated by the desire to protect, in as effective and uniform a manner as possible, the rights of authors in their literary and artistic works…"

The protection of the rights of authors is also at the forefront of Article 1 which states:

> "The countries to which this Convention applies constitute a Union for the protection of the rights of authors in their literary and artistic works."

This unequivocal statement of object and purpose may make the task of treaty interpretation relatively straightforward. If the primary process of ascertaining the ordinary meaning of a particular treaty term leads to a result that is pro-author, the preamble will clearly confirm the correctness of this interpretation. Alternatively, if the primary process throws up two possible meanings, one that favors authors and the other less so, then clearly reference to the preamble will confirm the correctness of the first while denying the second.

This may not be the case with later treaties, such as TRIPS and the WCT, where the preambles contain a list of objectives, some complementary and some competing. In such cases, some process of balancing will be required, and this may mean that the reference to "object and purpose" is a more nuanced one, that seeks to accommodate these differing objectives. Taking again the case of two possible different meanings that are reached in the primary stage of interpretation, this may mean that the second, less pro-author, interpretation is to be preferred, with the first pro-author interpretation being denied. Even in the case of Berne, it is possible that the straightforward pro-authors' approach referred to above will need modification in some respects, when regard is had to the text of that treaty as a whole. This is because that text has always contained provisions dealing with limitations and exceptions that make explicit that there are to be some restrictions on unqualified authors' rights protection (see further below).

It is also worth saying something, at this point, about Article 32 which deals with the use of supplementary means of interpretation. This can only be done in quite restricted circumstances: (a) when the interpretation resulting from an application of Article 31 (both primary and secondary steps) leaves the meaning of a treaty term *ambiguous or obscure*, or (b) when this leads to a result which is *manifestly absurd or unreasonable*. The supplementary means that may be then employed are not defined exhaustively, but two specific means are referred to in Article 32: "the preparatory work of the treaty" and "the circumstances of its conclusion." Neither of these phrases is defined in the *Vienna Convention*, but so far as "preparatory work" is concerned, this will:

> "…comprise the documentation usually published as the '*Actes*', '*Documents*', or 'Records' of the diplomatic conferences leading to the conclusion of the Convention. This would include the conference programs and the work of any advisory or expert committee that assisted in its preparation, the proposals and counter-proposals of the

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[9] Sinclair, *op cit*, pp. 131.

different delegations, the minutes of meetings, the reports of committees, and the resolutions or votes taken. Furthermore, although the words 'preparatory work' might, on a strict reading, be taken as referring only to the 'preparatory work' carried out in relation to the latest text that binds the parties, it seems reasonable to interpret them in a broad sense as comprehending all preparatory work done in relation to the Convention at each of its successive conferences."[10]

As noted above, it is possible that, in some instances, statements made in the course of such preparatory work may be elevated to the status of material that is part of the"context" of the treaty for the purposes of ascertaining the ordinary meaning of the text under Article 31(2)(a). The example given above was that of an "uncontested statement" by a Conference committee chair.

The expression "circumstances of the treaty's conclusion" allows for consideration of such matters as the historical background against which the treaty was negotiated, and the individual characteristics and attitudes of the contracting parties.[11] These matters may, in any event, be apparent from the preparatory work of the treaty, but may also emerge from a consideration of other supplementary means that are not specifically referred to in Article 32. Without being exhaustive,[12] such other means would encompass the following: the rulings of any relevant international tribunal;[13] the statements or opinions of any relevant administrative organs of the treaty in question, such as the Assembly or Executive Committee of the Berne Union;[14] the statements or opinions of any official or semi-official gathering of treaty members; the proceedings of any relevant non-governmental international organization or professional and/or academic body;[15] and the writings of learned commentators.[16] The

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10 Ricketson, pp. 136.

11 Sinclair, *op cit*, pp. 141.

12 For a more detailed discussion, see Ricketson, pp. 136-137

13 Under the Berne Convention, Article 30, this would include the International Court of Justice; but the reality is that this tribunal has never been activated in the context of that Convention, and, moreover, its jurisdiction is the subject of reservations by a large number of Berne members.

14 This does not appear to have happened during the history of the Berne *Union*, but there are precedents for this in relation to the Assembly of the Paris Union for the Protection of Industrial Property. Another potential source of expert opinion might be from the International Office (WIPO) itself: one notable example of this occurred after the accession of the USA to the Berne Convention in 1989, when issues arose concerning the correct application of the retrospectivity requirements of Article 18 of the Convention. On several occasions, WIPO provided opinions as to the interpretation and scope of these provisions and these were made publicly available to al Berne members.

15 In this regard, the international non-governmental organization with the longest history in relation to the Berne Convention is the International Literary and Artistic Association (*L'association littéraire et artistique internationale*), which also can fairly claim to be the body which initiated the diplomatic conferences that led to the adoption of the Convention in 1886: see further Ricketson, chapter 2.

16 There are numerous commentaries on all the texts of the Berne Convention in English, French, German, Spanish and Italian, to mention only the principal languages of the Convention to date. The WTO and TRIPS have, in turn, begun to generate their own expert commentaries in different languages. For the purposes of the present Study, particular reference is made to the following: Desbois, H. Françon, A. and Kerever A, *Les conventions internationales du droit d'auteur et des droits voisins*, Dalloz, Paris (1976) ("Desbois *et al*"); Nordemann W., Vinck K, and Hertin P.W., *Internationales Urheberrecht und Leistungsschutzrecht der deutschaprachigen*

[Footnote continued on next page]

authority to be attached to each of these will differ greatly, but each is capable of providing evidence of the way in which parties may have approached the conclusion of the treaty in question. In the present context, the most significant supplementary aid to interpretation is to be found in the rulings of Panels appointed under the World Trade Organization (WTO) dispute resolution procedures. These obviously have potentially binding effect with respect to WTO members in the context of TRIPS, but must also command attention when they are concerned with the interpretation of the provisions of intellectual property conventions that are incorporated into the TRIPS Agreement, in particular the Berne Convention. Of most immediate concern for the present Study is the ruling of the WTO Panel on the US "homestyle" and business exemption provision, which resulted from a complaint by the European Communities against the United States.[17] In particular, the Panel's decision deals with the interpretation of Article 9(2) of the Berne Convention (the "three-step test") which is incorporated into the TRIPS Agreement by virtue of Article 9(1) of that instrument. It will therefore be relevant to make reference to the Panel's ruling in the present Study, even though the Panel's decision was strictly concerned only with the application of the three-step test as part of TRIPS not as part of Berne.

There is also another sense in which materials of the kind described in the preceding paragraph may be of importance in the process of interpretation under both Articles 31 and 32. In the case of Article 31, they may provide evidence of state practice in relation to the way in which particular terms of a treaty have been interpreted and applied. Thus, it is possible that the ordinary meaning of a treaty provision that would otherwise be arrived at on a straight reading of the text could be modified in the light of such evidence of subsequent state practice. It would seem that such practice would need to be unanimous, or, at the least, unchallenged by other member states. In the case of Article 32, it is also clear that such material could perform a similar function in the process of establishing what were the circumstances of the conclusion of the provision which is in doubt. An obvious instance where this might occur is where there is ambiguity, obscurity or absurdity in the interpretation of a provision, but the proceedings and resolutions of relevant non-governmental organizations make clear what was the particular problem that the provision was seeking to overcome.

[Footnote continued from previous page]

Länder unter Berücksichtigung auch der Staaten der Europäischen Gemeinschaft, Kommentar, Werner, Düsseldorf (1977), also published in French under the title of *Droit d'auteur international et droits voisins. Commentaire* (trans by J Tournier), Bruylant, Brussels (1983) and in English under the title *International Copyright and Neighbouring Rights Law*, English version by G Meyer), VCH, Weinheim, 1990 ("Nordemann *et al*"); Masouyé C. (trans W. Wallace), *Guide to the* Rome Convention *and to the Phonograms Convention*, WIPO, Geneva (1981) ("Masouyé"); Ladas, S P, *The Intenational Protection of Literary and Artistic Property* (2 Vol.), Harvard Studies in International Law, Macmillan, New York (1938); Ficsor, *The Law of Copyright and the Internet*, Oxford, 2002 ("Ficsor"); Reinbothe J., and von Lewinski S., *The WIPO Treaties 1996*, Butterworths LexisNexis, UK, 2002 ("Reinbothe and von Lewinski").

17 WTO Panel on *United States–Section 110(5) of the US Copyright Act*, June 15, 2000.

LIMITATIONS AND EXCEPTIONS UNDER THE BERNE CONVENTION

As noted above, the Berne Convention has contained provisions relating to limitations and exceptions since its inception. Of these, the one that has now come to assume a life of its own, particularly as the template for exceptions in later conventions, is the three-step test in Article 9(2), although this was the last to be inserted in the Convention (in the 1971 Paris revision). The following account discusses the principal provisions of the Paris Act of Berne that are relevant to limitations and exceptions.

(a) Limitations on Protection

Official Texts

This is provided for in Article 2(4) as follows:

> "(4) It shall be a matter for legislation in the countries of the Union to determine the protection to be granted to official texts of a legislative, administrative and legal nature, and to official translations of such texts."

1. This leaves it to national legislation to determine (a) whether such texts are to be protected at all, and (b) if so, to what extent. This permits a high degree of flexibility, enabling member countries to give effect to their differing views of the public interest–at one extreme, they are free to leave such texts entirely in the public domain; at the other, they may accord them complete protection as literary or artistic works; or they may grant qualified protection, subject to generous rights of use on the part of the public. The third course may, in fact, be the most prudent, as a government may wish to retain control over the reproduction of its official texts (so as to guarantee their accuracy and authenticity), while satisfying the public interest in having ready and immediate access to these documents by the grant of a general license to members of the public to make private copies.

News of the Day and Press Information

Article 2(8) provides that:

> "The protection of this Convention shall not apply to news of the day or to miscellaneous facts having the character of mere items of press information."

The wording of this Article makes it difficult to discern its purpose. Is it a public policy exception to the Convention in the sense that it excludes news items and reports generally from the scope of the Convention, in the interests of freedom of information? Alternatively, does it embody a juridical conception of the nature of authors' rights, which excludes these items from protection on the basis that they are incapable of constituting literary or artistic works in so far as they embody facts and information that cannot be the subject of protection? If the latter is the correct view, such an exclusion is strictly unnecessary as these items should not, in any event, be covered by the Convention–a point which is now expressly acknowledged in Article 2(2) of the WCT and Article 9(2) of the TRIPS Agreement. The expressions "news of the day" and "miscellaneous information..." do not in themselves indicate which view is correct, but it is possible to find support for the second view in the successive revision conferences that have considered this question. Most informative here is

the following statement that appears in the Report of Main Committee I at the Stockholm Conference in 1967:

> "... the Convention does not protect mere items of information on news of the day or miscellaneous facts, because such material does not possess the attributes needed to constitute a work. That implies *a fortiori* that news items or the facts themselves are not protected. The Articles of journalists or other "journalistic" works reporting news items are, on the other hand, protected to the extent that they are literary or artistic works. It did not seem essential to clarify the text of the Convention on this point."[18]

As part of the *travaux préparatoires* for the Stockholm Conference, this paragraph embodies an authentic interpretation of Article 2(8) which can be followed in national legislation.

Political Speeches, and Speeches Delivered in the Course of Legal Proceedings

This is provided for in Article 2*bis*(1) as follows:

> "(1) It shall be a matter for legislation in the countries of the Union to exclude, wholly or in part, from the protection provided by the preceding Article political speeches and speeches delivered in the course of legal proceedings."

The public interest arguments in favor of permitting the partial or total exclusion of protection for such works have not been disputed at any time since the introduction of this provision in Rome in 1928, but it should be noted that the provision is entirely permissive in form. At the same time, it places no restriction on the extent to which protection may be denied to these works, as it applies potentially to all possible forms of exploitation that are comprehended within the rights of authors under the Convention, for example, broadcasting, public performance and recitation as well as reproduction. On the other hand, there is a temporal limitation to Article 2*bis*(1) which indicates that it is concerned principally with the immediate or contemporary communication of these kinds of works. Thus, under Article 2*bis*(3), national laws must continue to allow the author of such works the "exclusive right of making a collection of his works mentioned in the preceding paragraphs." Accordingly, authors of political and legal speeches retain the right of making a later compilation of their oratorical pearls of wisdom!

(b) Exceptions to Protection

The following provisions are relevant here.

Lawful Rights of Quotation

The making of "quotations" from works has long been recognized as an exception under the Berne Convention, where it is now contained in Article 10(1) as a mandatory requirement to which each Union member must give effect in relation to works claiming protection under the Convention.

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[18] *Ibid*, Vol. II, 1155.

It provides as follows:

"(1) It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper Articles and periodicals in the form of press summaries."

The following comments may be made about this provision**:**

1. *The meaning of "quotation"*: Although Article 10(1) does not define "quotation," this usually means the taking of some part of a greater whole–a group of words from a text or a speech, a musical passage or visual image taken from a piece of music or a work of art–where the taking is done by someone other than the originator of the work.[19] There is nothing in the wording of Article 10(1) to indicate that this exception is only concerned with reproduction rights: quotations may be made just as easily in the course of a lecture, performance or broadcast, as in a material form such as a book, Article or visual work of art.

2. *Length of quotation*: No limitation is placed on the amount that may be quoted under Article 10(1), although as suggested above "quotation" may suggest that the thing quoted is a part of a greater whole. Quantitative restrictions, however, are notoriously difficult to formulate and apply, and Article 10(1) leaves this as a matter to be determined in each case, subject to the general criteria of purpose and fair practice.[20] Thus, in some instances it may be both consistent with the purpose for which the quotation is made and compatible with fair practice to make lengthy quotations from a work, in order to ensure that it is presented correctly, as in the case of a critical review or work of scholarship. It is also possible to envisage other circumstances where quotation of the whole of a work may be justified, as in the example given by one commentary of a work on the history of twentieth-century art where representative pictures of particular schools of art would be needed by way of illustration.[21] Another might be cartoons or short poems where these are quoted as part of a wider work of commentary or review.

3. *The work in question must have been "lawfully made available to the public"*: This is wider than the concept of a "published work" under Article 3(3) where such acts as broadcasting and public performance are excluded from the scope of "publication" and it is also required that the work be published "with the consent of the author." The requirement of "lawful availability" under Article 10(1) is significantly different in that it includes the making available of works by any means, not simply through the making available of copies of the work. Thus, if a dramatic or musical work is performed in public or broadcast, Article 10(1) should permit the making of quotations from it by a critic or reviewer who takes down passages verbatim for use in his or her review. "Lawful availability" under Article 10(1) also covers the situation where this has occurred under a compulsory license, although in the case of sound recordings the compulsory license allowed for under Article 13(1) only comes into operation when the author has first authorized the recording,

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19 See here the first meaning given in the definition in the *Concise Oxford Dictionary*, 10th Ed. 2001, pp. 1176.

20 *Ibid*, 1147 (Report).

21 Nordemann *et al*, 83.

and presumably the making available, of his or her musical work.[22] Finally, it will be seen that Article 10(1) contains no limitation on the kinds of work that may be quoted.

4. *"Compatible with fair practice"*: "Fair practice" is possibly a concept that is more familiar to Anglo-American lawyers than their continental European counterparts,[23] and will essentially be a matter for national tribunals to determine in each particular instance. However, the criteria referred to in Article 9(2) (see below) would appear to be equally applicable here in determining whether a particular quotation is "fair," namely whether it conflicts with a normal exploitation of the work and unreasonably prejudices the legitimate interests of the author.[24] There is no mention in Article 10(1) of the possibility of uses taking place pursuant to a compulsory license, but in principle where a use by way of quotation is remunerated and "does not exceed that justified by the purpose" (see below), this should more readily satisfy the requirement of compatibility with fair practice than would a free use.

5. *The extent of the quotation must "not exceed that justified by the purpose"*: In its Report to the Stockholm Conference, Main Committee I noted that any list of specified purposes could not hope to be exhaustive.[25] Nevertheless, it is clear from the preparatory work for the Conference and the discussions in Main Committee I that quotations for "scientific, critical, informatory or educational purposes" were certainly seen as coming within the scope of Article 10(1).[26] Other examples are quotations in historical and other scholarly writing made by way of illustration or evidence for a particular view or argument. Again, in the 1965 Committee of Experts report for the Stockholm Conference reference was made to quotations for judicial, political and entertainment purposes.[27] A further instance that was given in both the programme[28] and the discussions in Main Committee I was quotation for "artistic effect."[29] It is possible, therefore, that Article 10(1) could cover much of the ground that is covered by "fair use" provisions in such national laws as that of the United States of America (USA).[30]

6. *Quotations from newspaper Articles and press summaries*: In one respect, however, Article 10(1) refers to a specific kind of quotation, namely "quotations from newspaper Articles and periodicals in the form of press summaries." This preserves some of the wording of Article 10(1) of the Brussels Act, but not without a change in its meaning. The latter provision, in fact, referred generally to the making of short quotations, and then provided that this extended to the right to include such quotations in press summaries. The present wording does not have this meaning and makes little sense: while a summary of a newspaper or periodical Article may include a quotation from that Article (as envisaged by the Brussels text), the making of the summary is not the same thing as the making of a quotation. It is difficult therefore to know what the present Article 10(1) means when it refers to a quotation

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22 Note that Desbois *et al*take the view that a similar limitation applies in respect of compulsory licenses under art 13(2): *Documents* 1948, 188. This view is considered below at paragraph 9.45.

23 Nordemann, 83.

24 See also Nordemann *et al*, 83–84.

25 *Records* 1967, 860–861.

26 *Ibid*, 116–117 (Doc S/1), 860–861 (minutes).

27 *Ibid*, 117.

28 *Ibid*.

29 *Ibid*, 861 (comments by Swedish delegate, Mr. Hesser).

30 US *Copyright Act* 1976, Section107.

in the form of a summary. This is a contradiction in terms, and plays no useful purpose in exemplifying the operation of the provision.[31]

7. *Mandatory not permissive*: Finally, as noted above, this is a mandatory exception that must be applied by member countries in their national laws. In this regard, it is unique among Berne limitations and exceptions, as all the others contained in the Convention are permissive, in the sense that they set the limits within which national laws *may* provide for limitations and exceptions to protection.

Utilization for Teaching Purposes

The relevant provision is Article 10(2), which provides as follows:

> "(2) It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided that such utilization is compatible with fair practice."

The following points about the interpretation of this provision should be noted:

1. What is the "utilization… [of works] for teaching" is a matter to be determined by national legislation, or by bilateral agreements between Union members (see also Article 20). All that Article 10(2) does, therefore, is to set the outer limits within which such regulation may be carried out.

2. Unlike earlier versions of this Article, no quantitative limitations are contained in Article 10(1), apart from the general qualification that the utilization of works should only be "to the extent justified by the purpose, ... by way of illustration ... for teaching, provided that such utilization is compatible with fair practice." These references to purpose and fair practice are similar to those in Article 10(1), and make the provision more open-ended, implying no necessary quantitative limitations. The words "by way of illustration" impose some limitation, but would not exclude the use of the whole of a work in appropriate circumstances, for example, in the case of an artistic work or short literary work.[32]

3. The utilization must be "by way of illustration" for the purpose of "teaching." The meaning of the latter expression received considerable attention from the delegates at the Stockholm Conference, and the following explanation of their views was provided in the Committee's Report:

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[31] See here the explanation in the Report of Main Committee I, which hardly takes matters much further: "It was also pointed out that the last phrase, referring to press summaries, gave rise to some ambiguities. It was felt, however, that it would be difficult to get rid of that ambiguity which the courts would be able to decide upon, but that it was not absolutely essential to do so." *Records* 1967, 1147.

[32] No further guidance on these matters is to be found in the Report of Main Committee I, although the reports of the Committee's proceedings indicate that at least one delegate (that of the UK) explicitly stated that this wording would permit the use of the whole of a work and that he also thought this was the view of other delegates.

> "The wish was expressed that it should be made clear in this Report that the word 'teaching' was to include teaching at all levels–in educational institutions and universities, municipal and State schools, and private schools. Education outside these institutions, for instance general teaching available to the general public but not included in the above categories, should be excluded."[33]

This is a restrictive interpretation,[34] as it clearly excludes the utilization of works in adult education courses, and, in developing countries, would also exclude adult literacy campaigns, although the latter use may be covered by the provisions of the Appendix to the Paris Act (see below).

4. Is "teaching" confined to actual classroom instruction, or does it also extend to correspondence or online courses where students receive no face-to-face instruction from a teacher. The latter are of importance in many countries, and it is suggested that there is no reason to exclude them from the scope of "teaching" for the purposes of Article 10(2).

5. The requirement that the utilization be "compatible with fair practice" is the same as for lawful quotations under Article 10(1). This involves an objective appreciation of the situation, and, as suggested above, the criteria referred to in Article 9(2) would provide a useful guide (see further below).

6. The range of utilization's permitted by Article 10(2) includes not only publications (presumably this means reproductions), but also broadcasts and sound or visual recordings. In the case of broadcasting, this may allow for dissemination to a wider audience that those for whom the instruction is intended.

7. One form of utilization which is not referred to in Article 10(2) is the distribution of a work either as part of an original programme or as part of a broadcast over a cable system. This is included in other provisions dealing with exceptions to authors' rights (Article 10*bis*(1) and (2)), so its omission from Article 10(2) must be regarded as deliberate.

8. Article 10(2) does not contain any restriction on the number of copies that may be made in the case of publications and sound or visual recordings that are made for teaching purposes. Just as no limitation is imposed in respect of the public which is reached by a broadcast intended for teaching purposes, so there can be no limitation on the number of copies that can be made for the same purpose. The only further qualification applied here is that the making of multiple copies must be compatible with "fair practice." Obviously, if this competes with the author's normal exploitation of his work and unreasonably prejudices his legitimate interests, Article 10(2) should not apply. In this regard, the amount copied will also be a highly relevant factor, particularly where large numbers of copies are made for individual classroom use by students. Remuneration for such uses under a compulsory license may therefore make the use more "compatible with fair practice."

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33 *Records* 1967, 1148.

34 Note that in Main Committee I some delegates thought that this was too limiting: *ibid*, 886 (Mr. Reimer, FRG).

Quotation and Teaching Uses: *Attribution of Source and Authorship*

Both Articles 10(1) and (2) are subject to a further requirement in Article 10(3) to the effect that, where use is made of works in accordance with those paragraphs, mention shall be made of the source, and of the name of the author if it appears thereon.

This is a mandatory requirement, and while it may seem superfluous in the light of Article 6*bis*, it was thought appropriate that it should be added to Article 10 in order to remove any doubt that the right of attribution was to be respected in the case of quotations and utilizations made under that provision.[35] This may raise a problem as regards the right of respect or integrity: is the application of this requirement under Article 6*bis* thereby excluded from the provisions of Article 10? A statement in the Report of Main Committee I of the Stockholm Conference notes that delegates were generally agreed that Article 6*bis* applied in respect of exceptions authorized by the Convention, including Article 10.[36] However, there are practical reasons for arguing that Article 6*bis* should not apply to the provisions of Article 10. Modifications and alterations to a work are often necessary where it is quoted or utilized for teaching purposes, and the need for such flexibility is supported by the records of the Rome Conference, where proposed amendments to make borrowings under the Article "conform entirely to the original text" were rejected.[37] The question of modifications and other changes has not been raised at subsequent Revision Conferences in the context of Article 10 and, from this, it can be concluded that, unlike the right of attribution, there has been no agreement about the need to respect the right of integrity under Article 10. In the absence of such agreement, the application of Article 6*bis* to lawful quotations and borrowings cannot therefore be assumed.

In addition, Article 10(3) may fill a gap which is left open by Article 6*bis*. Under the Brussels Act, this provision did not require the protection of the right of attribution after the death of the author, and it is still possible under Article 6*bis*(2) of the Stockholm, Paris Acts for a Union member to deny such protection. In such a case, Article 10(3) makes it clear that such a country must still accord this protection in the case of quotations and utilizations falling under Article 10.

Finally, it should be noted that Article 10(3) is not confined solely to attribution of authorship–an obligation that only arises where the author's name appears on the work–but it requires attribution of source–presumably the publication details of the work, including the name of any larger work in which the work appears.

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35 *Documents* 1948, 245 (comments in the programme). See also preliminary proposals for the postponed Conference of 1935: [1933] *DA* 99.

36 *Records* 1967, 1165.

37 *Actes* 1928, 252ff. See further Ricketson, paragraph 9.28.

Exceptions Made for the Benefit of the Press

From its inception, the Convention has contained provisions in favor of the press: see the limitations under Article 2(8) for "news of the day" and "miscellaneous facts discussed above. The other provisions concerned with press usage fall into two broad categories: the use of Articles in newspapers and periodicals (Article 10*bis*(1)) and the use of works for the purposes of reporting and informing the public (Articles 2*bis*(2) and 10*bis*(2)).

The Use of Articles in Newspapers and Periodicals

This is dealt with in Article 10*bis*(1) as follows:

> "(1) It shall be a matter for legislation in the countries of the Union to permit the reproduction by the press, the broadcasting or the communication to the public by wire of Articles published in newspapers or periodicals on current economic, political or religious topics, and of broadcast works of the same character, in cases in which the reproduction, broadcasting or such communication thereof is not expressly reserved. Nevertheless, the source must always be clearly indicated; the legal consequences of a breach of this obligation shall be determined by the legislation of the country where protection is claimed."

Although previously a mandatory exception, this is now left as a matter for national legislation. The following comments can be made about its scope.

1. The acts which may be allowed extend to reproduction, broadcasting and communication to the public by wire.

2. Not only does it apply to Articles published in newspapers and periodicals, but also to "broadcast works of the same nature" (but not to "works of the same nature" that have been communicated to the public by wire). It also appears that entire works can be taken. On the other hand, the qualification that these should be Articles or broadcast works "on current economic, political or religious topics" excludes a wide range of newspaper and periodical writing, such as literary and artistic reviews, sports reports, articles on scientific and technical matters and so on. The word "current" also indicates that the Articles in question must be of immediate relevance, as the purpose behind the exception is to expedite the free flow of information on current events.[38] Longer Articles which review these topics in a longer-term framework would not therefore be included.

3. The provision does not refer to the reproduction and broadcasting of Articles in translation.[39] It was not thought necessary to do this at the Stockholm Conference, on the basis that the right of translation under Article 8 of the Convention was implicitly subject to the same exceptions as those of reproduction and broadcasting:[40] See further below.

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[38] Note, for example, the statement of the Czech delegate which implies that he saw this as being concerned principally with statements by public figures: *ibid*, 859.

[39] Doc S/51: *ibid*, 688.

[40] *Ibid*, 1149 (Report of Main Committee I).

4. As with Article 10(2), where a work covered by this provision is broadcast or communicated to the public by wire, this must also cover any further dissemination that occurs through the reception of the broadcast or wire service, for example, where it is played in public.[41] In the case of reproductions, there can clearly be no limitation on the number of copies made.

5. National laws may impose more rigorous limitations than those set by Article 10*bis*(1), or may refuse to allow any derogations whatsoever in these cases. The only condition to be complied with under the Article is that the source of the Article must be indicated (see further below). There is also no reason why a country invoking Article 10*bis*(1) should not make such uses subject to the payment of a compulsory license fee: this, after all, would be a lesser derogation than that which the provision allows.[42]

6. Any exception formulated under national laws pursuant to this provision must require that the source of the Article be indicated. This is a partial recognition of the author's right of attribution, but is differently worded from the requirement in Article 10(3). Under the latter, compliance with this requirement is necessary if the quotation or utilization in question is to be lawful. Under Article 10*bis*(1), however, the legal consequences of the breach of this obligation are left to be determined by the legislation of the country where protection is claimed. Thus, it would be open to national legislation to decree that a breach involves some lesser penalty, such as liability to a sum of damages or a fine, and does not make the use itself unlawful.

Use of Works in the Reporting of Current Events

Incidental uses of works in the reporting of current events by means of photography, cinematography and radio are dealt with in Article 10*bis*(2), which provides as follows:

> "(2) It shall also be a matter for legislation in the countries of the Union to determine the conditions under which, for the purpose of reporting current events by means of photography, cinematography, broadcasting or communication to the public by wire, literary or artistic works seen or heard in the course of the event may, to the extent justified by the informatory purpose, be reproduced and made available to the public."

The following comments can be made about this provision.

1. This is not a mandatory requirement, but is simply left as a matter for national legislation. In providing for the uses detailed in Article 10*bis*(2), a Union member could make one of the conditions for this to occur the payment of remuneration under a compulsory license.[43] It would also be open to a Union member not to provide for any of these uses.

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41 See also to the same effect, Masouyé, 61.

42 See also to the same effect, Desbois *et al*, 198–199.

43 See also Desbois *et al*, 201.

2. The means of reporting that are covered by the provision are photography, cinematography, broadcasting and communication to the public by wire. However, it will be noted that, apart from photographs and cinematographic films, reproduction generally of works in the course of reporting current events is not allowed. Such uses will therefore have to be justified under the right of quotation in Article 10(1) or as being within the general exception under Article 9(2). An example would be a sound recording of a current event that is made for subsequent broadcast: in so far as this contains a reproduction of a protected work, this will not be covered by Article 10*bis*(2).

3. The subject of the report must be a "current event," and the work in question must be "seen or heard in the course of the event." This places an important temporal limitation on the provision, meaning that it would not be permissible after the report has been made to embellish it by the addition of a picture of a work of art or a musical accompaniment, as neither of these would have been "seen or heard in the course of the event."

4. The use of the work must be "justified by the informatory purpose." It will be clear that this does not allow *carte blanche* for the reproduction of whole works under the guise of reporting current events: this will only be permitted where the nature of the work is such that it would not be possible to make the report without doing so.[44]

Reporting of Lectures, Addresses and Other Similar Works

Article 2*bis*(2) also permits member states to regulate the conditions under which these kinds of orally delivered works may be used for the purposes of reporting, providing that:

> "It shall also be a matter for legislation in the countries of the Union to determine the conditions under which lectures, addresses and other works of the same nature which are delivered in public may be reproduced by the press, broadcast, communicated to the public by wire and made the subject of public communication as envisaged in Article 11*bis*(1) of this Convention, when such use is justified by the informatory purpose."[45]

This will not include, for example, lectures, addresses, etc, that are delivered to private groups, nor will it cover sermons, unless they are covered by the compendious term "other works of the same nature." The public interest rationale of the provision is also made explicit, with the overriding requirement that the uses it allows are to be justified by the "informatory purpose." This does not necessarily mean that the works reproduced, broadcast, etc, must themselves be "news," so long as the reproduction, broadcast, etc, is made with the purpose of informing the public. In this regard, it contrasts with Article 10*bis*(2) which is limited to reporting "current events."

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[44] Examples would include a report on the dedication of a new public sculpture or building, and a report on a sporting event where the stadium is covered with various works of art: *Ibid*, 119.

[45] Stockholm, Paris Acts, art 2*bis*(2).

The following further points of comparison with Article 10*bis*(2) should be noted:

1. As the conditions under which the uses covered by Article 2*bis*(2) may occur are left to national legislation, it is likewise open to Union members to make them subject to compulsory licenses and the payment of remuneration.

2. Unlike Article 10*bis*(2), Article 2*bis*(2) does not cover the making of a cinematographic film of the works covered by the provision.

General Exception Concerning Reproduction Rights–the "Three-Step Test"

Prior to the Stockholm and Paris Acts, the Convention contained no general provision requiring the recognition of reproduction rights. Although it has been argued that there was an implicit requirement under earlier Acts to provide such protection, the better view is that no such obligation existed.[46] Accordingly, Union members were free to impose whatever restrictions they wished on reproduction rights, or even to deny protection altogether. In practice, reproduction rights were universally recognized under national legislation, but the exceptions to these rights varied considerably from country to country. The only areas in which the Convention touched upon these matters were in relation to the making of quotations, news reporting and use for teaching purposes (see above), in so far as these provisions allowed for the making of such exceptions where reproduction rights were concerned. These differences meant that, in the event that the Convention were to embody a general right of reproduction, care would be required to ensure that this provision did not encroach upon exceptions that were already contained in national laws.[47] On the other hand, it would also be necessary to ensure that it did not allow for the making of wider exceptions that might have the effect of undermining the newly recognized right of reproduction.

These matters occupied a considerable amount of time in the preparatory work for the Stockholm Revision Conference, in particular whether any proposed exception should list the specified purposes that were permissible or whether it might be possible to formulate a more general formula that covered both existing and possible future exceptions. Ultimately, the Stockholm Conference opted for the general formula approach, which is now embodied in Article 9(2) of the Paris Act. Commonly referred to as the "three-step test," this has now come to enjoy something of the status of holy writ, providing as follows:

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46 See Ricketson, paragraph 8.12. But note that the contrary view put by the Bureau of the Berne *Union* (the predecessor of BIRPI) in the program for the Brussels Revision Conference of 1948 (*Documents de la Conference réunie à Bruxelles du 5 au 26 juin 1946*, pp. 58); see further Nordemann *e et al*, English edition, pp. 107, and Ficsor, pp. 86 ff.

47 The Study Group noted in its work for the 1967 program that the "exceptions most frequently recognized in domestic laws" related to the following methods of use: (1) public speeches, (2) quotations, (3) school books and chrestomathies, (4) newspaper Articles, (5) reporting of current events, (6) ephemeral recording, (7) private use, (8) reproduction by photocopying in libraries, (9) reproduction in special characters for use by the blind, (10) sound recording of works for the blind, (11) texts of songs, (12) sculptures on permanent display in public places, (13) use of artistic works in film and television as background, and (14) reproduction in interests of public safety. To this list might be added reproductions for judicial and administrative purposes, for example, in the course of court proceedings": *Records* 1967, Vol. I, 112 (Doc S/1).

"(2) 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."

Article 9(2) makes no reference to previous provisions such as Articles 10, 10*bis* and 2*bis*(2) (as well as Article 13 which is discussed below) that were modified and maintained at the same time in the Stockholm/Paris Act. Nonetheless, it seems clear that the operation of these provisions within their specific sphere is unaffected by the more general provision in Article 9(2), and that the uses allowed under them are therefore excluded from its scope.[48]

Article 9(2) stipulates three distinct conditions that must be complied with before an exception to the reproduction right can be justified under national law. These are considered in turn below, with appropriate references being made to the views of the WTO Panel which recently considered these conditions in the context of the TRIPS Agreement dealing with the "homestyle" and business exemptions for public performances of musical works under the US *Copyright Act* 1976 (see further below).

Certain Special Cases

The adjectives "certain" and "special" suggest that there must be limits to any exception to the reproduction right that is made under Article 9(2). Thus, after consulting various dictionary definitions of "certain" ("known and particularized, but not explicitly identified," "determined, fixed, not variable; definitive, precise, exact."),[49] the WTO Panel stated that this meant that:

"…an exception or limitation in national law 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 particularized. This guarantees a sufficient degree of legal certainty."[50]

As to the meaning of "special" ("having an individual or limited application or purpose," "containing details; precise, specific.") the WTO Panel noted that this 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

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48 See the comments by the Monégasque delegate at *ibid*, 885, and the general comments on interpretation in the Report of Main Committee I, paragraph 14: "The Drafting Committee was unanimous in adopting the drafting of new texts as well as in the revision of the wording of certain provisions, the principle *lex specialis legi generali derogat*: special texts are applicable, in their restricted domain, exclusive of texts that are universal in scope. For instance, it was considered superfluous to insert in Article 9, dealing with some general exceptions affecting authors' rights, express references to Articles 10, *10bis*, *11bis* and 13 establishing special exceptions."

49 *New SOED*, pp. 364.

50 WTO Panel, pp. 33.

exceptional in its scope. In other words, an exception or limitation should be narrow in quantitative as well as in a qualitative sense. This suggests a narrow scope as well as an exceptional or distinctive objective. To put this aspect of the first condition into the context of the second condition ("no conflict with a normal exploitation"), an exception or limitation should be the opposite of a non-special, i.e., a normal case."[51]

Accordingly, these two adjectives require that a proposed exception ("case") should be both clearly defined and narrow in its scope and reach. This interpretation also seems consistent with the context and object and purpose of the Convention, i.e., as a treaty to constitute a Union for "the protection of the rights of authors in their literary and artistic works." In any given case, this will involve a consideration of all aspects of a proposed exception, including such matters as the right(s) and works covered, the persons who may take advantage of it, and the purpose of the exception.

"Does the phrase 'certain special cases' also require that there should be some 'special purpose' or justification underlying the exceptions that are made in a national law? This has been suggested by several commentators, including myself,[52] but is a matter on which other commentators are silent.[53] Furthermore, although the WTO Panel on the 'homestyle' exception used the adjectives 'exceptional' and 'distinctive' in this context (see the passage quoted above), it nonetheless took some pains to indicate that it was not thereby equating the term 'certain special cases' with 'special purpose.' While the Panel was dealing here with a different international agreement, namely TRIPS, the language of Article 13 is the same as Article 9(2) and a number of commentators have argued that the first step should receive the same interpretation under both instruments."

Thus, Professor Ginsburg[54] has argued cogently that the phrase "certain special cases" should not receive a normative interpretation, noting that the purpose behind any given exception will fall to be tested by the second and third steps of the test in any event, i.e., whether it conflicts with the normal exploitation of the work and whether it is unreasonably prejudicial to the legitimate interests of the author. There is also some support for this approach on the drafting history of Article 9(2), and it is therefore submitted that the preferable view is that the phrase "certain special cases" should not be interpreted as requiring that there should also be some "special purpose" underlying it.

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51 WTO Panel, pp. 33.

52 Ricketson, pp. 482 Not only do I argue that the use in question should be for "a quite specific purpose," but that there must also be "something 'special' about this purpose, 'special' here meaning that it is justified by some clear reason of public policy or some other exceptional circumstance." Note Ficsor, pp. 284, takes a similar view; to similar effect, see Reinbothe and von Lewinski, pp. 124-125.

53 Note, however, that this is not a matter that is considered by other leading commentators. For example, the WIPO *Guide to the* Berne Convention, 1978, pp. 55-56, does not comment on the meaning of the phrase "certain special cases"; neither do the leading German commentators, Nordemann, Vinck, Hertin and Meyer, *International Copyright and Neighbouring Rights Law*, VCH, English Ed. 1990, pp. 108-109, or the leading French commentators, Desbois, Francon and Kerever, *Les Conventions internationales de droit d'auteur et des droits voisins*, Dalloz, 1976, paragraphs 172-173.

54 J. Ginsburg, "Towards Supranational Copyright Law? The WTO Panel; Decision and the "Three-Step Test" for Copyright Exceptions" [2001] *Revue internationale du droit d'auteur*, January 2001.

"Conflict with the Normal Exploitation of the Work"

Dictionary meanings again provide a starting point here for the ordinary meanings of the words "normal" and "exploitation." The second of these is perhaps the most straightforward: "exploit" and "exploitation" refer to "making use of" or "utilizing for one's own ends,"[55] and, in the context of "works," can be taken as referring to the activity by which copyright owners employ the exclusive rights given to them, including the reproduction right, to "extract economic value from their rights to those works."[56] As for "normal," this means "constituting or conforming to a type or standard; regular, usual, typical, conventional…"[57] In the view of the WTO Panel, these definitions gave rise to two possible connotations of the phrase "normal exploitation": the first of an empirical nature, i.e., what is regular, usual, typical or ordinary in a factual sense, and the second reflecting a "somewhat more normative, if not dynamic, approach, i.e., conforming to a type or standard."

Under the empirical approach, the question to ask would be whether the exempted use would otherwise fall within the range of activities from which the copyright owner would usually expect to receive compensation. Framing the question in this way, however, involves "an obvious circularity," as Professor Goldstein has noted: "At least historically, an author will normally exploit a work only in those markets where he is assured of legal rights; by definition, markets for exempted uses fall outside the range of normal exploitation. Consequently, it might be thought that to expand an exemption is to shrink the "normal market," while to expand the definition of "normal market" is to shrink the permitted exception."[58] A preferable way of approaching this question might therefore be to postulate that the owner has the capacity to exercise his or her rights in full, without being inhibited one way or another by the presence of an exemption, and ask simply whether the particular usage is something that the copyright owner would ordinarily or, perhaps, reasonably seek to exploit. This would involve looking at what presently is the case, and would disregard potential modes of exploitation that might arise in the future. The "normative" or dynamic approach, on the other hand, would look beyond this purely quantitative assessment and would seek to take into account technological and market developments that might occur, although these might not presently be in contemplation. It is also conceivable that uses that are presently not controlled by copyright owners might subsequently become so, as the result of technological change–an example might be private copying where the transaction costs involved in monitoring such uses might now be reduced because of the new technologies. On this more qualitative or dynamic approach, "normal exploitation" will therefore require consideration of potential, as well as current and actual, uses or modes of extracting value from a work.

> "Differences will clearly arise, depending upon which of these approaches is followed, but the second seems more consistent with the context of the Berne Convention, and with 'its object and purpose' (Article 31 of the *Vienna Treaty*)."

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55 *SOED*, pp. 888.
56 WTO Panel, pp. 44.
57 *SOED*, pp. 1940.
58 Paul Goldstein, International Copyright: Principles, Law and Practice § 5.5 (2001).

Accordingly, the phrase "normal exploitation" should be interpreted as including "in addition to those forms of exploitation that currently generate significant or tangible revenue, those forms of exploitation which, with a certain degree of likelihood and plausibility, could acquire considerable economic or practical importance."[59] Accordingly, exceptions under national law that do not enter into economic competition (present or potential) with non-exempted uses should not be contrary to the second condition of Article 9(2). What is the case, then, of a use that does not enter into economic competition with the interests of the copyright owner but which nonetheless creates an economic benefit for the user? Should this be considered to be a use within the scope of a normal exploitation of that work? In this regard, it must be remembered that Article 9(2) was intended to accommodate those exceptions already existing under national laws, some of which could have been regarded as capable of creating an economic benefit to the user.[60] This was expressly addressed as follows by the WTO Panel, in interpreting the same phrase ("does not conflict with a normal exploitation.") in Article 13 of the TRIPS Agreement.

> "...in our view, not every use of a work, which, in principle is covered by the scope of exclusive rights and involves commercial gain, necessarily conflicts with a normal exploitation of that work. If this were the case, hardly any exception or limitation could pass the test of the second condition and Article 13 might be left devoid of meaning, because normal exploitation would be equated with full use of exclusive rights."[61]

The Panel then went on to say:

> "We believe that an exception or limitation to an exclusive right in domestic legislation rises to the level of a conflict with a normal exploitation of the work (i.e., the copyright or rather the whole bundle of exclusive rights conferred by the ownership of the copyright), if uses, that in principle are covered by that right but exempted under the exception or limitation, enter into economic competition with the ways that right-holders normally extract economic value from that right to the work (i.e., the copyright) and thereby deprive them of significant or tangible commercial gains."[62]

There is another aspect of the adjective "normal" that is not considered in the passages above, namely the extent to which this term embraces normative considerations of the true type, i.e., considerations as to what the copyright owner's market *should* cover, as well as the more empirical inquiries into what is presently, and may be, the case. On the facts that arose in the "Homestyle" case, there was no real need to consider this, as the "pork barrel" exception in issue there had none of the significant justifications that often underlie copyright

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59 WTO Panel, p 48, paragraph 6.180.

60 This point was commented upon, albeit indirectly, in the Swedish/BIRPI programme for the Stockholm Conference: "In this connection, the [1964] Study Group observed that, on the one hand, it was obvious that all the forms of exploiting a work which had, or were likely to acquire, considerable economic or practical importance must in principle be reserved to the authors; restrictions that might restrict the possibilities open to authors in these respects were unacceptable. On the other hand, it should not be forgotten that domestic laws already contained a series of exceptions in favor of various public and cultural interests and that it would be in vain to suppose that countries would be ready at this stage to abolish these exceptions to any appreciable extent." *Records* 1967, Vol. I, pp. 112 (Doc S/1).

61 WTO Panel, pp. 48, paragraph 6.182.

62 WTO Panel, pp. 48, paragraph 6.183.

exceptions, such as free speech, scholarship, education and so on.[63] In other instances, however, this will be an important question, for example, where the exception relates to research and scholarship or to uses by libraries, and the question then arising is, whether these are "markets" that the copyright owner should be able to control in a normative sense? "Normal" and "normative" here suggest an inquiry that looks to non-economic as well as economic considerations, and inevitably involves some kind of balancing process.

If one has regard only to the object and purposes of the Berne Convention ("...a Union…to protect, in as effective and uniform manner as possible, the rights of authors in their literary and artistic works"), there is little, if any, support to be found for such a balancing approach. Interpretation of treaty provisions, however, under both customary international law and the *Vienna Convention*, requires that this should be done in the "context" of the treaty as well as its objects and purposes, and this involves consideration of the text of the treaty as a whole. As noted above, the Berne Convention contains, and has contained for a long time, a series of provisions that acknowledge that limitationsand exceptions to authors' rights may be made in certain specified circumstances that are justified by other non-economic "public policy" considerations: see, for example, Articles 2(4), 2*bis*(1), 10(1) and (2), 10*bis*(1) and (2) that have already been discussed above. Each of these is subject to differing conditions, but is underpinned by some kind of non-author centered and non-economic normative consideration, such as freedom of information and "participatory democracy" (Articles 2(4) and Article 2*bis*(1)), criticism and review (Article 10(1)), educational purposes (Article 10(2)), and news reporting (Article 10*bis*(1) and (2)). The only difference between these provisions and Article 9(2) is that the former embody (to greater or less extent), in the text of each provision, the results of the balancing process that has been achieved by the successive revision conferences that have adopted them, whereas Article 9(2) is consciously framed as an omnibus or umbrella provision that is prospectively applicable to all exceptions to the reproduction right. Viewed against this wider context of the treaty, it therefore seems logical to conclude that the scope of the inquiry required under the second step of Article 9(2), does include consideration of non-economic normative considerations, i.e., whether this particular kind of use is one that the copyright owner *should* control. This interpretation furthermore is consistent with what is to be found in the preparatory work for the Stockholm Conference, a legitimate supplementary aid to treaty interpretation. It will be recalled here that the Conference programme contained the comment, "that it should not be forgotten that domestic laws already contained a series of exceptions in favor of various public and cultural interests and that it would be in vain to suppose that countries would be ready at this stage to abolish these exceptions to any appreciable extent."[64] Furthermore, the records of the Conference and the various amendments proposed by delegates indicate that they were seeking to reach some general description of the purposes for which exceptions might be made that would accommodate the existing public interest exceptions in national laws. Finally, it must be said that if a wholly economic approach is taken to the second step of Article 9(2), this will leave little, if any, work to be done by the third step which is concerned specifically with the interests of the author (see further below). Leaving aside uses that are purely *de minimis*, the great bulk of uses that fall within Article 9 could be regarded as being within the scope of the normal exploitation of a work, at least potentially, as technology reduces transaction costs. Any free use that is permitted under Article 9(2) will therefore have the potential of being in conflict with a normal economic exploitation of the work, leading to the consequence that the third step will never be reached. Bringing non-

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63 *Id.*

64 *Records* 1967, Vol. I, pp. 112 (Doc S/1).

economic considerations and justifications into the second step, however, means that there may well be uses that will not be in conflict with what *should* be within the normal exploitation of the work (in a truly normative sense), but may not satisfy the third step (see further below).

While the foregoing has the semblance of coherence, it nonetheless leaves the application of the second step of Article 9(2) more open-ended and uncertain. The words "normal exploitation" give no guidance as to the kinds of non-economic normative considerations that may be relevant here, and the extent to which they may limit uses that would otherwise be within the scope of normal exploitation by the copyright owner. Striking this balance is left as a matter for national legislation. Value judgments will need to be made, and these will clearly vary according to the society and culture concerned. In keeping with the first step, however, these non-economic purposes will need to be clearly and specifically articulated, and will need to be set against the stated objective of the Convention, which is the protection of the rights of authors. This indicates that such justifications will need a clear public interest character that goes beyond the purely individual interests of copyright users. In this regard, it can be said that they should be of analogous significance to those already accepted as appropriate under other provisions of the Berne Convention, such as Article 10 and 10*bis*.

"Does Not Unreasonably Prejudice the Legitimate Interests of the Author"

Little guidance on the meaning of this condition is to be found in the records of the Stockholm Conference, apart from the observation in the Conference programme that there was "the considerable difficulty of finding a formula capable of safeguarding the legitimate interests of the author while having a sufficient margin of freedom to the national legislation to satisfy important social or cultural needs."[65] The additional comment was offered that the formulation proposed in the programme "seems likely, however, to offer a guarantee to all the opposing interests concerned." These remarks indicate that some further balancing of interests is required by the third step of Article 9(2), and this is confirmed by a consideration of the meanings of the key words used in its formulation.

Thus, in the present context, the "interests" in question are those of the "author," not those of the "right-holder" as in Article 13 of the TRIPS Agreement. As the rights of authors that are protected under Berne include both economic and non-economic (moral) rights (under Article 6*bis*), it is clear "interests" in Article 9(2) covers both pecuniary and non-pecuniary interests.[66]

As for the term "legitimate," this has a dictionary meaning of "conformable to, sanctioned or authorized by law or principle; lawful; justifiable; proper."[67] This could mean lawful in a positivist sense, but the WTO Panel also noted that this has the connotation of

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65 *Ibid*, Vol I, p 113 (Doc S/1, pp. 43).

66 Nordemann *et al* at p 109 make the point that the reference to the "author" in Article 9(2) should always be interpreted to read "author and his successors in title or other holder of exclusive exploitation rights" and go on to say: "The balancing of interest undertaken here… concerns not only the personal interests of the author but also the economic interests that can be represented by copyright proprietors." In the case of Article 13 of TRIPS, however, this would not necessarily be the case as moral rights are expressly excluded from the scope of TRIPS

67 *OED*, pp. 2496.

legitimacy from a more normative perspective.[68] It therefore seems reasonable to conclude that, while the phrase "legitimate interests" covers all the interests (economic and non-economic) of authors that are to be protected under the Stockholm/Paris Acts, this is not an unqualified or absolute conception: there must be some normative justification underpinning these interests. In other words, there is a "proper" sphere of application for authors' interests, that is not to be pursued regardless of other considerations. This appears to bring us back again to the kind of balancing process that applies under the second step of Article 9(2), although clearly the third step goes further than consideration of just the economic interests of the author.

As for the remaining terms used in this condition, "prejudice" connotes "harm, damage or injury," while "unreasonable" and "not unreasonable" connote not being "proportionate" or "within the limits of reason, not greatly less or more than might be thought likely or appropriate" or "of a fair, average or considerable amount or size."[69] It will obviously be more difficult to show "unreasonable prejudice" than would be the case if the test were "prejudice" alone.[70] The words "not unreasonably prejudice" therefore allow the making of exceptions that may cause prejudice of a significant or substantial kind to the author's legitimate interests, provided that (a) the exception otherwise satisfies the first and second conditions stipulated in Article 9(2), and (b) it is proportionate or within the limits of reason, i.e., if it is not unreasonable The requirement of proportionality clearly implies that there may be conditions placed on the usage that will make any prejudice that is caused "reasonable," for example, where these interests are protected through a requirement that the usage should be done subject to certain conditions or within certain guidelines, that there should be attribution (where there might otherwise be unreasonable prejudice to an author's moral rights), or even that payment should be made for the use.[71]

It is therefore clear that exceptions under Article 9(2) may take the form of either free uses or compulsory licenses, depending essentially on the number of reproductions made.[72]

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68 *Ibid.*

69 *SOED*, pp. 2496 (meaning of "reasonable").

70 *Records* 1967, Vol II, pp. 883 (observation of Prof. E Ulmer, chairman of Main Committee I). So also to the same effect is the WIPO *Guide* which states: at p 56: "…all copying is damaging to some degree: a single photocopy may mean one copy of the journal remaining unsold and if the author had a share in the proceeds of publication he lost it."

71 Specific support for this last possibility is contained in the Report of Main Committee I which expands upon the following example given by Professor Ulmer, the chair of that committee, in the course of its discussions: "…a rather large number of copies for use in industrial undertakings…may not unreasonably prejudice the legitimate interests of the author, provided that, according to national legislation, an equitable remuneration is paid. If a small number of copies is made, photocopying may be permitted without payment, particularly for individual or scientific use." *Records* 1967, Vol. II, pp. 1145-1146. Professor Ulmer's comments appear at pp. 883.

72 To similar effect, see Nordemann *et al* at pp. 109: "In general, we consider the interests of the author always to have been unreasonably invaded when he can demonstrate a reasonable interest that this type of exploitation should remain reserved for him or that it should permitted only upon payment of a suitable royalty." This "interpolation" of a "halfway" house, however, has been strongly criticized by the French commentators, Desbois *et al*, as being unjustified on the ground that the demarcation between the two kinds of provision (free use or compulsory license) will always be difficult to draw in practice and that the correct choice therefore should simply be between permission and prohibition. Hence Desbois *et al*, pp. 207 say: "A la verité,

[Footnote continued on next page]

Contributions to the Making of a Cinematographic Work

For sake of completeness in our survey, reference must be to Article 14*bis*(2)(b), which has a restricted operation in relation to those Berne member countries whose laws include among the owners of copyright in a cinematographic work "authors who have brought contributions to the making of the work." Where this is so, such authors may not "in the absence of any contrary or special stipulation, object to the reproduction, distribution, public performance, communication to the public by wire, broadcasting or any other communication to the public, or to the subtitling or dubbing of texts, of the work." The categories of authors who are affected here are potentially very limited, in view of Article 14*bis*(3) which provides that, unless contrary provision is made under the national law in question, these persons do not include authors of scenarios, dialogues and musical works created for the making of the cinematographic film, and the principal director of the film. However, in the event that such categories of authors are recognized under a given national law, the exception contained in Article 14*bis*(2)(b) must be applied, unless that law makes some contrary provision. The purpose behind Article 14*bis*(2)(b) is clear enough: to facilitate the exploitation of the cinematographic work as a whole, and to ensure that this is not restricted or inhibited by objections from co-authors whose contributions to the overall work may be regarded as comparatively minor. It is interesting to note that in a study by the International Office of WIPO, it was suggested that this was a limitation or exception to protection which, "if correctly applied," would not conflict with the normal exploitation of the work or unreasonably prejudice the legitimate interests of the right-holders.[73] Neither of these criteria, however, are included in Article 14*bis*(2)(b) itself, which provides for no conditions or restrictions on the making of this exception. Whether they are relevant for the purposes of the application of the TRIPS Agreement is considered below.

(c) Compulsory Licenses Allowed Under the Berne Convention

It has already been suggested that a number of the exceptions provided for under the Paris Act of Berne allow member countries to impose compulsory licenses in certain circumstances. However, it is also relevant to note that there are several provisions of the Convention that acknowledge this specifically. These apply to the recording of musical works and with respect to the exclusive rights recognized under Article 11*bis.*

Compulsory Licenses with Respect to the Recording of Musical Works

This is provided for as follows in Article 13(1):

> "(1) Each country of the Union may impose for itself reservations and conditions on the exclusive right granted to the author of a musical work and to the author of any words, the recording of which together with the musical work has already been authorized by the latter, to authorize the sound recording of that musical work, together

[Footnote continued from previous page]

l'introduction de la licence obligatoire procède d'une interpolation, car la formule de l'art. 9, al. 2 n'en fait pas état. Le choix paraît devoir être restreint à la permission ou à l'interdiction."

73 "The Implications of the TRIPS Agreement on Treaties administered by WIPO," published in [1996] *Industrial Property and Copyright* 164, 171.

with such words, if any; but all such reservations and conditions shall apply only in the countries which have imposed them and shall not, in any circumstances, be prejudicial to the rights of these authors to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority."

This provision was inserted as long ago as the Berlin Revision of 1908, where it reflected a pragmatic compromise that was already emerging at the national level between musical copyright owners (mainly publishers) and the newly emerging recording industry. While the Berlin Act recognized that the right of authors extended to the mechanical reproduction of their works, national laws were allowed the possibility of introducing compulsory recording licenses in favor of the recording industry, providing that industry with a guarantee of access to material which it had, prior to this time, been able to use free of charge. In its present form, Article 13(1) does not expressly mention "compulsory licenses," but the reference to "reservations and conditions" on the exclusive recording right of the author and the further reference that this must not be "prejudicial to the rights of the authors to obtain equitable remuneration" indicate that compulsory licenses are clearly contemplated as being within the scope of the provision.

So far as the interpretation of Article 13(1) is concerned, the following further comments can be made.

1. It still operates as a permissible derogation from the general right of reproduction granted under Article 9(1). Accordingly, there is no obligation on any Union member to impose reservations or conditions on the exercise of that right in respect of the recording of musical works and words.

2. Reservations and conditions may only be applied in respect of the sound recording of musical works and accompanying words.

3. Reservations and conditions may only be imposed if the recording of the musical work and words has already been authorized by the author. This leaves the author with the prerogative of deciding when the first mechanical exploitation of his work shall occur, and it is only after this time reservations and conditions may be imposed. This provision preserves, in substance, the author's right of divulgation, one of the basic moral rights that is not expressly recognized under the Convention.

4. In any event, the reservations and conditions authorized by Article 13(1) do not apply to the recording of words alone: these must accompany the musical work, as in the case of a song, opera, oratorio and so on.

5. The reservations and conditions which are applied can only have effect in the country which has imposed them. This is a matter that is also dealt with in Article 13(3) which provides that:

> "(3) Recordings made in accordance with paragraphs (1) … of this Article and imported without permission from the parties concerned into a country where they are treated as infringing recordings shall be liable to seizure."

Accordingly, any immunity which applies to recordings that have been lawfully made under Article 13(1) applies only within the country of their making, and will not carry its "lawful character" with it when it is exported to other countries of the Union without the

consent of the person entitled to the copyright in those works in those countries. In such circumstances, country B will be entitled to regard such a recording as an infringing recording, and the fact that it was lawfully made in country A is of no effect. It will be noted that paragraph (3) does not require country B to treat these recordings as infringing copies: that is a matter left to the law of that country. Furthermore, if they are treated as infringing copies, there is no prescription as to how their seizure is to be carried out, or by whom. The words "shall be liable to seizure" imply only that the machinery should be there, and the way in which this is done is left to national legislation.

6. If a country imposes reservations and conditions under Article 13(1), these must not be "prejudicial to the rights of these authors to obtain equitable remuneration which, in the absence of agreement, shall be fixed by the competent authority." As noted above, this is normally taken to mean that the conditions and reservations which are imposed will take the form of compulsory licenses.[74] Its effect is certainly to exclude provisions which enable the free recording of works, or to permit this for less than an equitable remuneration.

7. No guidance as to the meaning of the expression "equitable remuneration" is given. Although it is left to the parties to negotiate this amount between themselves in the first instance, the adoption of such a provision under national law inevitably weakens the bargaining position of the author. For this reason, the role of the competent authority is crucial, as it will have to make a notional judgment as to what amount would have been negotiated in the absence of a compulsory license. This will ultimately remain a matter for national legislation.

Compulsory Licenses in Respect of the Broadcasting of Works

From its inception, many governments have shown a strong interest in broadcasting because of its powerful informatory, educational and entertainment role. Article 11*bis*(2) therefore provides for the possibility of compulsory licenses:

> "(2) It shall be a matter for legislation in the countries of the Union to determine the conditions under which the rights mentioned in the preceding paragraph may be exercised, but these conditions shall apply only in the countries where they have been prescribed. They shall not in any circumstances be prejudicial to the moral rights of the author, nor to his right to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority."

The "rights mentioned in the preceding paragraph" are those listed in Article 11*bis*(1). It will be seen that Article 11*bis*(2) shares a number of features in common with Article 13(1).

1. There is no conventional obligation for Union members to impose "conditions" on the exercise of the rights recognized under Article 11*bis*(1). This is left as a matter for national legislation to determine.

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[74] See, for example, Nordemann *et al* 102. Note, however, the somewhat different statement of Marcel Plaisant, the rapporteur at the Brussels Conference, at *Documents* 1948, pp. 103, that this wording is inconsistent with the notion of compulsory licenses: discussed further in Ricketson…

2. The formula adopted in Article 11*bis*(2) is different from that in Article 13(1), in that the former refers only to the determination by national legislation of the "conditions" under which the rights in paragraph (1) may be exercised. By contrast, Article 13(1) refers to the imposition of "reservations and conditions," which implies that in certain circumstances it might be permissible for national legislation to deny protection altogether. This would not seem possible under Article 11*bis*(2), as the power to impose "conditions" on the exercise of rights does not carry with it the power to deny or limit those rights. However, the difference between the two formulations is semantic rather than real, as both paragraphs contain the requirement that whatever is done pursuant to themmust not be prejudicial to the author's to obtain right equitable remuneration. Any denial of protection under Article 13(1) could therefore only occur where the judgement was made that this was not a use for which the author could have obtained equitable remuneration in the first place.

3. The reference to "conditions" in Article 11*bis*(2) is usually taken to refer to the imposition of compulsory licenses, but the form of these licenses is left to national legislation to determine. For example, these licenses could be made applicable only in certain specified situations, leaving authors in sole control of the exercise of their rights in all other instances. Furthermore, it seems from the records of the Brussels Conference (where Article 11*bis*(2) was adopted) that the word "conditions" can extend to free uses as well: the fundamental requirement in either case is that whatever is allowed under that paragraph "must not" "in any circumstances be prejudicial to …his right [the author's] right to obtain equitable remuneration."[75]

4. In view of the wording of Article 11*bis*(1), Article 11*bis*(2) applies to all works protected by the Convention, including cinematographic works.

5. Conditions imposed pursuant to Article 11*bis* (2) can only apply in the country which imposes them. In other words, a broadcaster can only claim the benefits of a compulsory license within the territorial limits of the member country whose legislation authorizes this;

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[75] Thus, Marcel Plaisant, the rapporteur general, of the Conference said: "Pursuant to an observation made by Mr. Pilotti, President of the International Institute for the Unification of Private law, and according to sound legal interpretation, paragraph (1), with its three separate items, is inseparable from paragraph (2), which makes it a matter for national legislation to determine the conditions under which the rights mentioned in paragraph (1) may be exercised. These conditions may, as the Nordic and Hungarian Delegations observed, relate to free-of-charge exceptions made for religious, patriotic or cultural purposes. These possible exceptions are placed within a fairly broad framework; they may not in any circumstances be prejudicial to the moral rights of the author or to his right to obtain just remuneration which, in the absence of agreement, is fixed by the competent authority. Interpretating the passionate debate that took place within the Committee, we venture to say, in general terms, that each country may take whatever action it considers appropriate for the avoidance of all possible abuses, as after all the role of the State is to arbitrate between excesses, from whatever quarter." *Documents* 1948, 101. This translation has been taken from that prepared by WIPO in their centennial volume of 1986: *The*Berne Convention *for the Protection of Literary and Artistic Works from 1886 to 1986* (1986), 181. The possibility of free uses arising within the ambit of Article 11*bis*(2) was overlooked by the WTO Panel in its Homestyle decision, which treated that paragraph as applying to compulsory licenses alone, free uses therefore remaining a matter for the minor reservations doctrine: see further Panel decision, [6.87]-[6.88]. I am indebted to my colleague, Dr. David Brennan, for drawing this passage of M. Plaisant's report to m attention.

in any other member country which does not contain such provisions in its legislation, he will be required to seek the authorization of the author of the work to make a broadcast in that country. Difficult questions as to where a broadcast is actually made arise here, but fall outside the scope of this paper.

6. Conditions imposed under Article 11*bis*(2) must not "in any circumstances be prejudicial to the moral rights of the author." This stipulation may seem superfluous, in view of the generally accepted opinion that this is an implicit limitation that applies in the case of any restriction to authors' rights that is authorized by the Convention.[76] What is the meaning of the expression "moral rights" here? One obvious answer is that this refers to the specific moral rights which member countries are required to protect under Article 6*bis*(1), that is, those of attribution and respect. However, many national laws protect additional moral rights, in particular, that of disclosure or divulgation.[77] Accordingly, it has been argued that this right is included within the expression "moral rights" in Article 11*bis*(2), with the result that this provision embodies a similar precondition to the exercise of a compulsory license to that in Article 13(1), namely that the author's work must first have been disclosed to the public.[78] This interpretation, however desirable in principle, cannot be maintained upon a reading of the relevant provisions: Union countries cannot be required, under Article 11*bis*(1), to accord protection to a moral right which they are not otherwise required to protect under Article 6*bis.* A Union member is therefore free, in its national legislation, to determine that a compulsory license or free use may apply in respect of the broadcasting of a work which has not yet been disclosed to the public.

Ephemeral Recordings of Broadcast Works

Article 11*bis*(3) allows national laws to make exceptions where ephemeral or transitory recordings of works are made for the purposes of exercising one of the rights listed in Article 11*bis*(1). It provides as follows:

> "(3) In the absence of any contrary stipulation, permission granted in accordance with paragraph (1) of this Article shall not imply permission to record, by means of instruments recording sounds or images, the work broadcast. It shall, however, be a matter for legislation in the countries of the Union to determine the regulations for ephemeral recordings made by a broadcasting organization by means of its own facilities and used for its own broadcasts. The preservation of these recordings in official archives may, on the ground of their exceptional documentary character, be authorized by such legislation."

The first sentence of the paragraph distinguishes clearly between the acts of broadcasting and recording, by providing that permission to do the first does not automatically carry with it permission to do the second. In practice, it may well be the case that the making of such recordings by broadcasters is covered in blanket agreements entered

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[76] See also the Report of Main Committee I on this point: *ibid,* 1165. This may now be a live issue in relation to the TRIPS Agreement: see further below.

[77] See, for example, the FRG Law of 1965, arts 12, 42 and 46; the former French Law of 1957, arts 19 and 32.

[78] See Desbois *et al* 190.

into with the appropriate authors' organizations. In the absence of such consents, however, no permission to record is to be implied from a bare authorization to broadcast.[79]

Under the second and third sentences of Article 11*bis*(3), member countries retain the power to vary the above position for very specific purposes. Thus, it is a matter for national legislation to "determine the regulations for *ephemeral recordings made by a broadcasting organization by means of its own facilities and used for its own broadcast*" (emphasis added). This is not subject to any requirement to pay equitable remuneration (although it would be open to a member country to legislate to this effect). It also excludes recordings that are made by an agent or an outside body. Finally, it will be noted that the preservation of such recordings for archival purposes is strictly limited: the recordings must have an "exceptional documentary character" and the preservation must be in "official archives."

Compulsory Licenses in Relation to Developing Countries

The Appendix to the Paris Act contains a series of compulsory licenses with respect to the translation and reproduction of works protected under the Convention that may be invoked under certain limited conditions by developing countries, notably for educational and developmental purposes. A detailed account of these licenses lies outside the scope of the present Study, although it is worth noting that the history leading up to their addition to the Convention in the Paris Act was a complex and controversial one and the present provisions of the Appendix represent a hard-fought compromise between developing and developed countries.[80]

(d) Implied Exceptions Under the Convention

In addition to the express exceptions which are contained in the Convention and which have been discussed above, there are a number of exceptions that are to be implied and which, according to the wishes of successive conferences of revision, will not be in conflict with the Convention if they are embodied in the national legislation of member countries. These fall into two main categories: those in relation to performing, recitation, broadcasting, recording and cinematographic rights, and those in relation to translations.

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79 Masouyé, 71.

80 See generally Ricketson, chap 11.

Implied Exceptions in Respect of Performing, Recitation, Broadcasting, Recording and Cinematographic Rights ("Minor Reservations")

The question of implied exceptions to the Convention first arose in the context of public performing rights, which were first recognized in Article 11(1) of the Brussels Act of 1948. Prior to this, member nations were free to impose whatever restrictions they wished on the exercise of these rights, or even to deny them altogether. In fact, most national laws that recognized performing rights had provisions permitting the unauthorized public performance of works in particular circumstances, and in 1933 the International Office of the Berne Union (the predecessor to WIPO) gave the following list of typical instances: "musical performances made in the course of religious worship, concerts given by military bands, charitable performances, public concerts organized on the occasion of particular festivals or holidays."[81] Did these exceptions remain permissible under the new Article 11(1) of the Brussels Act, or did they now require express authorization under the Convention? In their preparatory work for the Brussels Conference, the Belgian Government and the International Office believed that it would be impossible to list all these exceptions exhaustively in the Convention as they were too varied.[82] On the other hand, it would not be feasible to demand their suppression, as most were based on long-standing exceptions which member countries would be loath to renounce.[83] The other possibility was to insert a general provision in the Convention, under which it would be permissible for member nations to retain limitations presently existing in their national laws, but it was feared that the adoption of such a general provision would "positively incite" those nations which had not, to this time, recognized such exceptions to incorporate them in their laws.[84] For this reason, no provision concerning exceptions to the new right of public performance was proposed in the Brussels programme, and this view prevailed in the Conference. However, the Conference sub-committee on Articles 11 and 11*ter* recommended that this matter should be dealt with in the General Report,[85] and the following statement was therefore included in the report of Marcel Plaisant, the *rapporteur general* of the Conference:

> "Your *rapporteur général* has been entrusted with making an express mention of the possibility available to national legislation to make what are commonly called minor reservations. The Delegates of Norway, Sweden, Denmark and Finland, the Delegate of Switzerland and the Delegate of Hungary, have all mentioned these limited exemptions allowed for religious ceremonies, military bands and the needs of child and adult education. These exceptional measures apply to Articles 11*bis*, 11*bis*, 13 and 14. You will understand that these references are just lightly pencilled in here, in order to avoid damaging the principle of the right."[86]

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81 [1933] *DA* 112, 114.

82 *Documents* 1948, 255.

83 *Ibid*.

84 *Documents* 1948, 255. A proposal to this effect had been unanimously rejected by a congress of *CISAC* in 1933: referred to in the programme: *ibid*. See also [1933] *DA* 112, 114.

85 *Ibid*, 128.

86 *Ibid*, 100. This translation has been taken from that prepared by WIPO in their centennial volume of 1986: *The* Berne Convention *for the Protection of Literary and Artistic Works from 1886 to 1986* (1986), 181.

Although there are obvious difficulties in rendering a completely intelligible English translation of this passage from the original French, some additional aid is to be gained from the records of the general commission of the Conference. These note the following:

> "The majority of delegates manifested a concern that the legal situation was not substantially changed by the substitution of an exclusive and conventional right for the provision of the text of Rome under which unionists were assimilated to nationals.
>
> "To obtain such a result, it sufficed for the Conference to allow that this exclusive right was not incompatible with certain exceptions provided by national laws, exceptions already allowed under the regime of Rome, for religious, cultural or patriotic purposes. The Conference declared itself in favor of this, in accordance with several governmental propositions. The delegation of Sweden, in particular, expressed the opinion that such exceptions should be extended to Articles 11*bis*, 13 and 14, as well as to Articles 11 and 11*ter* and requested, in the name of the Nordic Governments, that this remark be inserted in the General Report.
>
> "On the proposal of the *rapporteur* of the Sub-Committee, M Walkiers, the Conference noted nevertheless that these limitations should have a restricted character and that, in particular, it did not suffice that the performance, representation or recitation was 'without the aim of profit' for it to escape the exclusive right of the author. As to the question of how the text of the Convention should be interpreted, the Conference was of the opinion that a mention of this matter should be inserted in the General Report, taking account of the view expressed, in particular that of the Swedish delegation."[87]

These minutes provide a clearer context for the more compressed comments of M. Plaisant. In particular, they indicate the source of the further reference to Articles 11*bis*, 11*bis*, 13 and 14, arising from the concern of the Nordic countries that proposals in their draft laws which were then in the course of preparation should not be in conflict with the Convention if they permitted the free performance or broadcasting of works for such purposes as divine worship or religious education.[88] That such exceptions were permitted in respect of these other Articles was clearly endorsed by the Conference.[89] The minutes also amplify the last sentence of M. Plaisant's statement, insofar as they underline the restricted or *de minimis* nature of the uses that were contemplated as being allowable. In particular, it is indicated that the fact that the use is done without a commercial aim should not be enough for it be excepted.

No concern about the above interpretation was raised in the preparations for the Stockholm Conference, and no proposals affecting it were submitted by the delegates. However, in one of the last meetings of Main Committee I, the Swedish delegate, speaking on behalf of the Nordic countries, proposed that the *rapporteur* of the Committee should insert in the General Report a sentence to the effect that the possibility allowed for in the General Report of the Brussels Conference for the making of minor reservations was still valid.[90] This

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87 *Ibid*, 263–264.
88 *Ibid*, 258.
89 *Ibid*, 263–264.
90 *Records* 1967, 924 (minutes of Main Committee I).

was duly done in the Stockholm Report, which endorsed the remarks of M. Plaisant, stating further:

> "210. It seems that it was not the intention of the Committee to prevent States from maintaining in their national legislation provisions based on the declaration contained in the General Report of the Brussels Conference. It accordingly seems necessary to apply to these 'minor reservations' the principle retained for exceptions to the right of translation, as indicated in connection with Article 8 (see paragraph 205)."[91]

The second sentence refers to the second category of implied exceptions which apply in the case of uses of translations of works (see further below). While the latter involve somewhat different considerations than apply in the case of minor reservations to Articles 11, 11*bis*, 11*ter*, 13 and 14, in the present context the relevant principle is that, "on the level of general principles,... a commentary on the discussion [of Main Committee I] could not result in an amendment or extension of the provisions of the Convention ..."[92]

Nonetheless, given that these statements appear in the official reports of both the Brussels and Stockholm Conferences, it is possible to refer to them, as part of the "context" of the Berne Convention, for the purposes of interpreting Articles 11, 11*bis*, 11*bis*, 13 and 14. Thus, they can be treated as an "agreement relating to the treaty which was made between all the parties in connection with the conclusion of the treaty;" within Article 31(2)(a) of the *Vienna Convention.* More recently, the scope for implied "minor reservations" was the subject of consideration by the WTO Panel in the "Homestyle Case" in the context of TRIPS compliance, where the Panel helt that any minor reservation to these rights under national law must comply with the three-step test This question is discussed further below, but for present purposes TRIPS is irrelevant to the interpretation of the minor reservations doctrine as it applies as a subsequent agreement between parties under Berne. In this regard, the following observations can be made:

1. Essentially, the statements of M. Plaisant, as endorsed by Main Committee I at Stockholm, are based on the *de minimis* principle of interpretation, namely that the law is not concerned with trifles. In the present context, this means that exceptions to the rights granted in the relevant Articles of the Convention must be concerned with uses of minimal, or no, significance to the author. As M Plaisant so colorfully put it, "these references are just lightly pencilled in here, in order to avoid damaging the principle of the right." Likewise, the statement by Main Committee I that such reservations cannot effect an amendment or extension of the provisions of the Convention is relevant here. By definition, any exception that has more than an insignificant effect on the application of a right that is to be protected by the Convention should be the subject of an express provision: at the very least, such a provision would indicate the purpose of the excepted use and the permissible boundaries or conditions within which it may occur, including the possibility of remuneration.

2. The fact that both Conferences rejected the option of inserting in the Convention a specific provision dealing with minor exceptions also confirms they are acceptable only when they are of a *de minimis* kind. If an express provision had been inserted, this would make it far easier for member nations to assert that the Convention recognized their right to make such exceptions and that they were therefore free to go beyond those of a purely *de minimis*

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91 *Ibid*, 1166.
92 *Ibid*, 1165.

kind, for example, because of a particular public interest that might justify the abridgement of the authors' rights in these circumstances.

3. The minor reservations doctrine, as confirmed by the Stockholm Conference, precedes the adoption of Article 9(2) and the three-step test. Accordingly, there is no basis for arguing that delegates had this test in mind at the time it was enunciated and confirmed at both Conferences. This has significance so far as the application of the TRIPS Agreement is concerned (see below).

4. It may be assumed that the exceptions which existed in national legislation at the time of accession to either the Brussels or Stockholm Acts fell, as a matter of course, within the scope of these *de minimis* exceptions–certainly, this appears to have been the tacit understanding of the delegates at both Revision Conferences. On the other hand, it needs to be remembered that under Article 36(2) of the Convention, each state is obliged, at the time that it becomes bound by the Convention, to "be in a position under its domestic law to give effect to the provisions of this Convention." This means that every state needs to ensure that its existing exceptions are actually of a *de minimis* kind, and should not proceed on the automatic assumption that this is the case.

5. The examples of permissible uses by way of minor reservations that are given in the records of the Brussels and Stockholm Conferences are in no way an exhaustive list or determinative of the particular exceptions that may be justifiable under this heading. On the other hand, it is suggested that it should not be possible to advance a public interest justification for a minor reservation that extends it beyond a *de minimis* use. If such justifications for a broader exception exist, they need to be the subject of a specific provision along the lines of those already contained in Articles 2*bis* (2), 9(2), 10, and 10*bis*. Thus, an exception for all military band performances whatsoever could not be justified as a minor reservation, although there might be some broader justification of a cultural or patriotic kind that underlines such an exception.

Implied Exceptions with Respect to Translation Rights

The majority of exceptions provided in the Convention relate to the right of reproduction, for example, Articles 9(2), 10 and 10*bis*, although some of these provisions relate as well to other rights such as broadcasting and public performance (see the preceding discussion on "minor reservations"). However, there are no express limitations or exceptions provided in the case of the right of translation which is contained in Article 8. On its face, this omission imposes severe restrictions on persons wishing to use literary and dramatic works protected under the Convention where these works are in other languages. While the Convention makes provision for the reproduction, in particular circumstances and for certain purposes, of such works in their original language, these exceptions are not expressed to be applicable where translations of those works are made in the same situation. This appears illogical, as the making of reproductions of works in their original language will be of little use to populations which do not speak or understand that language. In addition, because the Berne Convention exceptions concern allowable limitations on the protection of *foreign* works, it is reasonable to expect that the language in which some of these works are expressed will be foreign to the host country. There are two possible bases on which this result can be avoided, at least so far as exceptions to the reproduction right are concerned:

1. It can be argued that translations are a species of reproduction, and are therefore automatically covered by any exception to the reproduction right. In other words, Article 8 is merely a particular application of the broader right granted under Article 9, and accordingly any exception to the latter must embrace the former. This is a matter on which national laws differ, but so far as the Convention itself is concerned all that can be said is that its provisions are inconclusive as to the precise relationship between reproductions and translations.[93]

2. Alternatively, if these are to be treated as two distinct rights, it can be said that the implication of parallel exceptions in relation to the making of translations is imperative for the effective operation of the Convention. Not to do so would render the exceptions permitted by the Convention in respect of reproduction rights of limited effect, and would lead to an absurd result that cannot have been intended by the framers of the Convention and its revised Acts. Such a result could also be said to be in conflict with the fundamental nature of the Berne Union, as an international union of states with widely differing linguistic backgrounds.

These conflicting arguments leave aside the further question of whether corresponding exceptions are to be implied in respect of other uses of translations, such as in performances and broadcasts, although the second basis suggested above could just as easily be called in aid here to support such a conclusion. The question of such exceptions, however, was not directly addressed until the Stockholm Conference, where a number of proposals were considered and where there were considerable differences between delegates, notably over the possibility of exceptions for translations under Article 11*bis* and 13. Ultimately, no provision dealing expressly with translations was inserted in the Stockholm Act, but the following statement was included in the Report of Main Committee I. As will be seen, this reveals unanimity among delegates as to certain kinds of uses (reproductions and translations), but no agreement as to others (broadcast, etc of translations of protected works). The Committee said:

> "205. As regards the right of translation in cases where a work may, under the provisions of the Convention, be lawfully used without the consent of the author, a lively discussion took place in the Committee and gave rise to certain statements on the general principles of interpretation. While it was generally agreed that Articles 2*bis*(2), 9(2), 10(1) and (2), and 10*bis*(1) and (2), virtually imply the possibility of using the work not only in the original form but also in translation, subject to the same conditions, in particular that the use is in conformity with fair practice and that here too, as in the case of all uses of the work, the rights granted to the author under Article 6*bis* (moral rights) are reserved, different opinions were expressed regarding the lawful uses provided for in Articles 11*bis* and 13. Some delegations considered that those Articles also applied to translated works, provided the above conditions were fulfilled. Other delegations, including those of Belgium, France and Italy, considered that the wording of those Articles in the Stockholm text did not permit of the interpretation that the possibility of using a work without the consent of the author also included, in those cases, the possibility of translating it. In this connection, the said delegations pointed out, on the level of general principles, that a commentary on the discussion could not result in an amendment or extension of the provisions of the Convention (see also paragraph 210 below concerning the so-called "minor reservations" to Articles 11, 11*bis*, 11*ter*, 13 and 14)."[94]

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93 See further Ricketson, see paragraphs 8.35–8.36.

94 *Ibid*, 1165 (Report). For the substantially similar French draft, see *ibid*, 926.

As the final sentence emphasizes, this passage cannot have the effect of amending or extending the provisions of the Convention. It can only fulfil the following functions: (i) providing confirmation that the words of a given provision have a particular meaning according to the usual principles of interpretation (the "confirmatory function"), and (ii) acting as a legitimate supplementary aid to interpretation insofar as it points to the context, object and purpose of the Convention where an interpretation arrived at under (i) results in ambiguity or obscurity, or leads to a manifestly absurd or unreasonable result (the "explanatory function"). This passage carries out both functions in respect of the various Articles to which it refers:

1. If it is accepted that translations are a species of reproduction (itself a question of prior construction of the Convention), the application of the exceptions allowable under Article 9(2) follows as a matter of course, as the user is only reproducing the work in a different way. This can only partially apply to Articles 2*bis*(2), 10(1) and (2), and 10*bis*(1) and (2), as the latter also apply to other exclusive rights, such as performance, broadcasting and cable diffusion.

2. In the event that the above view of the nature of translations and reproductions is not accepted, the passage from the Report can be used as a legitimate extrinsic aid to interpretation. Thus, if it can be said that the exclusion of translations from the exceptions provided in these Articles will lead to a manifestly absurd or unreasonable result, it will be legitimate to have regard to the Report as an indication of the understanding of the parties to the Convention, and hence of its context, object and purpose. It can readily be said that this is so, as such an interpretation would render the provisions of the Convention ineffective in many countries of the Union where translation of a work is clearly necessary if full advantage is to be taken of the exceptions in these provisions (whether in respect of reproduction, broadcasting or cable diffusion). Accordingly, the unanimous view of the delegates recorded here in the Report goes to show that this result was not intended, and that these exceptions are applicable in respect of the making of translations. In this regard, it is superfluous, though undoubtedly a useful reminder, to state that these exceptions apply subject to the same conditions that operate in the case of uses of the original version of a work.

The above argument, however, cannot be made with respect to the compulsory licenses allowed under Articles 11*bis* and 13, as well as the public performing and recitation rights under Articles 11 and 11*ter* and the cinematographic reproduction and adaptation right under Article 14. As regards Article 11*bis* (and, by inference, Articles 11 and 11*ter*), no assistance is to be derived from the Report as an extrinsic aid as it shows only that delegates were divided on the applicability of the provision to broadcasts of translations. The same applies to Article 13 (and Article 14), unless the argument is made that the making of a translation is only a form of reproduction, in which case the recording of a translated version of the words accompanying a musical work would be justified. If such an argument is accepted, there would be occasion to refer to the inconclusive views noted in the Report as an extrinsic aid or otherwise. Accordingly, the better view is that the implied exceptions with respect to translations apply only to reproduction rights as dealt with in Articles 2*bis*(2), 9(2), 10(1) and (2) and 10*bis*(1) and (2).

(e) Other Limitations on Authors' Rights Imposed in the Public Interest

The Police Power Under Article 17

It has long been recognized that, in particular circumstances, sovereign states have the unquestioned power to limit or deny private rights as part of their obligation to maintain "public order." In the context of literary and artistic works, the principal power in question here is that of censorship, and the particular circumstances for its exercise are those of state security and the protection of public morals. While these are matters on which individual member states will have widely differing views, the Convention has contained the following provision (Article 17) almost unchanged since its inception.

> "The provisions of this Convention cannot in any way affect the right of the Government of each country of the Union to permit, to control, or to prohibit by legislation or regulation, the circulation, presentation, or exhibition of any work or production in regard to which the competent authority may find it necessary to exercise that right."

At the Stockholm Conference in 1967, where there was discussion as to whether this might permit the imposition of compulsory licenses by member states. This matter was addressed as follows in the Report of Main Committee I.

> "This Article referred mainly to censorship: the censor had the power to control a work which it was intended to make available to the public with the consent of the author and, on the basis of that control, either to 'permit' or to 'prohibit' dissemination of the work. According to the fundamental principles of the Berne Union, countries of the Union should not be permitted to introduce any kind of compulsory licenses on the basis of Article 17. In no case where the consent of the author was necessary for the dissemination of the work, according to the rules of the Convention, should it be possible for countries to permit dissemination without the consent of the author."[95]

Limitations in Respect of Abuses of Monopoly

At the Rome and Brussels Conferences a number of delegates expressed concern over the potential abuse of the positions of monopoly that might be committed by collecting societies in relation to performing and broadcasting rights.[96] This led to extended discussion at both Conferences as to the right of states to regulate such practices, and it was generally agreed that the Convention left them free to do so.[97] Although it was suggested that this fell within Article 17, there was some objection to this by the French delegation which took the view that such controls were not really related to the matters of public order that were the subject of that Article.[98] The better view therefore seemed to be that, as a general principle, a Convention concerned with the protection of private rights did not interfere with the power of sovereign states to regulate matters in the public interest. Thus, controls over collecting societies or other abuses of authors' rights did not come into conflict with the provisions of

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95 *Ibid*, 1174.
96 See *Actes* 1928, 256ff; *Documents* 1948, 264.
97 *Actes* 1928, 255–259.
98 *Ibid*, 256, 259.

the Convention. However, this question still caused concern to the British delegation at the Brussels Conference in 1948, and it therefore made the following declaration in relation to Article 11:

> "The Government of His Majesty accepts, for the United Kingdom of Great Britain and Northern Ireland, the disposition of Article 11, it being understood that the Government of His Majesty remains free to promulgate any legislation that it thinks necessary in the public interest to prevent or remedy any abuse of the exclusive rights belonging to a copyright owner by virtue of the laws of the United Kingdom. I am charged equally to say that New Zealand, whose representative is absent at this moment, has associated itself with the declaration of the United Kingdom."[99]

In addition to the NZ delegation, the following delegations also associated themselves with this declaration: South Africa, Switzerland, Canada, Ireland, the Netherlands, Australia, India, Pakistan, and Norway.[100] This was not a reservation to the Article, as reservations were not permitted under the Brussels Act except in very limited circumstances.[101] Accordingly, this statement did not operate to limit or deny the operation of Article 11,[102] but was simply a declaration of the interpretation which these delegations would apply to the Article.[103] Nevertheless, the British Government continued to feel some uncertainty about the effects of its declaration, particularly after the constitution of a Performing Right Tribunal under the UK *Copyright Act* 1956 for the purpose of regulating the activities of collecting societies in the area of performing rights,[104] and a similar concern was felt by the Australian Government which was then considering the establishment of an analogous kind of tribunal.[105] Accordingly, both Governments proposed amendments to the Stockholm Revision Conference that would specifically allow for the imposition of such kinds of anti-monopoly controls. Ultimately, these were not proceeded with and the matter was dealt with in the following statement in the Report of Main Committee I:

> "263. The Committee accepted, without opposition, the proposal of its Chairman that mention should be made in this Report of the fact that questions of public policy should always be a matter for domestic legislation and that countries of the Union would therefore be able to take all necessary measures to restrict possible abuses of monopoly. Whereupon, the proposals of Australia and the United Kingdom relating to abuse of monopoly were withdrawn."[106]

This declaration cannot be said to settle matters entirely, as the minutes of Main Committee I indicate that some states adopted different views as to the extent of measures which might be taken to prevent or control monopolistic abuses, such as the imposition of

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99 *Documents* 1948, 82.
100 *Ibid*.
101 Brussels Act, Art 27.
102 See generally on the effect of such declarations, paragraph 4.19.
103 *Ibid*.
104 Copyright Act 1956, ss 23 and 24.
105 See generally the *Report of the Committee appointed by the Attorney-General of the Commonwealth to consider what alterations are desirable to the Copyright Law of the Commonwealth* (1965), paragraph 343.
106 *Ibid*, 1175.

compulsory licenses to correct the charging of excessive royalties.[107] Nevertheless, in some circumstances, the imposition of compulsory licenses might be the most effective way of preventing this abuse. Accordingly, the following approach seems to be the correct one. Berne Union members are free to take all necessary measures to restrict possible abuses of monopoly, and this will not be in conflict with the Convention so long as this is the purpose of the measures, even if, in some instances, this means that the rights of authors are restricted. All private rights have to be exercised in accordance with the prescriptions of public law, and authors' rights are no exception to this general principle. As with any exercise of power, this would have to be the genuine purpose behind the measure, and not simply the pretext for abridging rights which states are obliged to protect under the Convention.

Illustrative Table of Limitations and Exceptions Under Berne

SOURCE	*SUBJECT MATTER*	*JUSTIFICATION*	*L, E OR CL*	*M OR P*	*RIGHTS*	*CONDITIONS*
2(4)	Official texts (LW)	Informatory	L	P	All	None
2(8)	News of the day and press information (LW)	Informatory	L	M	All	None
2*bis*(1)	Political and legal speeches (LW)	Informatory	L	P	All	None
2*bis*(2)	Public lectures, etc (LW)	Informatory	E	P	R, B	Informatory purpose
9(2)	General (All works)	General	E, CL	P	R	3 step test
10(1)	Quotation (All works)	Informatory	E, CL	M	All	1 Fair practice 2 Justified by purpose
10(2)	Illustration in teaching (All works)	Educational	E, CL	P	R, B	1 Illustration 2 Fair practice
10*bis*(1)	Newspaper, etc Articles, broadcast works (LW)	Informatory	E	P	R, B	1 No reservation 2 Indication of source
10*bis*(2)	Reporting current events (all works)	Informatory	E	P	Photos, cine, B	Informatory purpose
11*bis*(2)	Broadcasting (all works)	Public access	CL	P	B	1 Equitable remuneration 2 Moral rights respected

[107] Thus, the Chairman of Main Committee I, Professor Ulmer, appeared to express his disapproval of the possibility that national legislation, considering that authors' royalties were excessive, might choose to treat this as an abuse and introduce compulsory licenses as a remedial measure *Ibid*, 910.

11*bis*(3)	Ephemeral recording (music & words)	Convenience, archival preservation	E, CL	P	R	1 Must be "ephemeral" 2 Exceptional documentary character" (archival)
13(1)	Recording of music and words	New industry	CL	P	R	1 Already recorded 2 Equitable remuneration
14*bis*(2)(b)	Cine works–co-authors (limited)	Convenience	E	P	R, B, PP	No contrary stipulation
17	Censorship (all works)	State power	L	P	All rights	Must be for censorship reasons, none other
Implied/ancillary agreement between member states	Minor reservations	*De minimis*	E	P	PP, B, PR	*De minimis*
Implied/ancillary agreement between member states	Translations	Necessity	E	P	R, PP, PR, B (not arts 11*bis*, 13)	Those applicable under arts 2*bis*, 9(2), 10 and 10*bis*
Implied/ancillary agreement between member states	Anti-monopoly controls (all works)	State power	L	P	All rights	Must be for anti-trust reasons, none other

Abbreviations:

LW = literary works
E = Exceptions
L = Limitations
CL = Compulsory license
R = Reproduction
B = all rights under art 11*bis*(1)
PP = Public performance
PR = Public recitation
P = Permissive
M = Mandatory

LIMITATIONS AND EXCEPTIONS UNDER THE ROME CONVENTION

This Convention deals with three kinds of neighboring rights or rights related to copyright: those of performers, phonogram producers and broadcasting organization. The scope and conditions for the protection of these rights differ considerably, but, so far as possible limitations and exceptions are concerned, these are contained in Article 15. The latter is permissive in character, in that it enables contracting states to provide for certain kinds of limitations or exceptions to the rights that must be protected, but places them under no obligation to do so. The limitations and exceptions allowable under Article 15 are of two kinds:

1. Specific exceptions contained in Article 15(1).

2. All limitations contained in domestic laws and regulations with respect to the protection of copyright in literary and artistic works: Article 15(2).

(a) Specific Exceptions: Article 15(1)

There are four of these provided for in this paragraph:

Private Use: *Article 15(1)(a)*

This means a use that is neither public nor for profit,[108] and will be principally relevant to the copying or fixation of performances, phonograms or broadcasts. Even though private, in the sense that such use is neither public nor of a commercial kind, it is possible that such uses may still be detrimental to the interests of the right-holder. One distinguished commentator, Stewart suggests that the criteria in Article 9(2) of the Berne Convention might be appropriate in testing the validity of any private copying exception in national law, thereby ruling out such acts as the private copying of phonograms and videograms.[109] On the other hand, there is nothing in the text of Article 15(1)(a) that qualifies the adjective "private" in this way, and the better view must be that it means "private" as distinct from "professional" or "commercial" uses, and that it is unnecessary to go further and consider the effect on the normal exploitation of the work or the legitimate interests of the right-holder (as under an Article 9(2) approach).

Use of Short Excerpts in Connection With the Reporting of Current Events: *Article 15(1)(b)*

This appears to be a counterpart to the news reporting exception under the Berne Convention, but the language is based more closely on the text of Article 10*bis* of the Brussels Act, rather than Article 10*bis*(1) of the Paris Act. A contrast with the latter is that only "short excerpts" may be used, and there is no scope for arguing that longer excerpts or the whole of a performance, phonogram or broadcast could used "to the extent justified by the informatory purpose."

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108 See generally S. Stewart, *International Copyright and Neighbouring Rights*, Butterworths, London (2nd Ed., 1989), paragraph 8.41.

109 *Ibid*.

Ephemeral Fixation by a Broadcasting Organization by Means of its Own Facilities and for its Own Broadcasts: *Article 15(1)(c)*

This parallels Article 11*bis*(3) of the Berne Convention (see above), and allows broadcasting organizations to make ephemeral recordings of phonograms or performances for the purposes of their own broadcasts. The requirement of ephemerality means that any recordings that are made must be destroyed after a reasonable time, although clearly there may be differences between national laws as to the precise times for this.[110]

Use Solely for the Purposes of Teaching or Scientific Research: *Article 15(1)(d)*

The reference to "scientific research" goes beyond what is allowed under Article 10(2) of Berne (see above), although Professor Nordemann *et al* comment that "commercial phonograms and radio and television programs could scarcely offer material for use in scientific research. A greater usefulness may be found in the fields of the cultural and social sciences."[111] The same authors suggest that care should be taken to ensure that the label of "science" is not misused here, for example, so as to include such things as popular science broadcasts within the rubric of "scientific research." In their view, the latter is a much more restricted concept, being confined to the non-public activity of research: popularization and dissemination of the results of such research is therefore not embraced by this concept.[112] On the other hand, the reference to "teaching" in Article 15(1)(d) must permit the dissemination of such material as part of the instructional function, whether in schools or tertiary institutions.

(b) Limitations Contained in Domestic Laws: *Article* 15(2)

This is an alternative and parallel set of allowable limitations, which must accord to those provided by domestic laws with respect to the protection of copyright in literary and artistic works. The latter is also a reference to the Berne Convention, on the basis that such domestic laws will, as a matter of principle, need to be consistent with the provisions of that Convention so far as permissible limitations and exceptions are concerned (under Article 23 of the Rome Convention, membership is open to any state that is a member of the Berne Convention or the *Universal Copyright Convention*; as there are now almost 150 members of Berne, this convention has become almost universal in its application).

The only restriction on the adoption of Berne-type limitations and exceptions with respect to the rights protected under the Rome Convention is that these may only provide for compulsory licenses "to the extent to which they are compatible with this [Rome] Convention." The latter provides for compulsory licenses under a number of provisions: Article 7(2)(2) (broadcasting of performances); Article 12 (broadcasting of phonograms); and Article 13(d) (communication to the public of certain broadcasts). Outside of these, no other compulsory licenses could be justified by virtue of Article 15(2).[113]

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110 See further Stewart, paragraph 8.43.

111 Nordemann *et al*, pp. 411.

112 *Ibid.*

113 See further Stewart, par 8.40; Nordemann *et al*, pp. 411.

LIMITATIONS AND EXCEPTIONS UNDER THE TRIPS AGREEMENT

(a) TRIPS and Berne Convention

The TRIPS Agreement is both a concise and efficiently drafted instrument, in that it incorporates a wide number of existing international obligations and treats these as a platform for its own additional requirements. In the case of the Berne Convention, Article 9(1) of TRIPS requires that members will comply with Articles 1-21 of Berne, regardless of whether the country in question is a Berne member (this obligation does not extend to moral rights, which are protected under Article 6*bis* of Berne). So far as limitations and exceptions to protection are concerned, TRIPS deals with these in several places.

Compliance with Article 9(1) of TRIPS

Compliance with this provision obviously means that members can apply the specific limitations and exceptions that are contained in Articles 1-21 of Berne. The scope of these provisions has been discussed above, but it is worth recalling that they are of two principal kinds: permissive and mandatory. Accordingly, under Article 9(1), it will be obligatory for members to provide for exceptions for quotations under Article 10(1), this being the one mandatory exception under Berne. With respect to the others, there is no compulsion for any of these limitations or exceptions to be recognized, but, if they are, then the conditions contained in the relevant Berne Articles will need to be observed.

As Part of the National Treatment Requirement Under Article 3(1) of TRIPS

A further reference to "exceptions" appears in Article 3(1) of TRIPS which is the national treatment provision of that instrument. Pursuant to this, members must accord to nationals of other members treatment no less favorable than they accord to their own nationals, "subject to the exceptions already provided in, respectively,… the Berne Convention (1971)…" This confirms more explicitly that members can apply those exceptions allowed for under the Berne Convention, so far as foreigners claiming protection under TRIPS are concerned.

As a Specific TRIPS *Obligation Under Article 13 of* TRIPS

The above provisions relate back to those of the incorporated instrument (the Berne Convention) and therefore take their color from that instrument. However, Article 13 of TRIPS contains a free standing TRIPS obligation with relation to limitations and exceptions that purports to apply a general formula or template. This adopts the language, slightly modified, of the three-step test in Article 9(2) of Berne and provides as follows:

> "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."

This has to be interpreted as part of the TRIPS Agreement, rather than as part of Berne, and its sphere of operation needs more detailed examination.

To What Exclusive Rights Does Article 13 Apply?

The reference to "exclusive rights" is somewhat ambiguous: is the provision limited to those rights that must be protected under the TRIPS Agreement itself, or does it also apply to the exclusive rights under Articles 1 to 21 of Berne that TRIPS members are obliged to protect by virtue of Article 9(1) of TRIPS? Under the first of these interpretations, Article 13 would have a very limited sphere of application, as the only non-Berne exclusive right required to be protected under TRIPS is the rental right, which applies only in limited cases (computer programs and cinematographic works).[114] However, as Article 9(1) of TRIPS requires members to comply with Article 1 to 21 of Berne (other than Article 6*bis*), the better view must be that Article 13 applies to all the exclusive rights listed in Berne, including that of reproduction, as well as the rental right in TRIPS.[115]

What Factors are Relevant to the Interpretation of Article 13?

The interpretations of the three-step test in Article 9(2) of Berne are clearly relevant to Article 13, if only because of the close identity of language and subject-matter. At the same time, there are specific features of the TRIPS Agreement that suggest that the individual components of the three-step test in Article 13 should bear a different nuance or emphasis, although ultimately these differences are more apparent than real. Thus, the following matters should be noted:

1. The TRIPS Agreement is a trade agreement, and is concerned with removing barriers to trade among member countries, in this case with respect to trade in intellectual property rights (IPRs), including copyright. Thus, the need to have effective protection of IPRs is put squarely at the beginning of the preamble of the agreement, along with the declaration that "intellectual property rights are private property rights." This suggests that, as with Berne, TRIPS is concerned with maximizing the protection of IPRs and that a "maximalist" pro-rights interpretation should be taken, wherever necessary (moral rights being the one area where protection is not required under TRIPS).

2. The TRIPS preamble, however, is broader than this, and contains other objectives that need to be taken into account. Among other things, these include recognition of "the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives." More specifically, Articles 7 and 8 point to other factors that member states are to take into account in implementing their TRIPS obligations. Thus, Article 7 is headed "Objectives" and provides:

> "The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge, and in a manner conducive to social and economic welfare, and to a balance of rights and obligations."

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114 See generally, TRIPS, Article 11.

115 This was the interpretation taken by the WTO Panel in relation to the "homestyle" and business exemption under section 110(5) of the *Copyright Act* 1976, Report dated June 15, 2000, WT/DS/160/R, pp. 30.

Article 8(1) then provides that member states may, in formulating or amending their laws and regulations, adopt "measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement." Article 8(2) allows further for "appropriate measures…consistent with the provisions of this Agreement" that may be needed to prevent the abuse of IPRs or "practices which unreasonably restrain trade or adversely affect the international transfer of technology." It is clear from these provisions that, when interpreting TRIPS provisions in their context and in the light of its object and purpose,[116] it will be necessary, to adopt a more balanced approach that weighs the interests of rights holders against other competing public interests, such as educational and developmental concerns. In other words, it would be mistaken to adopt the maximalist pro-rights view referred to under the first dot point above.

3. The TRIPS Agreement also has a number of provisions that deal specifically with its relationship to the Berne Convention, and these, in turn, modify the application of the "balanced" approach outlined under the second dot point. Thus, Article 2(2) of TRIPS provides that "nothing in Parts I-IV of this Agreement shall derogate from existing obligations that Members may have towards each other under…the Berne Convention." Thus, to the extent that Article 13 of TRIPS might permit further limitations or exceptions to the exclusive rights protected under Berne than are presently allowed under that text, Article 2(2) of TRIPS would require that Article 13 should not be applied in this way, as that would represent a derogation from these rights. This would be so, even though application of Article 13 might otherwise permit a more generous range of exceptions because of the balancing process referred to under the preceding dot point. Article 2(2) only operates as between Berne members, but given the near universal membership of Berne this will cover virtually all states that are also parties to *TRPS.*[117] Support for this limiting approach is also to be found in Article 30(2) of the *Vienna Convention*, which provides that when a treaty specifies that it is "subject to, or that it is not to be considered as incompatible with," an earlier or later treaty on the same subject-matter, the provisions of that other treaty prevail.[118]

4. A further limiting factor is to be found in Article 20 of Berne, which is incorporated into TRIPS by virtue of Article 9(1) of that agreement. This provides that Berne members can make "special agreements among themselves" in so far as such agreements grant to authors "more extensive rights than those granted by the Convention or contain other provisions not contrary to this Convention." On the basis that TRIPS is such a "special agreement," the second limb of Article 20 is particularly relevant in the case of limitations and exceptions to

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116 As required under the rules of treaty interpretation at customary international law: TRIPS is not an agreement that is covered by the *Vienna Convention.*

117 As at December 31, 2002, there were 149 members of Berne; as at May 31, 2001, there were 141 members of the WTO: information available from www.wipo.org and www.wto.org. There are some notable absences, however, at present from WTO membership from countries that are Berne members, notably the Peoples' Republic of China and the Russian Federation.

118 However, as the *Vienna Convention* does not appear to apply to the TRIPS Agreement (see above), Article 30(2) could not itself be directly relied upon for this conclusion. Furthermore, it seems generally that Article 30 of the *Vienna Convention*, unlike Articles 31 and 32, is not a codification of the relevant customary rules of international law, but rather is a statement of residuary rules that may be applied by states when faced with competing successive treaty obligations: Sinclair, *op cit*, pp. 94-98. Given that the language of Article 2(2) of TRIPS is reasonably clear in its intent, it is unnecessary to consider what the situation would be, in the absence of such a provision.

exclusive rights other than the reproduction right. As Professor Goldstein has noted, it has the consequence that Article 13 of TRIPS cannot be regarded as providing Berne members with "a general charter for imposing such limitations on rights other than the reproduction right" and cannot therefore be used "to justify derogation of any minimum right established by Berne."[119] Thus, exceptions to any of the rights protected under Berne (apart from that of reproduction) will need to find a basis under that Convention, rather than in the general language of Article 13 of TRIPS.

What is the Proper Sphere of Application for Article 13?

In the light of Article 2(2) of TRIPS and Article 20 of Berne, it does not seem possible to argue for any wider application of the three-step test under Article 13 of TRIPS than would otherwise be allowed under the Berne Convention. What sphere of operation does Article 13 therefore have as a substantive provision of the TRIPS Agreement? It is necessary to examine this question in relation to the different exclusive rights to which Article 13 may be applied.

The Exclusive Reproduction Right and Article 9(2) of Berne

The exclusive reproduction right protected under Article 9(1) of Berne must also be protected under TRIPS by virtue of Article 9(1) of that agreement. In this regard, with one qualification discussed below, the three-step test in Article 13 of TRIPS simply replicates the three-step test in Article 9(2) of Berne. To the extent that the differing objectives of TRIPS might allow for a more generous interpretation of the various components of the three-step test, the non-derogation clause in Article 2(2) of TRIPS and Article 20 of Berne do not allow for this. However, one qualification to this is found in the wording of the last of the three steps outlined in Article 13, namely that the exception or limitation in question must "not unreasonably prejudice the legitimate interests of the*right -holder*." By contrast, in Article 9(2) of Berne, the reference is to the "*author*." While "authors" and "right-holders" may frequently be the same persons, in many cases this will not be so, and this may therefore lead to a significant difference in the application of the third step. It was suggested above that the "legitimate interests" of authors include non-monetary (moral) interests as well as monetary ones. On the other hand, right-holders who are not authors will not have moral rights concerns to be protected. Accordingly, it would be possible for an exception to the reproduction right that was allowable under Article 13 to contravene Article 9(2) if, for example, it did not require attribution of authorship or it contravened the right of integrity, and these represented an unreasonable prejudice to the author's legitimate interests. While not a contravention of Article 13 *simpliciter*, this would clearly be a derogation from existing obligations under Berne (Article 2(2) of TRIPS) and therefore, on the face of it, not allowable. However, Article 2(2) would have to be read here subject to a specific provision concerning moral rights that appears in Article 9(1) of TRIPS. Thus, the latter provides that members do not have rights or obligations under this Agreement with respect to the rights conferred under Article 6*bis* of Berne or of the "rights derived therefrom." In such a case there would be a breach of Berne (if the country in question was a member of that Convention), but not of

[119] P. Goldstein, *International Copyright*: *Principles, Law, and Practice*, Oxford University Press, Oxford and New York, 2001, pp. 295.

Article 13 of TRIPS. This, in turn, would mean that the dispute resolution procedures under TRIPS would not be available to a country that wished to complain of the breach.[120]

Other Exclusive Rights and Exceptions

As noted above, Article 13 of TRIPS applies to other "exclusive rights" apart from reproduction that are protected under Articles 1-21 of Berne, namely translation (Article 8), public performance (Article 11), broadcasting and other communications (Article 11*bis*), public recitation (Article 11*ter*) and adaptation (Article 12). It also applies to rights that are protected expressly under TRIPS itself, in this instance the limited rental right under Article 11. In addition, it must be read together with the other limitations and exceptions allowed under Berne, some of which apply to reproduction as well as other exclusive rights. Article 13 of TRIPS will have a different mode of application with respect to these different kinds of rights and exceptions.

Rights Under TRIPS

In the case of the rental right (and any other exclusive right that may be added to subsequent versions of TRIPS), Article 13 will allow the making of exceptions or limitations in accordance with the three-step test, without the need to refer to any qualifications that may arise because of the incorporation of Articles 1-21 of Berne standards pursuant to Article 9(1). As a stand-alone TRIPS provision, it would therefore be open to a national legislature to allow for a more generous range of exceptions to this right on the basis that TRIPS requires a more balanced approach to the interpretation of its provisions.

Rights and Exceptions Under Berne (other than Article 9(2))

It is tempting to argue here that Article 13 allows member states to enact similar exceptions based on the three-step test alone, but this cannot be done without reference to the non-derogation Article 2(2) of TRIPS and Article 20 of Berne (see above). Thus, any exceptions or limitations in relation to these rights will need to be consistent with what is already allowed under Articles 1-21 of Berne. As seen above, there are already established exceptions under these provisions, for example, the specific teaching and news reporting exceptions in Articles 10 and 10*bis*, the restrictions on broadcasting and other communication rights that are permitted under Article 11*bis*(2), and the "minor exceptions" or "minor reservations" that have been implied into the text of the Convention with respect to performing, recitation, and broadcasting rights (see above). The proper scope of these exceptions, particularly the implied minor exceptions, is not always clear, as they do not expressly rely on the same kinds of criteria that are contained in Article 9(2) of Berne and some, such as Article 11*bis*(2), expressly contemplate that the usage in question can take

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120 A possible argument against this is to say that such an exception, albeit allowable under Article 13, would nonetheless fall foul of Article 20 of Berne which is incorporated into TRIPS via Article 9(1) of that Agreement. Thus, to the extent that the provision was contrary to Article *6bis* of Berne, this would also represent a breach of Article 9(1) of TRIPS. But such a reading of Article 20 would seem to run directly against the clear intent of Article 9(1), which specifically excludes moral rights from the ambit of TRIPS and cannot be correct.

place on the payment of remuneration. In the case of the minor exceptions, it might also be possible to argue that they are not incorporated into the TRIPS Agreement *via* Article 9(1) of that instrument as they are not part of the actual text of Articles 1-21 of Berne, but come into that text as "ancillary agreements" by virtue of Article 31(2)(a) of the *Vienna Convention.* In this regard, however, it should be noted that the WTO Panel on the US "homestyle" and business exemptions was called on directly to consider this question, and reached the view that the incorporation in Article 9(1) of TRIPS also included the applicable interpretations and agreements that had been made under the Berne text by successive revision conferences, that is, the Berne *acquis* rather than just the Berne provisions *simpliciter*. Accepting this to be so, any exception under the national law of a Berne country that is also a member of TRIPS will need to be consistent with the express and implied exceptions provided for in Berne if it is not to fall foul of the non-derogation provision of Article 2(2) of TRIPS.[121]

Does Article 13, then, add anything further with respect to existing limitations and exceptions that are allowable under Articles 1-21 of Berne? In answering this, it is useful to distinguish between two extremes:

– *Provisions that extend the scope of existing* Berne *limitations and exceptions, even though otherwise sustainable under Article 13 of* TRIPS: As already noted, it must follow that such provisions will be unacceptable because they will place Berne members in breach of Article 2(2) of TRIPS. A more general principle of treaty interpretation may be prayed in aid here, namely that of *lex specialis legi generali derogat*: as both texts were adopted at the same time, it cannot be supposed that the more general (Article 13) was intended to replace the more specific (the particular Berne limitation or exception in question).

– *Provisions that restrict the scope of existing* Berne *limitations and exceptions*: The reason for this might be that, in a given case, the three step requirement in Article 13 of TRIPS provides a more rigorous set of criteria. In principle, it might be said that there is nothing wrong with requiring members to comply with both sets of requirements, as restricting the scope of an exception or limitation under Berne can hardly be in derogation of Berne members' obligations towards each other under Article 2(2). Again, as both sets of provisions were adopted at the same time, it can be assumed that the contracting states intended to be bound by both. This, of course, assumes that there is consistency between them, a point which is taken up below.

Neat as this dichotomy may appear, it is far from easy to apply it to the specific limitations and exceptions that are contained in the Berne Convention and its ancillary or subsequent interpretative agreements (the "Berne *acquis*"). This is because the language in which these limitations and exceptions is couched is generally different from that of the three-step test in Article 13, and it is therefore difficult, if not impossible, to determine whether these differing criteria are, in effect, the same or whether one extends beyond the other or is more restricted. This point needs further examination.

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[121] Professor Goldstein also suggests that this would put the country in question in breach of Article 20 of Berne: Goldstein, pp. 295.

Berne Provisions that Effectively Overlap with Article 13

Some of the specific exceptions contained in Berne appear to meet the three step criteria in any event. Thus, it has been suggested above that, in the case of Article 10(1) and (2), the references to being "compatible with fair practice" may correspond to the second and third steps of the three-step test, while the limited scope of those provisions undoubtedly brings them within the first step Accordingly, the requirements of both these provisions and Article 13 of TRIPS will overlap for all practical purposes, and no issue of conflict arises. There is an interesting question, however, that arises with respect to the obligation under Article 10(3) of Berne to identify the source and authorship of the work that is used under Article 10(1) or (2). Is this a "right conferred under Article 6*bis*(1) of [the Berne] *Convention*" or a right "derived therefrom," and therefore excluded from TRIPS under Article 9(1) thereof? Accordingly, will a failure to identify source and authorship be exempted from the requirements of TRIPS compliance or will it nonetheless be caught? No reference is made to "moral rights" in Article 10(3) (by contrast with Article 11*bis*(2), see below), and this appears to stand as a separate requirement, quite apart from Article 6*bis*. Furthermore, the requirement to identify the source of the work is distinct from that of identifying the author. Accordingly, it is submitted that both requirements in Article 10(3) need to be complied with for the purposes of TRIPS.

Berne Provisions that are Silent on the Requirements of Article 13

It is less clear that such equivalences exist in the cases of Article 10*bis*(1) and (2), although these provisions contain their own internal conditions for their application, e.g., lack of express reservation of rights in the case of paragraph (1) and "informatory purpose" in the case of paragraph (2). In either instance, however, it might be possible that a provision of national law that meets these conditions will fail to comply with the three step criteria in Article 13, notably the second and third. These are not instances of inconsistency (see below), but rather instances where the provisions in question simply make no explicit reference to the kind of factors contained in the three-step test. As suggested above, the fact that both provisions were adopted at the same time as part of the TRIPS Agreement indicates that both are to be applied cumulatively, and that an exception that is made under national law will need to comply with both Articles (this will only be of relevance for TRIPS compliance, not compliance under Berne).

Berne Provisions that are Inconsistent with Article 13

It is also possible that the requirements for a Berne exception or limitation are quite different from those in Article 13 of TRIPS and cannot therefore logically be applied together. An example is Article 11*bis*(2) of Berne, which allows the imposition of "conditions" on the exercise of exclusive rights under Article 11*bis*(1), subject to protection of the author's moral rights and the right to receive equitable remuneration. In the "homestyle" case it was submitted by the EC that compliance with both Article 11*bis*(2) and Article 13 was required, but the Panel disagreed, on the basis that Article 11*bis*(2) and Article 13 covered "different situations":

> "On the one hand, Article 11*bis*(2) authorizes Members to determine the conditions under which the rights conferred by Article 11*bis*(1)(i)-(iii) may be exercised. The imposition of such conditions may completely replace the free exercise

> of the exclusive right of authorizing the use of the rights embodied in sub-paragraphs (i)-(iii) provided that equitable remuneration and the author's moral rights are not prejudiced. However, unlike Article 13 of the TRIPS Agreement, Article 11*bis*(2) of the Berne Convention (1971) would not in any case justify use free of charge."[122]

Accordingly, this is an instance where Article 13 of TRIPS might justifya free use exception to the rights protected under Article 11*bis*(1) of Berne but where it would be necessary to have equitable remuneration by virtue of Article 11*bis*(2). This would clearly be a result that would breach Article 2(2) of TRIPS and cannot have been intended by the drafters of that instrument. In this case, therefore, Article 11*bis*(2) should be applied on its own, without reference to Article 13, and it would also be possible to pray in aid the maxim *lex specialis legi generali derogat.* On the other hand, it could not be argued that the moral rights obligation under Article 11*bis*(2) could be required as a TRIPS obligation, in view of Article 9(2) of that instrument (see the discussion above with respect to Article 10(3) of Berne) as the reference to moral rights in Article 11*bis*(2) is quite explicit.

Application of Article 13 to Berne *Acquis*, in Particular the Minor Reservations Doctrine

As noted above, the WTO Panel took the view that the obligations of TRIPS members under Article 9(1) extended to what may be called the Berne *acquis*, that is, any agreements made at the time of adoption of the Convention or subsequently on the interpretation of various Berne provisions. One such agreement is clearly the "minor reservations" doctrine which has been discussed above. This was held to be relevant in the "Homestyle" case, because the Panel took the view that Article 11*bis*(2) was inapplicable in the absence of a requirement to pay remuneration under the US provision in dispute. Accordingly, the latter could only be justified, if at all, under the minor reservations doctrine, and, in applying this, the Panel concluded that Article 13 of TRIPS had a very positive role to play in articulating and defining the criteria that should apply in the case of minor exceptions. It was by this route that the Panel then came to apply the three-step test to US "homestyle" and business exemptions to broadcasting and public performance rights, which it found had not been met.[123]

Without questioning the appropriateness of the Panel's ultimate decision in this case, it must be queried whether it was correct to apply the three-step test under Article 13 as part of the minor reservations doctrine. As noted above, the contours of this doctrine are far from precise, but central to it is the notion that a minor reservation must be of *de minimis* character. By definition, this will mean something that is clearly defined and limited in scope (step 1), does not conflict with a normal exploitation of the work (step 2) and does not unreasonably prejudice the legitimate interests of the rights holder (step 3). But it is possible to imagine exceptions that are far from *de minimis* but that still meet the requirements of the three-step test. For example, as suggested above, there may be non-economic normative considerations that will take a use through the second step on the balancing approach suggested there; there may even be such uses that do not unreasonably prejudice the legitimate interests of the rights holder because remuneration is paid or other conditions are imposed. Indeed, as a general proposition it might be said that the three-step test is concerned with uses that are more than *de minimis* and which therefore require testing for compliance with its requirements: *de*

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122 WTO Report, paragraph 6.87.

123 WTO Report, pp. 29-30.

minimis uses are therefore only a subset of what Article 13 may allow. In this regard, the WTO Panel's decision may go too far: while the disputed US provision failed the three-step test conclusively, the test applied by the Panel was too wide. This is an instance, therefore, where application of the three-step test under Article 13 will potentially justify wider exceptions than are permissible under the minor reservations doctrine, and will therefore represent a derogation from their obligations *inter se* by Berne members who are members of TRIPS.

Does a similar problem arise with the other important part of Berne *acquis*, namely the rule implying parallel exceptions in relation to translations of protected works? These operate subject to the same exceptions and conditions that apply to uses of such works in their original languages, and will therefore fall to be tested in the same way as those exceptions: see here the analyses under the preceding three subheadings.

To What "Works" Does Article 13 Apply?

A further matter, which has been kept to the end of our analysis of Article 13, is a consideration of the subject-matter to which the Article applies. It can be assumed that the reference to the "work" in Article 13 is a reference to any work that is required, by virtue of Article 9(1) of TRIPS to be protected because it is a work to which Article 1-21 of Berne applies. This raises an interesting question with respect to two categories of subject-matter, the status of which under Berne is not entirely clear: these are computer programs and compilations. The first of these is not mentioned specifically in the illustrative list of works that appears in Article 2(1) of Berne, while Article 2(5) appears only to require protection of collections of literary or artistic works "which, by reason of the selection and arrangement of their contents, constitute intellectual creations" and does not refer to compilations of data or other material which are not literary or artistic works. These subject matter are, of course, the subject of specific obligations under Article 10(1) and (2) of TRIPS respectively, although the nature of these obligations differ somewhat: in the case of computer programs, Article 10(1) requires that these are to be protected as "literary works under the Berne Convention," while the obligation under Article 10(2) is less precise, requiring only that compilations of data and material that constitute intellectual creations are to be protected "as such." The effect of Article 13 on these categories of subject-matter therefore needs to be considered carefully.

Computer Programs

As these are not specifically referred to in Article 2(1) of Berne, there must be some uncertainty as to whether there is an obligation as between Berne members to protect this category, although it is clearly arguable that this is the case as they fall within the general description in Article 2(1) of a "production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression." Leaving aside this debate for present purposes, there can be no doubt that Article 10(1) requires TRIPS members, whether or not they are Berne members, to protect computer programs as literary works within Berne. It must therefore follow that thesemembers are obliged, by virtue of Article 9(1) of TRIPS to apply Articles 1-21 of Berne to these subject-matter in the same way as they do to any other subject-matter that falls within the description "literary or artistic work." However, the non-derogation clause in Article 2(2) of Berne will only apply here in cases where Berne members of TRIPS do regard themselves as obliged under Berne to protect computer programs. If not, it would be arguable that there will be no limitations on the application of

Article 13 of TRIPS on the basis that any greater exception or limitation that might be permitted under this provision (see above) will not involve any breach of Article 2(2) of TRIPS. Such countries (and there may only be a few of them) would therefore be able to apply Article 13 and the three-step test without having to concern themselves with whether they were stepping outside the limitations and exceptions contained in Articles 1-21 of Berne.

Compilations of Factual and Other Material

As noted above, the wording of Article 10(2) of TRIPS is far less precise than that of Article 10(1): the obligation is to protect such compilations "as such" but there is no reference to Article 2(5) of Berne or even to Berne in general. To the extent that compilations of this kind fall outside the scope of Article 2(5) of Berne, Article 10(2) appears to be an entirely free-standing TRIPS-only obligation. This raises interesting questions to which there is no clear answer: if these compilations are not assimilated to collections under Article 2(5) of Berne, how can there be any obligation to apply Articles 1-21 of Berne to them? The requirement under Article 10(2) to accord protection "as such" is then quite open-ended and, subject to the requirement to accord national treatment, by virtue of Article 3(1) of TRIPS, TRIPS members would be free to fix the level of protection for such compilations as they see fit. In this regard, Article 13 would have no operation, as the only exclusive right in respect of which that provision could apply would be the rental right under Article 11 which does not apply to compilations, in any event.

(b) TRIPS and the Rome Convention

There is no obligation under TRIPS for members to apply the provisions of the Rome Convention to performers, phonogram producers and broadcasting organizations: under Article 3(1) members are required only to apply rights accorded under TRIPS itself These are contained in Article 14(1)-(5) that parallel, and in some respects go beyond, the requirements under *Rome.*

The matter of exceptions to these rights is dealt with in two places in TRIPS. This ties such matters to the requirements of the Rome Convention as follows:

1. Article 3(1) which requires national treatment, and specifies that this is subject to the exceptions already provided in the…Rome Convention…"

2. Article 14(6) also deals with exceptions as follows:

> "Any member may, in relation to the rights conferred under paragraphs 1, 2 and 3 provide for such conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention…"

This appears to add nothing to the general obligation in Article 3(1).

Accordingly, members can only provide for limitations and exceptions within the categories listed in Article 15(1) and (2) of the Rome Convention (see above).

LIMITATIONS AND EXCEPTIONS UNDER THE WCT

Limitations and exceptions under the WCT are dealt with in two ways, both of which incorporate the three-step test. The first occurs indirectly under Article 1(4), while the second is done explicitly under Article 10. These provisions need to be considered separately.

Under Article 1(4)

This provision is analogous to Article 9(1) of TRIPS and applies directly to the reproduction right, as it requires Contracting Parties to comply with Articles 1-21 and the Appendix of the Berne Convention. Accordingly, if a Contracting Party is not a member of Berne, it will still have to apply the three-step test to the reproduction right by virtue of Article 9(2) of Berne. More problematic, however, is the effect of an "agreed statement" to Article 1(4) of the WCT which was adopted by the 1996 Diplomatic Conference at the time of adopting the text of the WCT itself This provides for a possible extension of the operation of Article 9(1) and (2) through the adoption of the following interpretation:

> "The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, apply fully 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."

On its face, this statement appears to remove any doubts that might otherwise exist as to whether the reproduction right under Article 9(1) of the Berne Convention, and the exceptions permitted under Article 9(2), apply to digital/electronic usages. It is far from clear whether such an interpretation was required in view of wording of Article 9(1) in any event, namely as the "exclusive right of authorizing the reproduction of… works, in any manner or form." However, as Article 9(1) was adopted some years before the development of digital technology, it was presumably thought that it was now necessary, or at least useful, to spell out the scope of the reproduction right more clearly. Thus, the Basic Proposal for the WCT had proposed a specific Article on reproduction to be included in the WCT.[124] This declared that the exclusive right in Article 9(1) of Berne included "direct and indirect reproduction…, whether permanent or temporary, in any manner or form." There was much debate about the need for this Article at the 1996 Diplomatic Conference (in Main Committee I), as well as over a further proposal concerning the possibility of limitations on the reproduction right in the case of temporary reproductions made for the "sole purpose of making the work perceptible or where the reproduction is of a transient or incidental nature, provided that such reproduction takes place in the course of use of the work that is authorized by the author or permitted by law."[125] While there seemed to be general support for the first part of this proposed Article, delegates had differing views about the meaning and scope of the second part, particularly in the light of their own national laws.[126] It was therefore ultimately decided that it would be preferable to leave these matters to be dealt with under the existing Article 9

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124 *Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions*, Geneva 1996, WIPO, Geneva 1999, Vol. I, pp. 189 (this was to be Article 7(1) of the WCT.)

125 *Ibid.*

126 See, in particular, the summary of the first debate on this draft Article in Main Committee I by the Chairman at *Records, op cit*, pp. 674-675.

of Berne, but supplemented or elaborated upon by an "agreed statement" in the terms set out above. The significance of the statement, in terms of international law, needs to be considered in three contexts: first, as a possible agreement between the parties at the Diplomatic Conference with respect to the interpretation and application of a provision of the WCT (Article 1(4)); secondly, as a possible subsequent agreement between Berne Convention members as to the interpretation and application of a provision of that Convention (Article 9); and thirdly, as a possible subsequent agreement between TRIPS members as to the interpretation and application of an incorporated provision of that agreement (Article 9 of Berne).

As Part of the WCT

As an agreement relating to a provision of the treaty (Article 1(4)) that was made between the parties in connection with the conclusion of that treaty, this is part of the "context" of the treaty (pursuant to Article 31(2)(a) of the *Vienna Convention*). It can therefore be used as a guide by WCT members in their interpretation and application of their obligation under Article 1(4) of the WCT to comply with Articles 1-21 of the Berne Convention (including Article 9). In other words, quite apart from any obligation that such states might have under the Berne Convention itself, membership of the WCT will require the interpretation of Article 9 of Berne *as incorporated into the* WCT, in accordance with the terms of the agreed statement.

The only difficulty with this interpretation of the agreed statement is that Article 31(2)(a) requires that such an agreement should be "be made "between all the parties in connection with the conclusion of the treaty," and this was not the case with the agreed statement to Article 1(4). Thus, the *Conference Records* explicitly note that the statement was adopted by majority vote, rather than by consensus (fifty-one votes in favor, five against and with thirty abstentions).[127] It appears that the minority was concerned by the second sentence of the statement relating to electronic storage. While there was "consensus" during the discussions of Main Committee I with respect to the first sentence,[128] this was not the case with respect to the second. In the plenary session of the Conference, however, the statement was voted on as a whole, meaning that it cannot therefore be said that either the first or second sentence was agreed to "between all the parties" within the terms of Article 31(2)(a) of the *Vienna Convention.* This lack of unanimity therefore relegates the significance of both sentences of the agreed statement as an aid to the interpretation of WCT obligations under Article 1(4) with respect to Article 9(1) and (2) of the Berne Convention.[129] This point was made by several delegates during the discussions in Main Committee I,[130] and, while the majority of delegates (led by the USA) pushed for a vote to be taken on the issue, it is unclear what they thought that this would achieve. Article 31(2)(a) of the *Vienna Convention* is quite definite on the need for unanimity, and it would hardly be open to delegates at a diplomatic conference unilaterally to vary its terms, so as to allow a majority vote to have the same status as one reached by consensus. As a matter of treaty interpretation, the relevance of the agreed statement will have to be under Article 32, as a supplementary means of interpretation where

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127 *Records of the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions*, Geneva 1996, WIPO, Geneva 1999, Vol. II, pp. 628.

128 *Records*, *op cit*, pp. 784-798.

129 *Records*, *op cit*, pp. 628-629.

130 *Records*, *op cit*, pp. 789 (Delegate of Cote d'Ivoire), 791-792 (Delegate of the Philippines).

an interpretation according to Article 31 leaves the meaning ambiguous or obscure or leads to a manifestly absurd or unreasonable result. In this regard, the majority agreed statement could clearly be regarded as forming part of "the circumstances of [the treaty's] conclusion."[131]

The argument in the preceding paragraph about the correct application of Article 31(2)(a) of the *Vienna Convention* is by no means accepted by all commentators on the WCT. Thus, Dr. Ficsor, in his distinguished commentary, argues that majority acceptance of an agreed statement should be enough in view of the two thirds majority rule that applies with respect to the adoption of the text of a treaty under Article 9(2) of the *Vienna* Convention.[132] Dr. Ficsor also notes that a similar rule was adopted in rules of procedure for the 1996 Conference (rule 34(2)(iii)), and goes on to state:

> "It would be an absurd–and, therefore, unacceptable interpretation of the Vienna Convention to consider that a provision of the treaty may be adopted by such a majority but an agreed statement to it would require consensus. Also in the case of an agreed statement, it is obviously sufficient that it is adopted 'between all the parties' (that is, first at the session of the competent Committee, and then at the Plenary), rather than at a separate forum in which not all the parties are present. It is not required that the parties adopt it by consensus; it should simply be adopted according to the majority prescribed by the Rules of Procedure of the diplomatic conference (fixed in harmony with the Vienna Convention)."[133]

While there is considerable force in Dr. Ficsor's opinion, the following arguments against it need to be considered. A starting point is his reference to the two thirds majority rule in rule 34(2)(iii) of the rules of procedure for the 1996 diplomatic conference. This states that, in the absence of consensus, the following decisions require a majority of two-thirds of the Member Delegations present and voting: "…adoption by the Conference, meeting in Plenary, of the Treaty or Treaties." The agreed statement to Article 1(4), however, was not the "Treaty" within the meaning of Article 31(2)(a) of the *Vienna Convention*; rather, it was an "agreement relating to …[that] treaty," and the requirement that this should be an agreement "between all the parties" seems unambiguous. In this regard, there is nothing inherently absurd and unacceptable in requiring consensus on the interpretation of a provision of a treaty, even if it is possible for the latter to be adopted by a two-thirds majority pursuant to Article 9(2) of the *Vienna Convention.* It should also be noted that the latter provision is quite specific in that it refers to the voting on the "adoption of a text of a treaty at an international conference." An agreement on the interpretation of a provision of such a treaty cannot be regarded as the "text of a treaty"; rather, as Article 31(2)(a) indicates, it is part of the "context" of that treaty for the purposes of interpreting that treaty.

The question of whether Article 31(2)(a) requires unanimity is not touched on directly by Sinclair, one of the leading commentators on the *Vienna Convention*, but it is noteworthy that, in his general discussion of Article 31(2), the instances of such agreements that he cites

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131 It might be difficult to regard it as part of the "preparatory work of the treaty," although it clearly arose from the work of the Diplomatic Conference in finalizing and adopting the WCT text.

132 See generally Ficsor, *The Law of Copyright and the Internet*, Oxford, 2002, pp. 446-447.

133 *Ibid*, 447.

were made unanimously.[134] Unanimity is also a requirement of a number of other provisions of the *Vienna Convention*, for example, Article 20(2) with respect to reservations not otherwise authorized by the treaty, Article 44 with respect to withdrawal by a party from part of a treaty, Article 54(b) with respect to termination or withdrawal by a party from a treaty otherwise than in accordance with its provisions, and Article 59(1) as a precondition to the suspension of an earlier treaty where all the parties to it conclude a later treaty. Accordingly, it is submitted that the better view is that the reference to "all the parties" in Article 31(2)(a) means just that: there must be consensus on the interpretation contained in the agreed statement for it to be regarded as part of the "context" of the treaty for the purposes of its interpretation.

Accepting, therefore, that there may be different views on the correct characterization of the majority agreed statement to Article 1(4) of the WCT, what practical differences flow from this?

1. On the Ficsor view, if it falls within the scope of Article 31(2)(a) of the *Vienna Convention*, it will form part of the "context" of the WCT and will therefore be a matter to be taken into account by member countries and applied in their interpretation of the WCT and, in particular, their application of Article 9 of the Berne Convention in their domestic laws. If a member country therefore failed to recognize digital uses as part of the reproduction right, this would then be a breach of their international obligations under Article 1(4) of the WCT.

2. On the other hand, if it is not an agreement within Article 31(2)(a) of the *Vienna Convention*, its only relevance will be under Article 32, and the following consequences will apply. Where country A (a party to the WCT though not necessarily to Berne and therefore bound by Article 1(4) to comply with Article 9 of Berne) has doubts as to whether the right of reproduction required to be protected under Article 9(1) includes digital uses, it would be permissible for that country to refer to the agreed statement as a supplementary aid to interpretation. This would be on the basis that there is "ambiguity," or possibly "obscurity" in relation to the correct interpretation of Article 9, which then brings Article 32 of the *Vienna Convention* into play. In such a case, it would then be open to Country A to have regard to the majority interpretation embodied in the agreed statement to Article 1(4) and to change its national law accordingly. On the other hand, there would be no obligation on Country A to adopt the majority interpretation (unless, of course, that interpretation had become crystallized in subsequent state practice under Article 31(3)(b)). In other words, so far as Article 1(4) of the WCT is concerned, it will be up to contracting parties whether or not to give effect to the interpretation contained in the agreed statement.

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134 Sinclair, *The Vienna Convention on the Law of Treaties*, Melland Schill Monographs in International Law, Manchester University Press, 2nd Ed. 1984, pp. 129. Sinclair cites the Declaration on the prohibition of military, political or economic coercion in the conclusion of treaties adopted by the Diplomatic Conference on the *Vienna Convention* itself, and suggests that the unanimously adopted Experts' Reports in conventions reached by the Council of Europe would be another.

As Part of the Berne Convention Itself

The agreed statement to Article 1(4) of the WCT may also be binding on those states that are Berne members as a "subsequent agreement" between "the parties" regarding the interpretation of that treaty (Berne) or the application of its provisions (in this case, Article 9) pursuant to the rule of interpretation embodied in Article 31(3)(a) of the *Vienna Convention.* Unlike Article 31(2)(a), Article 31(3)(a) does not refer to the subsequent agreement having to be between "all parties" to the Berne Convention, and it might therefore be possible to argue that the agreed statement embodies a subsequent agreement on the interpretation of Article 9 by all those Berne members that "agreed" with the statement at the 1996 Diplomatic Conference, plus any new accessions to the WCT who are Berne members and who therefore accept the statement as part of their accession to that treaty. The effect of this would be to create a kind of sub-Union among Berne members on the particular question of interpretation of Article 9, obliging these members to apply the interpretation to each other, notwithstanding whatever their obligations on this matter under the WCT might be. This would have no effect on the obligations of non-WCT Berne members towards each other.

As Part of TRIPS

A final way in which the agreed statement to Article 1(4) could operate is in relation to the TRIPS Agreement as a subsequent agreement between the parties for the purposes of Article 31(3)(a) of the *Vienna Convention.* Under Article 9(1) of TRIPS (as under the WCT) parties are required to comply with Articles 1-21 of Berne, and it can therefore be argued that the agreed statement to Article 1(4) of WCT operates as a subsequent agreement between those TRIPS parties that are also signatories to the WCT with respect to the way in which Article 9 of Berne is to be interpreted *as part of* TRIPS. However, the agreed statement to Article 1(4) refers only to Berne and not to TRIPS, and the better view must be that the agreed statement has no relevance to the TRIPS obligations with respect to Article 9.

Under Article 10

Unlike Article 1(4), the three-step test appears directly in the text of Article 10, and has a much wider potential application than just to the reproduction right (an obvious model in this regard being Article 13 of TRIPS). Article 10 provides:

> "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.
>
> " (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."

Both paragraphs have a different sphere of operation. The less problematical is Article 10(1) which applies only to the rights to be accorded under the WCT, namely the new rights of distribution (Article 6), rental (Article 7, WCT) and communication to the public (Article 8). By using exactly the same language as in Article 9(2) of Berne in relation to

reproduction rights it seems logical that we can refer to the interpretations that have been developed in relation to that Article, although here it will be necessary to have regard to the terms of an agreed statement that was adopted at the same time by the 1996 Conference (see below).

Article 10(2), on the other hand, is more problematic in that, like Article 13 of TRIPS, it purports to apply to all the rights protected under Berne and does so in far more explicit terms: "Contracting Parties shall, when applying the Berne Convention,…" What does this mean, so far as existing Berne limitations and exceptions are concerned? On its face, it appears to place another requirement on WCT members in applying their Berne obligations, to make any limitations and exceptions subject to the three-step test, above and beyond the conditions contained in those provisions. This, indeed, was stated in the Basic Proposal for the 1996 Diplomatic Conference, which suggested that Article 10(2) (and, by inference, Article 13 of TRIPS) may imply greater restrictions on the scope of permissible exceptions than would otherwise apply to these rights. It went on to postulate that this might arise in the case of the indeterminate implied category of "minor reservations." Thus, if a minor reservation applied under national law exceeded the limits set by the three-step test, the Basic Proposal indicated that this would no longer be allowable under Article 10(2) of the WCT.[135]

> "It bears mention that this Article is not intended to prevent Contracting Parties from applying limitations and exceptions traditionally considered acceptable under the Berne Convention. It is, however, clear that not all limitations currently included in national legislations would correspond to the conditions now being proposed. In the digital environment, formally 'minor reservations' may in reality undermine important aspects of protection. Even minor reservations must be considered using sense and reason. The purpose of the protection must be kept in mind."[136]

In the discussions in Main Committee I of the 1996 Diplomatic Conference, it became clear that some delegates viewed the proposed Article 10(2) (then Article 12(2)) as having a wider effect, namely that it might make a "straightjacket" for existing exceptions in areas essential for society,[137] and that these limitations should not be curtailed by the change from a physical to a digital format.[138] Quite apart from the "minor reservations" question, one delegate (from Singapore) pointed to the possibility that Article 10(2) might narrow what was already permitted by the following Articles of the Berne Convention, namely Articles 2(4), 2(8), 2*bis*(1), 10(1), 10*bis*(1), 10*bis*(2) and 11*bis*(2), with the consequence that Article 10(2) would be in breach of Article 20 of the Berne Convention.[139] Other delegations, however, thought that Article 10(2) should not affect existing limitations and exceptions either way, although it should be possible to carry these over into the digital environment.

The final text of the WCT addresses these concerns through express provisions of the treaty itself and through the device of an agreed statement of the kind already discussed above. Thus, under Article 1(1), the WCT is declared to be a "special agreement" within the meaning of Article 20 of Berne, which indicates that the WCT is to be interpreted according

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135 Given the *de minimis* interpretation of minor reservations suggested above, this must be very unlikely.

136 *Records*, pp. 214.

137 *Records*, pp. 704 (delegate of Denmark).

138 *Records*, pp. 705 (delegate of India).

139 *Records*, pp. 705.

to the criteria expressed in that provision, i.e. as only granting authors more extensive rights than those granted in the Convention or as not containing provisions contrary to the Berne Convention. Article 1(2) then follows Article 2 of TRIPS in providing that "nothing in this Treaty shall derogate from existing obligations that Contracting States have to each other under the Berne Convention…" As membership of Berne is not a prerequisite for membership of the WCT , Article 1(4) completes the circle by requiring that all Contracting Parties will comply with Articles 1-21 and the Appendix of Berne (see further above).

In addition to the above, there is the following agreed statement to Article 10 that was adopted by the 1996 Diplomatic Conference:

> "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 network 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."

Unlike the agreed statement to Article 1(4), this statement was adopted by consensus at the 1996 Diplomatic Conference, and can therefore be regarded as part of the context of the WCT for the purposes of Article 31(2)(a) of the *Vienna Convention.* Having said this, it is uncertain that the agreed statement takes us much further along the road to an understanding of the effect of Article 10. The following comments can be made here.

1. It does not have any direct application to Article 10(1), which is concerned only with the new rights established under the 1996 Treaty. However, it needs to be remembered that the new communication right under the WCT inevitably includes the rights covered under existing Article 11*bis*(1) of Berne, which are subject to the imposition of conditions allowable under Article 11*bis*(2), as well as the rights of communication to the public that are contained in Articles 11(1)(ii) and 11*ter*(1)(ii). A possible conflict may therefore arise between what is permissible by way of exception to Article 8 of the WCT (applying the three-step test) and what is permissible under Article 11*bis*(2). In this regard, it may be noted that the WTO Panel, in the context of Article 13 of TRIPS, held that Article 13 had no application to Article 11*bis*(2). This seems appropriate in the present context as well: WCT signatories are required to apply Articles 1-21 of Berne and there should be no possibility of Article 10(1) of the WCT permitting free uses to the rights specified in Article 11*bis*(1) of Berne in cases where equitable remuneration would be required under Article 11*bis*(2). This would leave open the application of free use exceptions to Article 8 WCT rights that go beyond those specified in Article 11*bis*(2) of Berne. An example would be webcasting, which would not usually be broadcasting (by wireless means) within the meaning of Article 11*bis*(1)(i). In the case of webcasting, however, there is still the possibility that, so far as communications of sounds (performances of musical and dramatic works and recitations of literary works) are concerned, these will fall within the scope of either Articles 11(1)(ii) and 11*ter*(1)(ii) of Berne[140] and will therefore be subject to the minor reservations doctrine. If the latter is treated, as the WTO Panel suggested, as co-terminous with the three-step test, no problem will

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140 See further Ficsor, pp. 495.

arise. On the other hand, if it is accepted (as argued above) that the minor reservations doctrine has a narrower compass than the three-step test, this will provide another limitation on the application of the latter to Article 8 WCT rights.

2. With respect to existing Berne exceptions (these would include exceptions to the reproduction right under Article 9(2)), Article 10(2) of the WCT neither reduces nor extends the scope of their applicability (second paragraph of the agreed statement). It is clear from the discussions in Main Committee I of the 1996 Diplomatic Conference that the intention here was not to alter the status quo under Berne, but it is equally clear that it was accepted that some, at least, of the existing limitations and exceptions under national law might not meet the three-step criteria although they fell within the scope of either other express provisions of Berne or the minor exceptions doctrine. While the views expressed in the Basic Proposal indicate that it was intended to modify these existing exceptions, where necessary, so as to conform with the three-step test, this was not accepted by the delegates, and the wording of the second paragraph of the agreed statement confirms this. Accordingly, WCT members are not required to modify limitations and exceptions that are consistent with the present Berne text, even if these would not pass the three-step test in Article 10(2). There will, of course, be room for argument as to whether any of the existing Berne exceptions and limitations, including the minor reservations doctrine, do, in fact, go beyond the limits of the three-step test, but, to the extent that this is so, it seems clear that the three-step test cannot "trump" these existing limitations and exceptions.

3. The agreed statement also contemplates the extension of existing limitations and exceptions which have been considered "acceptable" under the Berne Convention into the digital environment, provided that this is done "appropriately." But there is an element of question begging here: what is "acceptable" and what is "appropriate"? What is "acceptable" presumably refers to existing limitations and exceptions that meet the present Berne criteria, but what is "appropriate" so far as digital extensions are concerned is less clear: what if these digital extensions still meet the relevant Berne criteria but would not satisfy the three-step test? Article 10(2) indicates that the three-step test should be applied in these cases, but the second paragraph of the agreed statement may pose a difficulty, as this will clearly lead to a reduction in the scope of a permitted Berne exception which the second paragraph says is not to happen. By contrast, with Article 13 of TRIPS it was suggested above that it might be possible to impose the three-step test as an additional requirement where the relevant Berne provision was silent on the question, as this would not be a breach of Article 2(2) of TRIPS. The second paragraph of the agreed statement, however, appears to preclude this possibility.

4. The final matter contemplated by the agreed statement is the making of *new* limitations and exceptions that are "appropriate in the digital environment." By definition, such uses will not be covered by either existing exceptions or limitations or by extensions of the latter into the digital environment, but must be "new," in the sense of being different, limitations and exceptions that only become relevant because of the advent of the digital environment. But it seems to be stretching Article 10(2) too far to suggest that it authorizes the creation of new limitations and exceptions that lie outside the Berne regime. The only possibility is that these might arise under the minor exceptions doctrine, in which case it is unlikely that the three-step test will need to be prayed in aid, on the basis that these should only be *de minimis* exceptions that will be narrower than the requirements of the three-step test. It is therefore difficult to ascribe any operation to this part of the agreed statement. If a distinct regime for new limitations and exceptions is envisaged under the WCT, this would need to be the subject of an express provision of that treaty.

LIMITATIONS AND EXCEPTIONS UNDER THE WPPT

As this relates to neighboring rights, the relevant prior convention is the Rome Convention. Thus, Article 1(1) is a non-derogation provision that stipulates that nothing in it is to derogate from the obligations that member countries may have towards each other pursuant to the Rome Convention. On the other hand, unlike the TRIPS Agreement and the WCT, the WPPT does not incorporate the provisions of Rome or require application of its provisions by WPPT members.

So far as limitations and exceptions are concerned, these are dealt with in Article 16 as follows:

> "(1) Contracting Parties may, in their national legislation, provide for the same kinds of limitations or exceptions with regard to the protection of performers and producers of phonograms as they provide for in their national legislation, in connection with the protection of copyright in literary and artistic works.
>
> "(2) Contracting parties shall confine any limitations or exceptions to rights provided for in this treaty to certain special cases which do not conflict with a normal exploitation of the performance or phonogram and do not unreasonably prejudice the legitimate interests of the performer or of the producer of the phonogram."

These provisions also need to be read subject to the following agreed statements that were adopted at the 1996 Conference. The first relates to Articles 7 (right of reproduction for performers) and 11 (right of reproduction for producers of phonograms) as well as Article 16:

> "The reproduction right as set out in Articles 7 and 11, and the exceptions permitted thereunder through Article 16, fully apply in the digital environment, in particular to the use of performances and phonograms in digital form. It is understood that the storage of a protected performance or phonogram in digital form in an electronic medium constitutes a reproduction within the meaning of these Articles."

The second agreed statement relates only to Article 16, and provides:

> "The agreed statement concerning Article 10 (on Limitations and exceptions) of the WIPO Copyright Treaty is applicable *mutatis mutandis* also to Article 16 (on Limitations and exceptions) of the WIPO Performances and Phonograms Treaty,"

The interpretation and application of the above provisions is far from clear, but the following points can be made about them:

1. Under Article 16(1), the scope of limitations and exceptions to the protection of performers and phonogram producers under national legislation is to be paralleled to those applying under national laws to literary and artistic works. Indirectly, this must bring in the provisions of the Berne Convention, TRIPS and the WCT (if the country in question is a member of any or all of these agreements), because it is to be assumed that its laws will be consistent with those instruments. The wording of Article 16(1) needs to be noted: it does not refer to the rights that are to be protected under the WPPT (this is done in Article 16(2)), but to the protection of performers and phonogram producers under national laws. The latter may be more extensive than that required under the WPPT, but Article 16(1) aligns the boundaries of permissible limitations and exceptions with those provided for in national laws

with respect to literary and artistic works. It should be noted that nothing in Article 16(1) *requires* member countries to do this: they may be content to make the range of limitations and exceptions for performers and phonogram producers more restricted than those for literary and artistic works.

2. If the country in question is a Rome signatory, a possible conflict may arise between Article 16(1) of the WPPT and Article 15 of Rome. As noted above, at least one of the exceptions–private use–provided in Article 15(1)(a) may go beyond what is permitted under Berne and therefore under national laws with respect to literary and artistic works. To the extent that this is so, complete adherence to Article 16(1) of the WPPT may place a Rome member in breach of its obligations under Article 15(1)(a) of Rome. A contrary argument to this would be that Article 15(1) exceptions are not mandatory, and that any limitation of the scope of these exceptions by virtue of Article 16(1) of the WPPT does not derogate from the obligations of Rome member countries towards each other under Article 1(1) of the WPPT.

3. Article 16(2) deals specifically with the rights provided for in the WPPT, stipulating that any limitations and exceptions to these must conform to the three-step test This is unproblematic, in that it is self-contained and does not refer to the provisions of any other treaty or national law. On the other hand, to the extent that the rights to be protected under the WPPT overlap with those protected under Rome, it is possible that the kind of conflict identified in paragraph 2 may arise, particularly with respect to the scope of any private use exception. At the same time, if the three-step test requires a more confined exception or limitation, this should not be in derogation of Rome members' obligations towards each others for the reason outlined in that paragraph–Article 15(1) of Rome is only permissive, and more restricted conditions will still be consistent with its requirements.

4. It is not clear that the agreed statements really add anything one way or the other to the above comments, except to make it clear that reproductions in digital form in an electronic medium are included and that limitations and exceptions can be made equally in the digital, as in the physical, environment.

ADOPTION OF THE THREE-STEP TEST AS A "HORIZONTAL" PROVISION APPLYING GENERALLY TO LIMITATIONS AND EXCEPTIONS

The above survey has indicated how the three-step test has now come center stage in the international copyright conventions. Originally a test of limited application under Berne, it has now been adopted as a general template for limitations and exceptions under the TRIPS Agreement, the WCT and the WPPT. This has been more by accident than by design, in that it was immediately to hand as a ready-to-use formula at the time of the TRIPS negotiations, and, once this had happened, it was almost inevitable that it would be taken up as the general test in subsequent conventions.

Although desirable in the interests of uniformity, this development is not without its difficulties. First, if one were starting afresh, it is not entirely clear that one would adopt the three-step test as a general formula for limitations and exceptions. Thus, our analysis above of the three-step testunder Article 9(2) of Berne reveals that there are a number of uncertainties about the meaning and scope of each of its steps. Secondly, it will be difficult to apply any general formula when this has to sit along side the provisions of another earlier convention such as Berne. As we have seen above, accommodating both the general three-step test formula and the specific provisions of the earlier convention can be a difficult

matter. The two tables below seek to summarize the position with respect to both TRIPS and the WCT and refer back to the detailed discussions above of Articles 13 and 10 respectively.

TRIPS Agreement: Article 13 (read top to bottom)

RIGHTS UNDER TRIPS	*RIGHTS UNDER* BERNE	BERNE *EXCEPTIONS AND LIMITATIONS*: *CO-TERMINOUS*	BERNE EXCEPTIONS AND LIMITATIONS*:* CUMULATIVE	BERNE *EXCEPTIONS AND LIMITATIONS*: *INAPPLICABLE*	*SUBJECT-MATTER*: *COMPILATIONS OF DATA AND OTHER MATERIAL*	*APPLICATION IN THE DIGITAL ENVIRON-MENT*
Art 11 (rental)	Arts 8, 9, 11, 11*bis*, 11*ter*, 13, 14 (not Art. 6*bis*)	Art 10	Arts 10*bis*	Arts 11*bis*, 13, minor reservations	Art 10(2), TRIPS	Not dealt with specificall y
*TRIPS 3-step test applies simpliciter		TRIPS 3-step test applies– covers same ground	TRIPS 3-step test *plus* specific conditions of Article in question	TRIPS 3-step test does not apply	TRIPS 3-step test alone applies	

* The reference to TRIPS 3-step test means that (a) moral rights considerations are excluded from the third step, and (b) a more balanced approach to normative considerations under both the second and third steps may be required.

WCT: Article 10 (read left to right)

NEW RIGHTS UNDER WCT	*ART 10(1)*	*3-STEP TEST APPLIES*	*ALL* BERNE *WORKS PLUS COMPUTER PROGRAMS AND COMPILATIONS OF DATA*	*APPLIES IN DIGITAL AS WELL AS PHYSICAL ENVIRONMENT*	*NEW EXCEPTIONS OUTSIDE* BERNE *ARE POSSIBLE*
Rights under Berne (includin g moral rights)	Article 10(2)	3-step test applies only where compatible; otherwise does not*	All Berne works plus computer programs	Applies in digital as well as physical environment	New exceptions outside Berne not possible

* This is the effect of the agreed statement to art 10 where it states that Berne exceptions are not be expanded or reduced in scope.

THE STYLE OF LIMITATIONS AND EXCEPTIONS ALLOWED BY THE THREE-STEP TEST

National laws, of course, contain many existing examples of limitations and exceptions and, so far as questions of treaty compliance are concerned, it will be necessary in each case to conduct a multi-layered inquiry, viz:

1. In the case of works, is the country in question a member of Berne, the TRIPS Agreement and/or the WCT?

2. If a Berne member, is the limitation or exception in question covered by one of the existing Berne provisions?

3. If a TRIPS member as well, is the limitation or exception in question consistent with the three-step test, assuming this is a case in which that test can be applied (see above)?

4. If a WCT member as well, is the exception and limitation in question to a WCT right, in which case the three-step test applies, if a Berne right, the three-step test does not apply (see above).

5. In the case of performances, phonograms and broadcasters, limitations and exceptions must comply with Article 15 of *Rome*.

6. Where a country is a TRIPS member, whether or not a *Rome* member, there must be compliance with Article 15 of *Rome.*

7. Where a country is a WPPT member, the three-step test applies to limitations and exceptions to WCT rights of performers and phonograms.

Accordingly, the unqualified application of the three-step test will only arise in a limited number of cases, notably those concerned with the reproduction right and the new rights under the WCT. Nonetheless, it is useful to illustrate its application by reference to different "styles" of limitations and exceptions. Two contrasting styles that appear from national laws are (i) open-ended, formulaic provisions, and (ii) "closed lists." An example of the first is the fair use provision in Section 107 of the US*Copyright Act* 1976; an example of the second is Article 5 of the EC *Information Society Directive*. A position, halfway between, may be found in the Australian *Copyright Act* 1968. These are worth considering in more detail, so far as application of the three-step test is concerned.

(a) Fair Use Under Section 107 of the US Copyright Act 1976

This provides:

> "Notwithstanding the provisions of Sections 106 and 106A, the fair use of a copyright 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 non-profit 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."

This applies to all the exclusive rights covered by Section 106 of the US Act, although undoubtedly its principal application to date has been in relation to reproduction rights. Unlike Article 5 of the EC Directive (see below), it is open-ended as to the purpose of the dealing or use that is allowable, although certain specified purposes are included by way of illustration. Otherwise, it envisages a case by case approach, with the inclusion of guidelines to assist in the determination of the question of fairness. There is the obvious advantage of flexibility here: it enables new kinds of uses to be considered as they arise, without having to anticipate them legislatively. Does a provision such as this comply with the three-step test? In this regard, it should be remembered that some of the specific uses that fall within Section 107 may comply with other specific Berne provisions, such as Articles 10 and 10*bis*, in any event.

Certain Special Cases?

Are the uses covered by Section 107 "certain special cases" within the first of the steps in the three-step test? Certain purposes are specified by way of illustration, such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research. *Prima facie*, each of these might be regarded as being narrow in its scope and reach, and clearly defined, although what is ultimately allowable under the Section will depend upon whether the guidelines contained in the provision are satisfied. However, they are only examples of what may come within Section 107, and it is the indeterminate "other" purposes envisaged by the Section that raise problems for the three-step test. Is a "use" for a purpose other than one of those specified in the Section a "certain special case"? In other words, can a use be characterized in this way simply on the basis that it is "fair"? Obviously, the fairness or otherwise of the use will need to be justified by reference to the guidelines given in both provisions, but these are factors that appear more apposite to the second and third steps of the three-step test. The question remains, however, whether "fairness" itself is a criterion that is sufficiently defined and narrow in scope and reach for the purposes of the first part of the three-step test.

At first blush, the answer to this question would appear to be "no": "fairness" is an insufficiently clear criterion to meet the first part of the three-step test. Against this it can be argued that a use will never be "fair" in isolation: its fairness will only be established if it is tied to some identified purpose that then meets the guidelines contained in both provisions. The more general and less defined the purpose, the less likely is it to be a fair one. The only difficulty will be knowing in advance what purposes, other than those specifically mentioned,

will meet this requirement, and, in this regard, it might be argued that the rationale behind the first part of the three-step is precisely to avoid this indeterminacy, so that it is clear in advance what purpose a particular exception is to serve. The history of Article 9(2) of Berne can also be prayed in aid here: the object of the Stockholm Conference in adopting the phrase "certain special cases"' was to cover the existing exceptions to the reproduction right that were to be found under national laws while ensuring that these were for "clearly specified purposes." Accordingly, it is unlikely that the indeterminate "other purposes" that are covered by Section 107 meet the requirements of the first step of the three-step test, although it is always possible that, in any given case, they will find support under other provisions of Berne, such as Articles 10 and 10*bis*.

Conflict with a Normal Exploitation of the Work?

The inclusive guidelines listed in Section 107 appear consistent with the second step, including reference to both economic and non-economic normative considerations. These indicate that there is to be a case by case assessment by the court, and that other factors may be considered in addition to those specified. In this regard, some uncertainty may arise, although the ultimate touchstone is that the use must be "fair." Some national systems, however, may find such an approach too open-ended and subjective.

Unreasonable Prejudice to the Legitimate Interests of the Author/Right-Holder?

It is less clear that this part of the three-step test is addressed in Section 107. In particular, there is no express reference made to the non-pecuniary interests of authors, which are clearly relevant for the purposes of Article 9(2) of Berne, although excluded for the purposes of Article 13 of TRIPS. In this regard, the reference to unpublished works in the last sentence of Section 107 indicates that one important concern of authors–with respect to the unauthorized dissemination or disclosure of their works–may be disregarded if the other factors listed in the Section are satisfied. In addition, there is no express reference in the Section to the need to ensure that detriment to author, whether economic or non-economic, is proportionate or within reason, although possibly the first factor may relate to such matters.

Conclusions

It is quite possible that any specific judicial application of Section 107 will comply with the three-step test as a matter of fact; the real problem, however, is with a provision that is framed in such a general and open-ended way. At the very least, it is suggested that the statutory formulation here raises issues with respect to unspecified purposes (the first step) and with respect to the legitimate interests of the author (third step).

(b) Closed List: Article 5 EC Directive

This Article is at the other end of the spectrum, ands worth setting out in full, by way of contrast.

"Article 5

"Exceptions and limitations

"1. Temporary acts of reproduction referred to in Article 2, which are transient or incidental [and] an integral and essential part of a technological process and whose sole purpose is to enable:

"(a) a transmission in a network between third parties by an intermediary; or

"(b) a lawful use

"of a work or other subject matter to be made, and which have no independent economic significance, shall be exempted from the reproduction right provided for in Article 2.

"2. Member States may provide for exceptions or limitations to the reproduction right provided for in Article 2 in the following cases:

"(a) in respect of reproductions on paper or any similar medium, effected by the use of any kind of photographic technique or by some other process having similar effects, with the exception of sheet music, provided that the right-holders receive fair compensation;

"(b) in respect of reproductions on any medium made by a natural person for private use and for ends that are neither directly nor indirectly commercial, on condition that the right-holders receive fair compensation which takes account of the application or non-application of technological measures referred to in Article 6 to the work or subject-matter concerned;

"(c) in respect of specific acts of reproduction made by publicly accessible libraries, educational establishments or museums, or by archives, which are not for direct or indirect economic or commercial advantage;

"(d) in respect of ephemeral recordings of works made by broadcasting organizations by means of their own facilities and for their own broadcasts; the preservation of these recordings in official archives may, on the grounds of their exceptional documentary character, be permitted;

"(e) in respect of reproductions of broadcasts made by social institutions pursuing non-commercial purposes, such as hospitals or prisons, on condition that the right-holders receive fair compensation.

"3. Member States may provide for exceptions or limitations to the rights provided for in Articles 2 and 3 in the following cases:

"(a) use for the sole purpose of illustration for teaching or scientific research, as long as the source, including the author's name, is indicated, unless this turns out to be impossible and to the extent justified by the non-commercial purpose to be achieved;

"(b) uses, for the benefit of people with a disability, which are directly related to the disability and of a non-commercial nature, to the extent required by the specific disability;

"(c) reproduction by the press, communication to the public or making available of published Articles on current economic, political or religious topics or of broadcast works or other subject-matter of the same character, in cases where such use is not expressly reserved, and as long as the source, including the author's name, is indicated, or use of works or other subject-matter in connection with the reporting of current events, to the extent justified by the informatory purpose and as long as the source, including the author's name, is indicated, unless this turns out to be impossible;

"(d) quotations for purposes such as criticism or review, provided that they relate to a work or other subject-matter which has already been lawfully made available to the public, that, unless this turns out to be impossible, the source, including the author's name, is indicated, and that their use is in accordance with fair practice, and to the extent required by the specific purpose;

"(e) use for the purposes of public security or to ensure the proper performance or reporting of administrative, parliamentary or judicial proceedings;

"(f) use of political speeches as well as extracts of public lectures or similar works or subject-matter to the extent justified by the informatory purpose and provided that the source, including the author's name, is indicated, except where this turns out to be impossible;

"(g) use during religious celebrations or official celebrations organized by a public authority;

"(h) use of works, such as works of architecture or sculpture, made to be located permanently in public places;

"(i) incidental inclusion of a work or other subject-matter in other material;

"(j) use for the purpose of advertising the public exhibition or sale of artistic works, to the extent necessary to promote the event, excluding any other commercial use;

"(k) use for the purpose of caricature, parody or pastiche;

"(l) use in connection with the demonstration or repair of equipment;

"(m) use of an artistic work in the form of a building or a drawing or plan of a building for the purposes of reconstructing the building;

"(o) use by communication or making available, for the purpose of research or private study, to individual members of the public by dedicated terminals on the premises of establishments referred to in paragraph 2(c) of works and other subject-matter not subject to purchase or licensing terms which are contained in their collections;

"(p) use in certain other cases of minor importance where exceptions or limitations already exist under national law, provided that they only concern analogue uses and do not affect the free circulation of goods and services within the Community, without prejudice to the other exceptions and limitations contained in this Article.

"4. Where the Member States may provide for an exception or limitation to the right of reproduction pursuant to paragraphs 2 and 3, they may provide similarly for an exception or limitation to the right of distribution as referred to in Article 4 to the extent justified by the purpose of the authorized act of reproduction.

"5. The exceptions and limitations provided for in paragraphs 1, 2, 3 and 4 shall only be applied in certain special cases which do not conflict with a normal exploitation of the work or other subject matter and do not unreasonably prejudice the legitimate interests of the right-holder."

Analyzing a provision such as this is potentially a cumbersome process, bearing in mind that, as with Section 107 of the US Act, there may be justifications for individual exceptions under specific Berne provisions such as Articles 10 and 10*bis*. Nonetheless, the advantage of the extensive listing is that each exception and limitation is relatively self-contained and can be considered on its own terms. It is still possible that some of these might still fail the separate requirements of the three-step test. An instance is Article 5(2)(a) where the use is not limited by reference to any purpose and the requirements of the first step may not be met. Another example is Article 5(3)(i) (incidental use of works) where there are no apparent limits on the kind of incidental use that may be allowed. But even where these criticisms may be raised, it is still necessary for EC members to observe the three-step test, because of Article 5(5) which operates as an overriding requirement. Thus, even in cases where no reference is made to the need to pay fair compensation, it may be necessary to impose such a requirement in order to comply with the third step: relevant examples here might be Article 5(3)(b) (uses by persons with a disability), (e) (use for security purposes) and (g) (use in religious and public ceremonies).

The only exception in Article 5 that may give rise to obvious problems is Article 5(3)(g)–use for the purpose of "caricature, parody or pastiche." This does not fall within any of the specific exceptions recognized under Berne, although it is conceivable that such an exception could arise under Article 9(2) in relation to reproductions and might likewise be justified as a minor reservation with respect to performing and broadcasting rights. It will be necessary for this to be so, however, for the purposes of both TRIPS and WCT compliance, as both these treaties do not envisage that members can create new exceptions or limitations that fall outside what is allowed by Berne (see above).

As a general organizing principle, the methodology adopted in Article 5 appears sounder than Section 107 of the US Copyright Act: limitations and exceptions are specified

clearly in advance and are made subject to the overriding requirements of the three-step test Ready compliance is therefore much more likely to be achieved than under an approach which leaves the validity of particular kinds of uses to national tribunals to determine in accordance with broad criteria, such as those in Section 107.

(c) Another Approach–The Australian Legislation

A somewhat different approach to those of the US and EC is to be found in the Australian copyright legislation. In its detail, this goes even further than the European Directive with many carefully limited exceptions that apply to specific categories of works or related rights and to specific uses of those works or related rights only On the other hand, there are several broader provisions (those concerned with fair dealings of works) that reflect the more open-ended US fair use formula, although these are still kept within relatively limited confines as to purpose. In addition, the Australian Act now contains a significant number of statutory or compulsory licenses that allow uses in specific cases, subject to the payment of equitable remuneration.

As the following table reveals, the result is a patchwork of exceptions and compulsory licenses that has come about by a steady process of accretion and accommodation of conflicting interests, and it is not always easy to see a coherent set of principles that underlies the whole.[141] On the other hand, the very detail and precision of these provisions makes them more transparent and easier to analyze, when considering the question of conformity with Australia's international obligations, in particular under the three-step test

The following table indicates the breadth and nature of these exceptions and remunerated uses. The brief descriptions attached to each provision will indicate how precise and detailed many of them are.[142]

COMPULSORY LICENCES

These are very detailed and elaborately structured, and cover the following broad categories of uses that may occur, subject to the payment of equitable remuneration:

Multiple reproduction and communication of works and periodical Articles by educational and other institutions: Pt VB.

Copying and communication of broadcasts by educational and other institutions assisting readers with disabilities: Pt VA.

Causing sound recordings to be heard in public: Section 108.

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141 This very issue was addressed by the Copyright Law Review Committee in a report on exceptions and limitations in 1998: Copyright Law Review Committee, *Simplification of the Copyright Act 1968, Part I*: *Exceptions to the Exclusive Rights of Copyright Owners*, Canberra, September 1998.

142 For a more detailed examination of these individual provisions, see generally S. Rickets, *The Law of Intellectual Property*: *Copyright, Designs and confidential Information*, LBC, Sydney, 1999, Chapter 11, and J.C. Lahore, *Copyright Law and Designs*, Butterworths, Sydney, 1996, pp. 40,001 and following.

Broadcasting of sound recordings: Section 109.

Retransmission of free-to-air broadcasts: Pt VC.

Use of works and subject matter by the Crown: Section 183.

Making sound broadcasts of published literary or dramatic works by holders of print disability radio licenses: Section 47A.

Reproduction of works upon payment of royalties, pursuant to Section 3 of the *Copyright Act* 1911 (UK): Section 219.

Reproduction of works or sound recordings for the purposes of broadcasting: ss 47(3), 70(3) and 107(3).

It will be clear that testing the compliance of these provisions with the international obligations outlined in this study will require an analysis of each provision in turn, although as a general matter it may be expected that compliance will be more readily established where the exception in question is narrow in scope, is subject to conditions (including the possibility of equitable remuneration) and does not represent a disproportionate prejudice to the interests of the author and/or right-holder.[143]

APPLICATION OF THE THREE-STEP TEST TO SPECIFIC AREAS OF CONCERN

In this Section, I consider briefly the application of the three-step test to specific areas of concern, and the kinds of issues that will arise for national legislators in formulating their statutory limitations and exceptions, particularly in the digital environment.

(a) Private Copying

This covers a large potential universe of use, and suggests that the scale and kind of private use envisaged will need to be carefully defined and limited in order to meet the first, let alone the second and third, steps. The EC Directive provision on private use (Article 5(2)(b)) is an instructive guide here. This applies:

> "in respect of reproductions on any medium made *by a natural person for private use* and for*ends that are neither directly nor indirectly commercial* , on condition that the right-holders receive fair compensation which takes account of the application or non-application of technological measures referred to in Article 6 to the work or subject-matter concerned;"

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143 To some extent, the present author has attempted such an analysis with respect to the Australian provisions with respect to reproductions and communications by libraries and archives, arguing that a number of these provisions still do not meet the requirements of the three-step test: S. Ricketson, "The Three-step Test, Deemed Quantities, libraries and Closed Exceptions," Advice prepared for the Centre of Copyright Studies Ltd.," Centre for Copyright Studies, Sydney 2003.

This limits the provision to individuals and makes it clear that the use must be confined to non-commercial purposes (first step). It then assumes that such uses do not conflict with the normal exploitation of the work (second step), possibly on the basis that it is almost impossible for the author/copyright owner to regulate this through private licensing arrangements and possibly because this is a private, as distinct from a public, use of the work and that this is a non-economic normative factor that is to be weighed against the author's economic interests. Finally, so far as unreasonable prejudice to the right-holder's interests is concerned (third step), it requires that the right-holder receive fair compensation that takes account of the application, if any, of technological protection measures (see below).

By contrast, the US fair use provision has left this kind of issue to be worked out by the courts on a case by case basis, with results that may be highly contestable in some instances. One early instance was allowing the practice of time shifting by home video recording machines;[144] later US courts appear to have been more skeptical about the effects of "space shifting" arguments and have held the fair dealing defense did not apply to such uses.[145]

(b) Public Interest

This is a very open ended concept, so far as limitations and exceptions to protection are concerned. It would therefore be unlikely that any exception could be justified on the basis of an unqualified assertion of "public interest." For the purposes of the first step, the nature and extent of the public interest would need to be clearly specified: possible examples might be "for the protection of public health," for the purposes of law enforcement, or for purposes of national security (although the last exception might also be justified under Article 17 of Berne). For our present analysis, however, all that needs to be said is that any unqualified "public interest" will almost inevitably fail the first step, bearing in mind here also that "public interests" of various kinds underline other Berne limitations and exceptions, such as Articles 2*bis*, 10 and 10*bis*.

So far as the second and third steps are concerned, depending on the definition and scope of the public interest purpose, it is likely that this might provide sufficient non-economic normative consideration to outweigh considerations of an economic kind (second step), but that any unreasonable prejudice to the right-holder might require the payment of fair compensation or, at the very least, the imposition of strict conditions on the kind of use that is allowed.

(c) Libraries and Archives

Uses of protected works by libraries and archives have led to controversy in many countries. Such institutions, particularly when not conducted for profit, can argue that their primary motivation is educational, informational and obviously beneficial for the wider community, and should therefore not be subjected to claims by right-holders. Against this, the latter will argue that their works should not be used to subsidize the educational and

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144 *Sony Corp of America v Universal City Studios, Inc*, 464 US 417 (1984).

145 See, for example, *UMG Recording, Ic v MP3.Com. Inc*, 92 F Supp 2d 349 (SDNY, 2000); *A & M Records, Inc v Napter, Inc* 239 F 3d 1004 (9th Cir 2001).

informational roles of these institutions (the same arguments apply with equal force in the case of educational institutions–see below). The three-step test may therefore provide a means of balancing these competing views:

1. The kind of library or archives use needs to be clearly specified and the limits of this defined (first step). Clearly, a provision allowing wholescale copying of works for library users on request would be too wide. This may not be so in the case of a provision that limits copying by the library or archives to copying for preservation purposes or which allows them to make copies for the research purposes of users and within the limits that these individuals may do for themselves.

2. The competing economic and non-economic normative considerations will need to be balanced: to what extent does the proposed exception conflict with uses that right-holders may reasonably expect to exploit for themselves, and to what extent should this be displaced by the educational or other purpose that the exception is intended to confer (second step)?

3. What limits are placed on the copying that is allowed, and do these prevent any prejudice to the right-holder from being unreasonable? Depending upon the amounts that may be taken, the persons by whom the copying can be done, and whether or not the copying is subject to an obligation to pay fair compensation, it may be that the third step is satisfied.

(d) Education

The kind of analysis to be applied here will closely parallel that in relation to libraries and archives above. In this regard, however, the possibility that Article 10(2) of Berne may apply should be remembered, although it was suggested above that the requirements of this provision should parallel those of the three-step test. This is an area where statutory licenses of the kind found in the Australian Act may be appropriate, and this will be allowable under both the three-step test and Article 10(2).

Distance education is another usage that requires special attention, as it is now likely to implicate two exclusive rights that are to be protected under the WCT and Berne, namely the reproduction and communication rights. The provision of statutory licenses here may be one means of ensuring that there is no unreasonable prejudice to the legitimate interests of authors, while ensuring that an appropriate balance is struck between the rights of authors and those seeking educational objectives.

(e) Assisting Visually or Hearing Impaired People

This is another area that may require careful consideration. Exceptions here, while restricted to specified groups of users, may nonetheless range widely to cover all kinds of works and uses.

Clear definition and limitation of exceptions here will therefore be necessary to establish that these are “certain special cases” within the first step of the three-step test The second step may also be problematic, as such uses may have the potential to conflict with a normal exploitation of the work; it may be necessary to consider here the balance of non-normative considerations, as between the real needs of such users and the economic

interests of authors in exploiting their works. Finally, the question of unreasonable prejudice will need to be considered, and the answer may well be that this is an area that should be subject to a requirement to pay equitable remuneration, rather than being a free use. This is done in the Australian legislation with respect to readers with a "print disability" (Part V Division 3) and readers with an intellectual disability (Part V Division 4). The statutory licenses in these cases are restricted to institutions that assist these readers, and this clearly reinforces their claim to be "special certain cases" within the first step of the three-step test.

By contrast, Article 5(3)(b) of the EC Directive does not require such uses to be subject to equitable remuneration, providing that uses, "for the benefit of people with a disability, which are directly related to the disability and of a non-commercial nature, to the extent required by the specific disability." This is potentially much wider than the Australian provisions, in that it covers uses of all relevant rights (the Australian provisions are limited to reproduction and communication), does not restrict the persons who may take advantage of the exception (under the Australian provisions, the exceptions are limited to institutions assisting such persons) and the nature of the disability is not defined (the Australian provisions are limited to readers with a print (visual) or intellectual disability. Thus, the first step of the three-step test may not be satisfied here.

The same may be true of the second step. While Article 5(3)(b) is limited to uses that are directly related to the disability and that are of a "non-commercial nature," these relate only to the user, and do not take account of the fact that such uses may nonetheless affect the normal exploitation of the work by the author/copyright owner, e.g., the latter may be deprived of the opportunity of authorizing the preparation of special editions for these classes of readers. Clearly, non-economic normative considerations are relevant here, and the fact that the exceptions are to be "for the benefit of people with a disability" and are to be only "to the extent required by the disability" may swing the balance the other way. Nonetheless, if is thought that the second step can be satisfied by reference to these non-economic normative considerations, on the basis that this is not really a market that the author/copyright owner should be able to exploit, the problem of the third step remains. This must be an instance where the prejudice of unremunerated free use will be unreasonable to the legitimate interests of the author: not only will economic interests be impeached, but it is also possible that moral rights interests will be as well, for example, if a usage distorts the work or fails to identify the author. In this respect, the Australian provisions are more consistent with the third step, in that they require remuneration and do not derogate from moral rights protections.

It would be unfair, however, to conclude discussion of Article 5(3)(b) at this point, without reference to the overriding requirement in Article 5(5) that requires application of the three-step test to any uses that are the subject of exceptions under the preceding provisions. All that can be said, then, is that Article 5(3)(b) does not, in itself, meet the requirements of the three-step test, but that this will need to be done in any event by EC countries by virtue of Article 5(5). In this regard, therefore, Article 5(3)(b) is only the starting point or gateway for consideration of exceptions in this area.

(f) News Reporting

This kind of usage is already covered to a large extent by Article 10*bis*(2) of Berne and it was suggested above that, under TRIPS, this cannot be made subject to the three-step test and likewise its scope cannot be reduced or expanded by the three-step test under the WCT. Nonetheless, it is possible that the three-step test in Article 10(1) of the WCT could be

applicable in the case of the new rights conferred under the WCT, in particular to communications to the public over the Internet. How, then, would the three-step test apply in such a case?

1. The nature of the use permitted and its scope would need to be clearly defined (first step).

2. To what extent would the uses conflict with uses that the right-holder might otherwise be expected to control, and what weight is to be given to the public benefit/informational nature of the usage (second step)? In this regard, it will be recalled that Article 10*bis*(2) imposes its own strict limitation: "to the extent justified by the informatory purpose."

3. Is the extent of usage allowed an unreasonable prejudice to the right-holder, given its public benefit character? In this regard, compensation may not be necessary, but the quoting of sources and attribution of authorship may be important conditions to ensure that any prejudice is kept within reasonable limits (third step). Such matters, however, are not expressly referred to in Article 10*bis*(2).

(g) Criticism and Review

This, again, is a matter that is dealt with in Article 10(1), but it was suggested above that the conditions in this provision substantially correspond to those of the three-step test.

1. The purpose of criticism and review is possibly defined in sufficiently clear terms, although some further precision may be helpful, for example, is the usage allowed for the purpose of criticizing or reviewing just that work, other works of the author, the general ideas or philosophy of the author and so on (first step)?

2. The amounts that may be taken may be significant in relation to the second step, but presumably the purpose of the use places a clear restriction here in any event (second step).

3. Such matters as the need to attribute source and authorship may prevent the use being an unreasonable prejudice to the legitimate interests of the right-holder (third step).

(h) Uses in the Digital Environment

New uses of works and other subject matter arise in the digital environment that could never have been contemplated in the pre-digital age. One of the primary objectives of the WCT and WPPT (sometimes referred to as the "Internet Treaties") was to meet this challenge, and in particular to provide for greater protection of authors and rights-holders in this new environment. By the same token, it was recognized that it was necessary to maintain a balance between these rights and the "larger public interest," particularly education, research and access to information.[146] As seen above, the provisions of the treaties dealing with the new right of communication to the public and technological measures are intended to address the concerns of rights holders. The question of limitations and the "larger pubic interest" in

[146] See the preambles to the WCT and the WPPT.

the digital environment, however, is more vexed, and depends upon the effect of the various agreed statements discussed above. In particular, the following issues arise:

1. Whether Article 9(1) of Berne is to be interpreted as applying to digital uses. The agreed statement to Article 1(4) of the WCT clearly indicates that this is so, but whether this forms part of the context of the WCT for the purposes of interpretation or whether it is simply a supplementary aid to interpretation pursuant to Article 32 of the *Vienna Convention* is unclear (see the discussion of this matter above).

2. On the assumption that Article 9(1) covers digital reproductions, clearly the three-step test under Article 9(2) will apply and will permit the extension of existing exceptions into the digital environment and/or the creation of new exceptions that apply in the digital environment alone. In this regard, the reference in the agreed statement to Article 10 of the WCT that these exceptions should be "appropriate" adds little, if anything, to the requirements of the three-step test, other than to highlight the point that digital uses may involve quite different consequences than do their counterparts in the real, hard copy environment.

3. The same considerations clearly apply in the case of the new WCT rights, in particular the right of communication to the public. The three-step test will apply here in the same way as it does to the reproduction right under Berne.

Some specific instances of digital uses, and the application of the three-step test to them, are considered briefly below.

(i) Transient Copying

This was one of the burning issues at the 1996 Diplomatic Conference in Geneva, and it will be recalled that no provision concerning temporary reproductions found its way into the text of the WCT. Accordingly, it remains a matter for national legislators to determine whether, and to what extent, they will provide for exceptions for this kind of reproduction in their laws. Under each of Berne, TRIPS and the WCT, such exceptions will be subject to the three-step test, with the slight modification in the case of TRIPS that moral rights concerns may be left aside. Issues to be determined, therefore, will be as follows:

1. Is this a "certain special case"? To what extent can the circumstances of the proposed use be defined and limited? In this regard, Article 5(1) of the EC Directive (see above) appears to provide a satisfactory guide; another model is Section 43A of the Australian *Copyright Act* 1968, which provides:

> "(1) The copyright in a work, or an adaptation of a work, is not infringed by making a temporary reproduction of the work or adaptation of the work or adaptation as part of the technical process of making or receiving a communication.
>
> "(2) Sub-Section (1) does not apply in relation to the making of a temporary reproduction of a work, or an adaptation of a work, as part of the technical process of making a communication if the communication is an infringement of copyright."

2. Is this a form of exploitation that belongs to the author/right -holder? In this regard, its transient and incidental character may point to the lack of any real economic conflict with the

normal exploitation of protected works, while the fact that it is an integral and necessary part of a larger process leading to a communication of a work may indicate that this is not something that the author/right-holder needs to control. As Section 43(2) of the Australian provision indicates, the exception will only come into play if the communication itself has been authorized.

3. If there are careful limits placed on the scope of the use, this may suggest that there is no unreasonable prejudice to the legitimate interests of the author/right-holder. Again, both the EC and Australian provisions contain strict limitations in this regard.

(j) Real Time Internet Streaming

The example of webcasting has been referred to above, with the comment that the communication of sounds (performances of musical and dramatic works and recitations of literary works) will need to satisfy the minor reservations doctrine under the Berne Convention, while other components of the communication (text and images) will fall within Article 10 of the WCT and the three-step test. Similar considerations arise where works are streamed in real time, whether in the form of sounds, images or text Whichever test is implicated, it is unlikely that streaming will meet the requirements of either. The communication will potentially be of the whole of the work in question, even if it is possible that the recipient may only listen to or view a portion of the work. There is nothing about such uses *per se* that suggests that they may be *de minimis*; likewise, it is difficult to see how they could satisfy the first, let alone the second and third steps, of the three-step test.

In so far as streaming may also implicate the reproduction right, where small parts of works are stored temporarily in the Random Access Memory (RAM) of a recipient's computer, it is likely that these will fall within the scope of transient copying referred to above and will therefore meet the requirements of the three-step test. However, it is worth noting the limitation contained in the relevant Australian provision (s 43A) in this regard: the exception only applies if the communication (the streaming) is authorized.

(k) Peer to Peer Sharing

This is another form of utilization that has become prominent with the examples of Napster and KaZaa, where works may be communicated across a network and reproductions made in a recipient's computer. Once again, it is difficult to see any justification that can be made for these uses under the three-step test. Any suggestion that such practices might be justified on the basis of "space shifting," and therefore fair use, was rejected by the US court in *A & M Records, Inc v Napster, Inc* 239 F 3d 1004 (9th Cir 2001). The real problem in such cases, in particular, with the diffused distribution model provided by KaZaa will be establishing the initial liability of the provider for contributory infringement or authorization of infringement, where the actual infringing acts (communication and reproduction) are carried out by individual subscribers.

TECHNOLOGICAL MEASURES

A final matter for consideration is the relationship between the obligation with respect to technological measures in Article 11 of the WCT and the provisions in the various conventions relating to limitations and exceptions. A similar provision appears in Article 18 of the WPPT. To what extent, if any, can measures adopted in furtherance of Articles 11 and 18 preclude users from relying upon limitations and exceptions that are otherwise allowable under any of the conventions that we have considered in this study?

Article 11 provides as follows:

> "Contracting Parties shall provide adequate legal protection and effective legal remedies against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention and that restrict acts, in respect of their works, which are not authorized by the authors concerned or permitted by law."

This is an entirely new kind of provision to be included in an international copyright agreement, requiring member states to take certain steps to prevent third parties circumventing technological measures that have been taken by authors to protect the exercise of their substantive rights. These measures could be of various kinds, from devices that prevent access to a work except on certain conditions, or copy-protection or other devices that restrict or prevent various infringing uses. Article 11 is drafted in broad terms and leaves a great deal to the discretion of member states.[147]

The inter-relationship between Article 11 (and 18) and limitations and exceptions to protection is a difficult and controversial one from the point of view of copyright policy. On the one hand, users of protected works argue that anti-circumvention measures should not be able to preclude users from doing what they are otherwise free to do under existing limitations and exceptions, e.g., in relation to such matters as research, criticism and review. On the other hand, authors and right-holders fear that limitations and exceptions in relation to their anti-circumvention measures may undermine the value of those measures, and that, in any event, the legitimate public interests involved may be adequately provided for in appropriate voluntary licensing arrangements.[148]

So far as international obligations under Articles 11 and 18 are concerned, the following can be said:

1. Contracting States must provide "adequate legal protection"[149] against the circumvention of "effective technological measures"[150] that are used by authors in connection with the exercise of their rights under the WCT or the Berne Convention (or by performers or phonogram producers under the WPPT, as the case may be). It seems clear that the rights referred to here are the exclusive rights provided under the WCT (distribution, rental and

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147 For detailed discussions of the Article, its background and comparative studies of national provisions with respect to such matters, see Ficsor, pp. 544 FF and Reinbothe and von Lewinski, pp. 135.

148 Reinbothe and von Lewinski, pp. 146.

149 On the meaning of this expression, see further *Ibid*, pp. 143.

150 See further *Ibid*, pp. 145.

communication to the public) and those rights that are specified in Articles 1-21 of Berne (both economic and moral rights). In the case of Article 18 of the WPPT, these will be the exclusive rights that are granted to performers and phonogram producers under that instrument. There is, of course, no obligation for Contracting States to require that authors and right-holders adopt such measures: the obligations under Articles 11 and 18 only come into operation when and where authors and right-holders have elected to do so.

2. These "effective technological measures" must restrict "acts, in respect of their works [performances or phonograms], which are not authorized by the authors concerned [or performers or phonogram producers] or permitted by law." The "acts" restricted here will be those of circumvention, which appear to fall into two broad categories: those restricting access to a work, performance or phonogram, and those which restrict the carrying of certain acts, e.g., the making of reproductions, in relation to the work, performance or phonogram.[151]

3. The obligations under Articles 11 and 18 to provide protection against these acts do not apply where they are authorized by the author [performer or phonogram producer] or are "permitted by law." The first of these qualifications should pose no difficulty, although it may be difficult to envisage situations where national laws may provide protection in cases where the act of circumvention has been authorized by the author, performer or phonogram producer.

4. The second qualification is also clear, although limited in its effect. The words "permitted by law" appear to refer to national laws and therefore indicate that particular circumvention activities may be allowed by the law of the Contracting State in question. However, this does not mandate that any particular exceptions or limitations to anti-circumvention protection must be provided for under that law, for instance, that exceptions must be made where access or copying is needed for national security and intelligence gathering purposes, or for library or educational purposes. Whether exceptions or limitations are provided under national laws to the protective measures required by Articles 11 and 18 is therefore a matter entirely within the Contracting State's discretion.[152]

5. With one exception (see below), it is also not possible to spell out any general obligations concerning limitations and exceptions from the various provisions of any of the conventions that we have considered in this study. As we have seen above, the bulk of these limitations and exceptions are of a permissive character, and there is no requirement for Contracting States to apply them: it is only where they do so that they must comply with the various conditions contained in the relevant provision or provisions. Accordingly, there can be no obligation on such states to apply these limitations or exceptions to any anti-circumvention measures they adopt pursuant to Articles 11 and 18. They may decide to adopt only some, or even none, of the limitations and exceptions provided for in these

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151 See further Ficsor, pp. 548. Ficsor suggests that these Articles apply as much in the physical, off-line environment as in the digital environment, although obviously their principal application will be in the latter.

152 This has been dealt with in different ways by various national laws, e.g., see the elaborate provisions in US law, introduced by the *Digital Millenium Copyright Act* 1998, now in *Copyright Act* 1976, Section1201(d) (non-profit libraries, archives and educational institutions), (e) (law enforcement, intelligence and other governmental activities), (f) (reverse engineering), (g) (encryption research); EC *Information Society Directive*, Article 6(4); and the Australian *Copyright Act* 1968, Section116A(2)-(7). See further the discussion in Ficsor, pp. 557 ff.

conventions; they are also free, as has happened in many national laws, to devise other kinds of limitations and exceptions that are not contained in these conventions. An interesting formulation is that in Article 6(4) of the EC Directive, which requires Member States, in the absence of voluntary measures taken by right-holders, including agreements between right-holders and other parties concerned,

> "to take appropriate measures to ensure that right-holders make available to the beneficiary of an exception or limitation provided for in national law in accordance with Article 5(2)(a) [photocopying], 2(c) [libraries, educational establishments, museums, archives], 2(d) [ephemeral recordings made by broadcasting organizations], 3(a) [illustration for purposes of teaching and scientific research], 3(b) [persons with a disability] or 3(e) [public security and reporting of administrative, parliamentary or judicial proceedings] the means of benefiting from that exception or limitation, to the extent necessary to benefit from that exception and where that beneficiary has legal access to the protected work or subject-matter concerned."

A proviso to this Article also allows for Member States to take similar measures with respect to exceptions or limitations under Article 5(2)(b) (private copying), subject to certain conditions.

6. Nonetheless, there is one Berne provision that is of a mandatory character, and that may pose problems so far as Article 11 of the WCT is concerned. This is Article 10(1) which deals with the making of quotations from works that have been "lawfully made available." Under Article 1(4) of the WCT, Contracting States are obliged to adopt such an exception, whether or not they are Berne members. Accordingly, anti-circumvention measures may cut across this exception, where the effect of such measures is either to deny users access to the works protected for the purpose of making quotations or is to prevent them from making the necessary reproduction or dissemination of the quotation. Is it therefore necessary for national laws to allow such an exception to any anti-circumvention measures that they adopt? In this regard, it is worth noting that none of the national and regional laws referred to above do so.

7. The answer to the question posed in the preceding paragraph turns upon the meaning and scope of the words "a work which has already been lawfully made available" that are used in Article 10(1). These were clearly formulated in the pre-digital era when works were only made available in hard copy formats to users who could then access and use them without the copyright owner being able to impose any physical or technical limitations upon what the user could do. If anything, at this stage, the balance ran in favor of the user, although the formulation of provisions such as Article 10(1) sought to place legal limitations upon what the user could do. In the digital environment, however, the balance is potentially shifted sharply the other way, in favor of the copyright owner, if the latter can apply effective technological measures to deny protection completely, except on conditions that the owner specifies. However, the words "lawfully made available" in Article 10(1) pose a problem here: a work made available in a digital protected format is just as much lawfully made available as a work in a traditional hard copy format, even if the owner then imposes a veto on what users and other third parties may do with that version.

8. These considerations lead to the conclusion that the obligation in Article 11 of the WCT to provide for anti-circumvention protection must make allowance for the exercise of rights of quotation by third parties under Article 10(1) of Berne. Clearly, if a work has already been made available in hard-copy analog form, it will be possible for such rights to be exercised,

even if it cannot be done in relation to a digital version protected by an effective technological protection measure. (It can be said that a copyright owner is not required to unlock the back storeroom if there are already copies out on the shelves in the shop). On the other hand, if a work is only available in a digital protected format, with no provision for the making of quotations other than on the terms specified by the right-holder, the effect of this will be to deny the exception under Article 10(1) altogether. This will obviously have far-reaching consequences into the future as more and more works become available in digital protected formats only. The result would be that the only exception specifically mandated under the Berne Convention would be effectively neutralized in the digital environment.

9. If the arguments outlined in the preceding paragraph are accepted, it is submitted that national legislators could proceed in one of two ways:

(i) To bring rights of quotation within the scope of a general provision such as Article 6(4) of the Europe Community Directive; or

(ii) To provide that the exception *does not or need not* apply to digital protected version so long as analog versions of the work are available,[153] but that such an exception *must be* provided in cases where a work is only available in digital protected formats.

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[153] A formulation that is used in the Australian legislation, albeit in different contexts, is that "a copy (not being a second-hand copy) of the work cannot be obtained within a reasonable time at an ordinary commercial price)": see, for example,Section49(5)(b) (in relation to the making of reproductions by libraries and archives).