

## Standing Committee on the Law of Patents

**Twentieth Session**  
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### EXCEPTIONS AND LIMITATIONS TO PATENT RIGHTS: USE OF ARTICLES ON FOREIGN VESSELS, AIRCRAFTS AND LAND VEHICLES

*Document prepared by the Secretariat*

#### INTRODUCTION

1. At its nineteenth session, held from February 25 to 28, 2013, the Standing Committee on the Law of Patents (SCP) agreed that, in relation to the topic “exceptions and limitations to patent rights”, the Secretariat would prepare, *inter alia*, a document, based on input received from Member States, on how the following five exceptions and limitations are implemented in Member States, without evaluating the effectiveness of those exceptions and limitations: private and/or non-commercial use; experimental use and/or scientific research; preparation of medicines; prior use; use of articles on foreign vessels, aircrafts and land vehicles. The document should also cover practical challenges encountered by Member States in implementing them.
2. Pursuant to the above decision, the Secretariat invited, through Note C.8261, Member States and Regional Patent Offices to submit information to the International Bureau additional to, or updating, the information contained in their responses to the questionnaire on exceptions and limitations to patent rights (hereafter “the questionnaire”) on the above five exceptions and limitations. In addition, Member States and Regional Patent Offices that had not yet submitted their responses to the questionnaire were invited to do so.
3. Accordingly, this document provides information on how exceptions and/or limitations related to use of articles on foreign vessel, aircrafts and land vehicles have been implemented in Member States. The document aims at providing a comprehensive and comparative overview of the implementation of an exception and/or limitation related to this subject under the applicable laws of Member States. Reference is made to the original responses submitted by the Member States and a regional patent office to clarify the scope of the exception in a particular jurisdiction. The questionnaire as well as the responses received from Member States are available in full on the website of the SCP electronic forum at:

<http://www.wipo.int/scp/en/exceptions/>. With a view to assisting easier access to the information contained in the responses, the website presents all responses in a matrix format with hyperlinks to each section in each response.

4. The document consists of three Sections: (i) Public Policy Objectives for Providing the Exception; (ii) The Applicable Law and the Scope of the Exception; and (iii) Implementation Challenges.

5. The following Member States and a Regional Patent Office indicated that their applicable laws provided for exceptions and/or limitations related to use of articles on foreign vessels, aircrafts and land vehicles: Albania, Algeria, Armenia, Australia, Austria, Azerbaijan, Bhutan, Bosnia and Herzegovina, Brazil, Bulgaria, Burkina Faso, Canada, China, Chile, Costa Rica, Croatia, Czech Republic, Democratic People's Republic of Korea, Denmark, El Salvador, Finland, France, Gambia, Georgia, Germany, Greece, Hong Kong (China), Hungary, Israel, Japan, Kenya, Kyrgyzstan, Latvia, Lithuania, Madagascar, Mexico, Morocco, Netherlands, New Zealand, Norway, Oman, Pakistan, Peru, Philippines, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Sao Tome and Principe, Serbia, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tajikistan, Thailand, Turkey, Uganda, Ukraine, United Kingdom, United Republic of Tanzania, United States of America, Viet Nam, Zambia, Zimbabwe and the Eurasian Patent Office (EAPO) (70 in total).

## **PUBLIC POLICY OBJECTIVES FOR PROVIDING THE EXCEPTION**

6. Many Member States stated that the objectives for the provision of the exception in their applicable laws were to ensure, in general, that the operation of international transportation is not impeded due to patent rights, and to implement obligations under Article 5*ter* of the Paris Convention for the Protection of Industrial Property (Paris Convention).<sup>1</sup> Some other Member States only referred to the above obligations under the Paris Convention.<sup>2</sup> Yet, some responses referred to obligations under other international treaties. For example, the response from Pakistan noted that the exception aimed at, *inter alia*, "meeting obligations under the TRIPS", and in the Kyrgyz Republic to complying with "obligations of the Kyrgyz Republic resulting from signing of international agreements".<sup>3</sup> In addition, the response from Portugal referred to "international treaties such as the Convention on International Civil Aviation signed on December 7, 1944".<sup>4</sup> Further, the response from Albania noted that "Law 9947 dated 07.08.2008 on Industrial Property is approximated with EPC 2000 and EU directives concerning

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<sup>1</sup> For example, following public policy objectives of the exception were stated in the responses of Member States: Canada: "respecting the sovereign rights of nations over their own intellectual property laws and ensuring that movement of foreign ships, etc is not impeded by threat of patent infringement and respecting our international obligations under the Paris Convention for the Protection of Industrial Property"; China: "to ensure free international transportation, and is in conformity with international practices and with the relevant provisions in the Paris Convention"; Gambia: "[t]o mitigate against the harsh application of patent rights against foreign vessels, aircraft or vehicles."; Germany: "[...] to protect international traffic from impairments which might result from claiming patent rights"; Netherlands: "smooth running of international traffic"; Mexico: "the Mexican State guarantees the operation of international transport"; Norway: "to ensure that patent rights do not obstruct international transport"; Romania: "The protection of the international traffic from claiming patent rights is envisaged."; Spain: "to facilitate the free transit of international means of transportation, without being constrained by the existence of patent rights in force"; United Kingdom: "The movement of foreign vessels, etc, should not be hindered by the threat of patent infringement"; and Vietnam: "For maintaining the operation of foreign means of transport in transit or temporarily staying in the Vietnamese territory".

<sup>2</sup> For example, see the responses from Australia, Brazil, Denmark, Japan, Latvia, New Zealand, the Russian Federation, Switzerland, Turkey and EAPO.

<sup>3</sup> Similar responses were provided by Sri Lanka, Republic of Moldova and Zimbabwe.

<sup>4</sup> In addition, it was added that "This exception was introduced in the Portuguese statutory law in 1995 as a result of Portugal's accession to the EU and subsequent ratification of International Treaties and Conventions, such as the Munich Convention. Harmonization with article 5*ter* of the Paris Convention was intended."

inventions”. In the response from Hong Kong, China, reference was made to the laws of other jurisdictions, in particular, Section 42 of the Irish Patents Act 1992, in formulating the exception.

7. Further, noting that the exception was based on Article 5*ter* of the Paris Convention, the response from the Republic of Korea explained that “[e]ven though the working of transportation methods infringes the rights of a patentee, damage which vessels, aircraft or vehicles merely passing through the Republic of Korea would do to a patentee is, if any, little, since such transportation methods just pass through the country in a short time. If such transportation methods are banned from passing through Korea, it would raise a critical problem in the international transportation system.”

8. In the response from Hungary, it was stated that “[t]his exception is connected to the territoriality of patent rights. Those goods in transit that are not intended to be put on the market in Hungary do not enter the territory of Hungary.” Similarly, the response from Chile, noting that “[t]he basis of this exception is the same as for the treaties where it is established”, stated that “[t]his exception seeks not to limit the transfer of goods and services that are not intended for trade in the country in question.”

9. Some other Member States referred to a balance between interests of the patentee and the public. For example, in Kenya “[t]o ensure a balance between the rights of the patentee and the public interest.”; in the Kyrgyz Republic, the objective was, *inter alia*, “observance of balance between the interests of patent owner and the whole community aiming at development.”; and in the United States of America “to achieve an appropriate balance of rights”.

10. In addition, the response from Pakistan stated that the exception is intended *inter alia* to “foster creativity and research”.

## THE APPLICABLE LAW AND THE SCOPE OF THE EXCEPTION

11. Sixty-five Member States reported their laws that provided for exceptions and/or limitations related to the use of articles on foreign vessels, aircrafts and land vehicles. In El Salvador, such exception was not expressly contained in its Intellectual Property Law. However it was considered that the “free transfer of the subject matter which contains patented elements cannot be obstructed”. While noting that their applicable laws did not contain a specific provision on that exception, three Member States, namely, Chile, Costa Rica and Brazil, stated that Article 5*ter* of the Paris Convention applied in their jurisdictions. In addition, the response from Chile made a reference to Article 27 of the Convention on International Civil Aviation of December 7, 1944 (Chicago Convention), to which the country was a party.

12. The wording of the relevant provisions applied in the laws of many countries was largely similar and reflected Article 5*ter* of the Paris Convention.<sup>5</sup> Thus, in general, most Member States’ applicable provisions stated that the effect of a patent did not extend to the use of patented inventions on the body of foreign vessels, and to the use of patented inventions in the construction or operation of aircrafts and land vehicles entering their territories temporarily or accidentally, provided such inventions are used there exclusively for the needs of those means of transportation. Some laws specifically mentioned the places where such patented inventions may be employed by stating, for example, “in the body of such a ship or in its machinery, tackle, apparatus or other accessories” or “in the construction or operation of aircraft or land vehicles”.<sup>6</sup>

<sup>5</sup> See, for example, Albania, Australia, Czech Republic, Germany and Israel.

<sup>6</sup> See, for example, Article 54 of the Patent Act of the Netherlands; Article 18(1)(a) of the Patent Act of Slovakia; Article 52.1 of the Law on Patents of Spain; Section 71 of the Patent Act of South Africa; Section 60(5) of the Patents Act of the United Kingdom; and Section 9 of the Patent Act of Zambia.

13. While the exception applied in relation to vessels, aircraft and land vehicles in most of the Member States, in about one third of the countries, the exception applied also to spacecraft.<sup>7</sup> French Intellectual Property Code contained a specific provision related to the use of a patented invention in a spacecraft which stated that “the rights conferred by the patent shall not extend to the objects intended to be launched in the extra-atmospheric space introduced onto French territory”.<sup>8</sup> In Japan, the exception applied in relation to vessels and aircraft. The laws of Hong Kong, China and the United Kingdom applied this exception in relation to “hovercraft” as well.<sup>9</sup>

*Country of registration of the means of transportation*

14. Some Member States’ laws stipulate that the exception applies to means of transportation registered in any other country, while some other countries’ laws make specific references to means of transportation registered in Member States parties to the Paris Convention and/or WTO. As an example of the former, the Patent Act of South Africa provides that “[f]or the purposes of this section, vessels and aircraft shall be deemed to be vessels and aircraft of the country in which they are registered, and land vehicles shall be deemed to be vehicles of the country within which the owners are ordinarily resident”.<sup>10</sup> And as an example of the latter, Section 75(d) of the Patent Ordinance of Hong Kong, China provides that “the right of a patent shall not extend to the use of the invention which is the subject of the patent - (i) on board vessels registered in any of the Paris Convention countries or WTO member countries, territories or areas, other than Hong Kong, China; [...]”.<sup>11</sup>

*Interpretation of the terms “temporal and/or accidental”, “in transit” and “exclusively for the needs”*

15. In most of the Member States, the scope of the exception was limited to “temporal and/or accidental” entries of foreign means of transportation into their national territories. Only a few countries’ responses provided interpretation or definitions of those terms. In the responses from Canada and Hong Kong, China, it was noted that the ordinary meaning of the words should be used. In China, such exception applied only to any foreign means of transportation that temporarily passed through its territory, where the term “temporarily” implied the fact that such a means of transportation was not operating in that country on a permanent basis. They included provisional entries, i.e., entries on a regular basis, and accidental passes, i.e., passes through its territory due to special circumstances, such as ships entering China’s harbor to avoid a storm, or planes’ forced landing at China’s airport due to bad weather conditions. Similarly, the explanation from the Russian Federation clarified that “temporary” means “in transit”, “or when transporting internationally, in tourism. In other words, these are recurring visits.”, whereas “accidental visit” means a temporary situation “caused by losing one’s way or a natural disaster, which frequently results in an emergency landing of an aircraft, for instance”.

16. In addition, in the United Kingdom, the court has ruled on the meaning of the word “temporarily” according to which the “primary purpose of the word was to distinguish between

<sup>7</sup> These Member States are: Albania, Algeria, Armenia, Australia, Brazil, Bulgaria, Burkina Faso, China, Denmark, El Salvador, Finland, France, Hungary, Kyrgyz Republic, Latvia, Madagascar, Oman, Poland, Sri Lanka, Sweden, Switzerland, and Vietnam.

<sup>8</sup> Article L613-5(e) of the French Intellectual Property Code.

<sup>9</sup> Section 75(f) of the Patents Ordinance of Hong Kong, China and Section 60(7) of the Patents Act of the United Kingdom.

<sup>10</sup> Section 71 of the Patent Act of South Africa. See also Section 181 of Israel Patent Law, Article 1359 of the Civil Code of the Russian Federation.

<sup>11</sup> See also Article 102 of the Industrial Property Code of Portugal; Article 67 of the Patent Act of Croatia; Section 18(a)(b) of the Patent Act of Czech Republic; Article 55 of Law No. 17-97 on the Protection of Industrial Property of Morocco; Article 18(1)(a) of the Patent Act of Slovakia; Article 24 of the Law on Patents of Serbia; and Section 60(7) of the Patents Act of the United Kingdom.

vessels which were engaged in essentially internal operations, and those which travelled between countries". Since "the intention for the vessel was to enter and then leave its territorial waters, and the fact that each crossing was repeated frequently did not alter the fact that each entry into its waters was designed to be short-lived".<sup>12</sup> In the United States of America, the court interpreted the phrase "entering temporarily" as meaning "entering for a period of time of finite duration with the sole purpose of engaging in international commerce."<sup>13</sup> Thus, it was explained that a vessel, aircraft or vehicle entering to unload foreign goods and/or to load domestic goods destined for foreign markets was considered as entering "temporarily". In the Russian Federation, owing to the fact that Russian airlines often lease aircraft belonging to companies from other States for freight and passenger transportation, a legal question as to whether the exception extends to leased aircraft which incorporate a patented invention was raised. It was responded that "[o]bviously, the decisive factor in this case is the aircraft's country of registration, and not the nationality of its owner [...]. And in this case, general rules on prohibiting the use in civil circulation of articles which incorporate inventions patented in Russia without the permission of the patent holder, should apply. Where said prohibition is infringed, the aircraft lessor shall be subject to the provisions on liability for patent infringement". It was further explained that "[a]n aircraft leased for passenger transportation in this case is clearly not accidentally in Russia, and the lease term is not evidence that it is on the Russian territory 'temporarily' in the sense defined by the Paris Convention."

17. Some other Member States' laws applied other terms to define the scope of the exception. For example, the Patent Act of Hungary provides that the exception applies with respect to means of communication and transport which are "in transit" in the territory of Hungary or to "foreign goods which are not intended to be put on the market" in the country.<sup>14</sup> Similarly, in Mexico, the exception applies in relation to the use of the patented invention in "vehicles of other countries that form part thereof", where such vehicles are "in transit" in its territory.<sup>15</sup> In Japan and the Republic of Korea, patent rights are not effective against means of transportation<sup>16</sup> "merely passing" through their territories, neither are they effective against machines, apparatus, equipment nor other products used therefor. Finally, the Swedish Patents Act provides that the exception applies to the use of the invention on a foreign means of transport for its own needs, when it "temporarily" enters Sweden "in regular traffic or otherwise".<sup>17</sup>

18. In most of the countries which provided this exception, the use of the invention shall be "exclusively" for or "limited" to the needs of the vessels, aircraft, land vehicles and spacecraft. In some other countries, such use shall be "for actual needs" of the specified means of transportation.<sup>18</sup> The response to the questionnaire from the Russian Federation, underlying that such use shall be "exclusively for the needs of" the transportation in question, explained that "actions such as production on board of a vessel of any products or devices covered by the patent, for example, where such products and devices are not used for the needs of the vessel, and the production process itself may also be covered by the patent for the process, will be

<sup>12</sup> *Stena Aktiebolag v Irish Ferries Ltd* [2002] RPC 50 and [2003] RPC 36 CA. The case concerned a high-speed catamaran used to provide a regular ferry service between Eire and the UK, with three or four crossings being made each day. The vessel's home port was in Dublin, but it spent around three hours in UK territorial waters on each crossing. The vessel's superstructure was found to fall within the scope of the claimant's patent, and the claimant argued that the vessel's regular and frequent crossings took it outside the scope of s.60(5)(d) because 'temporarily' should be interpreted as 'on isolated occasions or casually'.

<sup>13</sup> *National Steel Car, Ltd. v. Canadian Pacific RY.*, 357 f.3d 1319 (2004).

<sup>14</sup> Article 21(5) of the Patent Act of Hungary.

<sup>15</sup> Article 22 of the Law on Industrial Property of Mexico.

<sup>16</sup> In Japan: vessels and aircrafts; in the Republic of Korea: vessels, aircrafts or vehicles. See Article 69(2)(i) of the Japanese Patent Act, or Article 96(1) of the Korean Patent Act.

<sup>17</sup> Article 5 of the Swedish Patents Act.

<sup>18</sup> See, Article 69 of the Patent Law of China; Article 54 of the Patent Act of Netherlands; Section 79 of the Patents Act of New Zealand; Section 71 of the Patent Act of South Africa; Section 9 of the Patent Act of Zambia; and Section 81 of the Patents Act of Zimbabwe.

considered an infringement of exclusive rights. Similarly, the sale of the patented products on the board of a vessel will be deemed an infringement [...]. It is also an infringement of a patent if a vessel is used “as a floating hospital while temporarily moored in a port”, and surgical operations using surgical instruments covered by the scope of the patented claims are performed on board. It was also noted in the commentary from the Russian Federation that “manufacture, sale, and storage thereof for the purposes of introduction into civil circulation” is excluded from the scope of the exception. Similarly, in the response from China, it was stated that “the use of the patent under this provision covers the use of patented products or patented methods, but not the manufacture, offering to sell, or importation of patented products. In Georgia, the patented invention should not be used “for entrepreneurial purposes”.<sup>19</sup> In Canada, the use is further defined by specifying that it is “not so used for the manufacture of any goods to be sold within or exported from Canada.”<sup>20</sup>

#### *Requirement of reciprocity*

19. Some Member States’ laws provided that the exception applied on a reciprocal basis, i.e., the foreign means of transportation should belong to a country according the same rights to the means of transportation registered in their respective country. For example, Article 13 of the Patent Law of the Kyrgyz Republic provides “[s]uch actions shall not be considered as an infringement of the exclusive right of the patent owner if transport facilities belong to natural persons or legal entities of the countries that provide the same rights to the owners of transport facilities of the Kyrgyz Republic.” While a similar requirement exists in the applicable laws of many countries,<sup>21</sup> according to the patent laws of Finland and Sweden, the “corresponding privileges” from foreign countries may be required only in relation to aircraft.<sup>22</sup> In China, the exception applies with respect to any foreign means of transportation that temporarily passes through its territory and the relevant patent is used in the devices and installations for its own needs, “in accordance with the agreement concluded between the country it belong to and China, or in accordance with any international treaty to which both countries have acceded, or on the principle of mutual benefit”.

#### *Importation of spare parts and accessories for aircrafts*

20. In addition, a few Member States’ national laws allowed the importation of spare parts and accessories for aircrafts without being subject to infringement claims to meet the obligations under Article 27 of the Convention on International Civil Aviation of December 7, 1944 (Chicago Convention).<sup>23</sup> In particular, in those countries, notwithstanding the existence of a patent, spare parts and accessories could be imported into their countries, stored and used for the repair of an aircraft from a foreign country. In that regard, the Norwegian Patents Act provides “Notwithstanding any granted patent, spare parts and accessories for aircraft may be imported into Norway and used in Norway for the repair of aircraft registered in a foreign state that is a party to the [...] Chicago Convention and that is either a party to the Paris Convention [...], or has patent legislation that recognizes inventions made by nationals of another state that

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<sup>19</sup> Article 52(C) of the Patent Law of Georgia.

<sup>20</sup> Section 23 of the Patent Act of Canada.

<sup>21</sup> See also Article 17(4) of the Law on Inventions, Utility Models and Industrial Designs of Armenia; Article 23 of the Law on Patent of Azerbaijan; Article 21(5) of the Patent Act of Hungary; Article 1359 of the Civil Code of the Russian Federation; Section 35 of the United States Code 272.

<sup>22</sup> Section 5(1) of the Patent Act of Finland and Article 5 of the Swedish Patents Act.

<sup>23</sup> Article 54 of the Patent Act of the Netherlands; Section 101 of the Regulations to the Norwegian Patents Act; Article 102 of the Industrial Property Code of Portugal; Article 75(e) of the Turkish Patent Decree Law; and Section 60(5)(d)-(f) of the Patents Act of the United Kingdom. In Hong Kong China, “This provision only applies where the Central People’s Government of China has made a declaration with a view to the fulfillment of the provisions in the Chicago Convention.” See Section 75(f) of the Patents Ordinance of Hong Kong China.

is a party to the Chicago Convention and that provides such inventions with a level of protection that is essentially in conformity with the protection provided under the Paris Convention.”<sup>24</sup>

*Other criteria*

21. In addition, in relation to other criteria to be applied in determining the scope of the exception, the response from the Republic of Moldova cited Article 22(2) of the Law 50/2008 on the Protection of Inventions, which stated that “use shall be allowed, provided that it does not unreasonably conflict with a normal use of the patented invention and does not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties. In the contrary case, the patent owner is entitled to an adequate compensation for the injury suffered because of the unauthorized exploitation of the invention.”

**IMPLEMENTATION CHALLENGES**

22. Nearly all Member States providing for the exception considered that the applicable legal framework of the exception was adequate to meet the objectives sought, and there was no plan to amend it. In El Salvador, the introduction of an explicit provision regarding this exception in its Intellectual Property Law is envisaged. The response from Pakistan stated that the exception was “presumed to be adequate”, while noting that it was never invoked.

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<sup>24</sup> Section 101 of the Regulations to the Norwegian Patents Act.