A general ‘fair use clause’ – a workable concept in patent law?

Geertrui Van Overwalle
Centre for Intellectual Property Rights, Faculty of Law
University of Leuven, Belgium

Journey of a patent scholar in copyright territory
With thanks to Gert Matthijs

Genae Girard, 39, is suing Myriad Genetics and the Patent Office over the granting of a patent on a gene.
Myriad also has patented the only test that measures the risk of breast and ovarian cancer.
May 19, 2009
Outline

• The problem – a remedy

• Current limitation regimes
  – Fair use in US copyright law
  – Exceptions in European patent law

• Introducing fair use in European patent law
  – Theoretical perspective
  – Practical application in the Myriad case

• Conclusion

The problem

• (Coming into) *Existence* of human gene patents?
  – Settled by legislature or/and case law – *not discussed here*

  Explosion of human gene patents!
  – Patent thickets and subsequent royalty stacking, *may* lead to tragedy of the anticommons; frustrating follow-on innovation
  – Various remedies have been suggested – *not discussed here*

• *Exercise* of patent rights related to genes/diagnostic tests!
  – Restrictive licensing behaviour + high license fees (2,400$/test) *may* have a blocking effect on innovation + hamper access to health care
  – Current patent tools (research exemption, compulsory licence) nor current competition law (abuse dominant position) offer suitable remedy against “unreasonable” behaviour. *Fair use?*
## A remedy: fair use?

Limitations to the rights of a rights' holder

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**Focus here: royalty free; not royalty bearing!**

## Fair use in US copyright law

- The **open** list approach in the US

  "In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

  1. "the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
  2. the nature of the copyrighted work;
  3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
  4. the effect of the use upon the potential market for or value of the copyrighted work"
Exceptions in European patent law

- The **closed** list approach in European patent law

  "The rights conferred by the Community patent shall not extend to:
  (a) acts done privately and for non-commercial purposes;
  (b) acts done for experimental purposes relating to the subject-
  matter of the patented invention"  [European Convention 1975]

- Application current closed list approach in the Myriad case

Fair use in patent law

- Legal basis
  - Safeguard “Social contract” [Hoffmann]
  - balance private interest / public interest
  - article 31 TRIPs, artt. 7,8 TRIPs

- Problems
  - Legal transplants
  - Defense
  - Infringement costs
Fair use in patent law

• Application in the Myriad case

  1. *the purpose and character of the use*
     the intent of the alleged infringer, in casu hospital/clinician:
     commercial: use = unfair; non commercial: use = fair
     uncertain

  2. *the nature of the patented invention*
     time, money and effort of the inventor/patent holder, in casu Myriad
     revolutionary invention: use = unfair; incremental invention: use = fair
     uncertain

  3. *the amount and substantiality of the portion used*
     type of use by alleged infringer, in casy clinician
     copy: use = unfair; transformative use: use = fair
     uncertain

  4. *the effect of the use upon the potential market of the invention*
     reasonable licence available: use = unfair; not available: use = fair
     uncertain

Conclusion

• Potential?
  – No added value to current European toolbox

• Future research: further explore horizontal transplants
  – Re-model four factors: compare 3-step test patent law with 4 factor test US copyright law
  – Design a more general, true fair use clause: lessons can be drawn from literature on 3-step test in copyright law
  – Examine application ‘misuse of rights’ doctrine
Final conclusion

Journey of a patent scholar in copyright territory

Italy, Garda, August 5, 2009