

**ATRIP Congress 2009
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**Fair use – a horizontal
issue in IP Law?**



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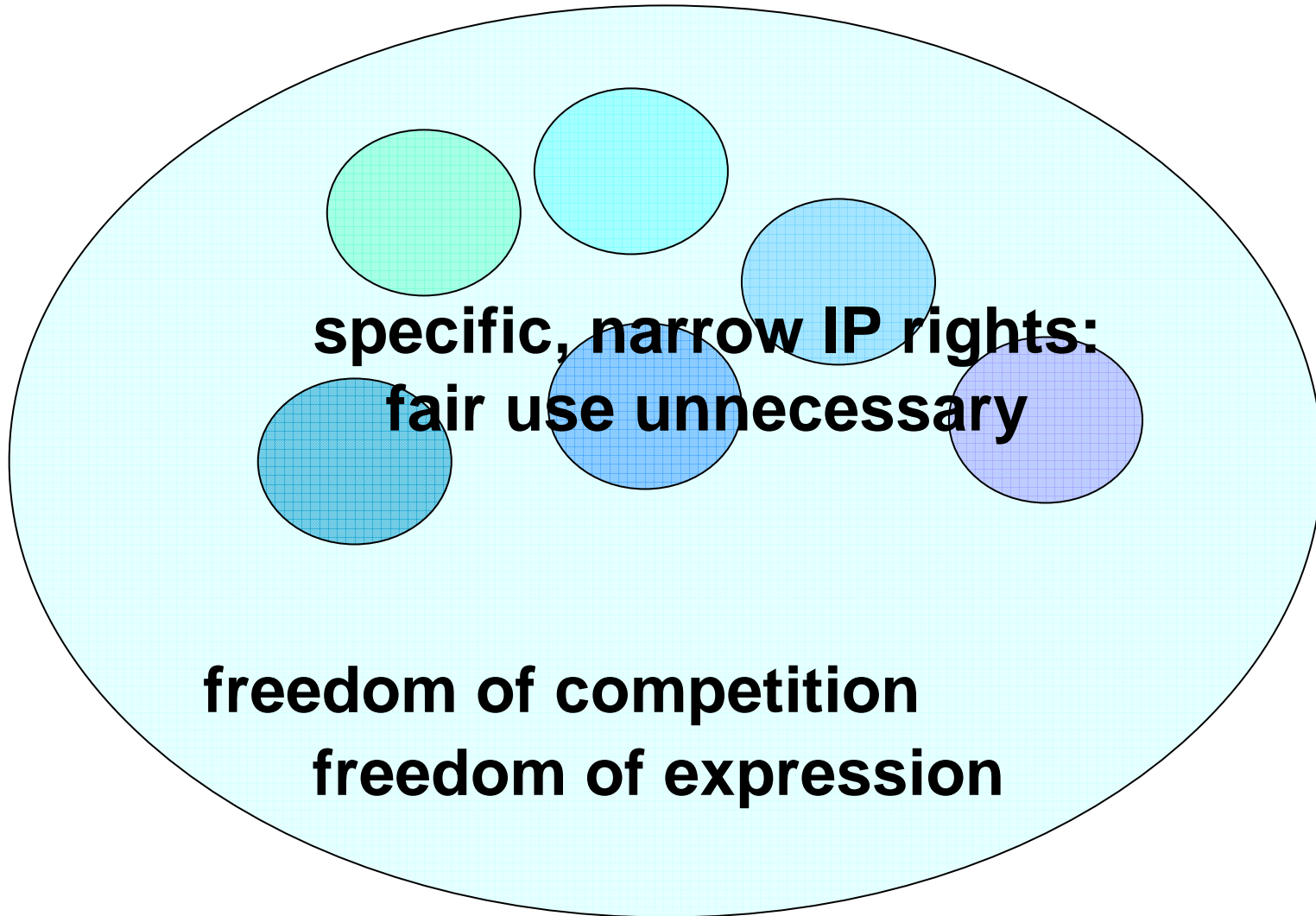
Why fair use?



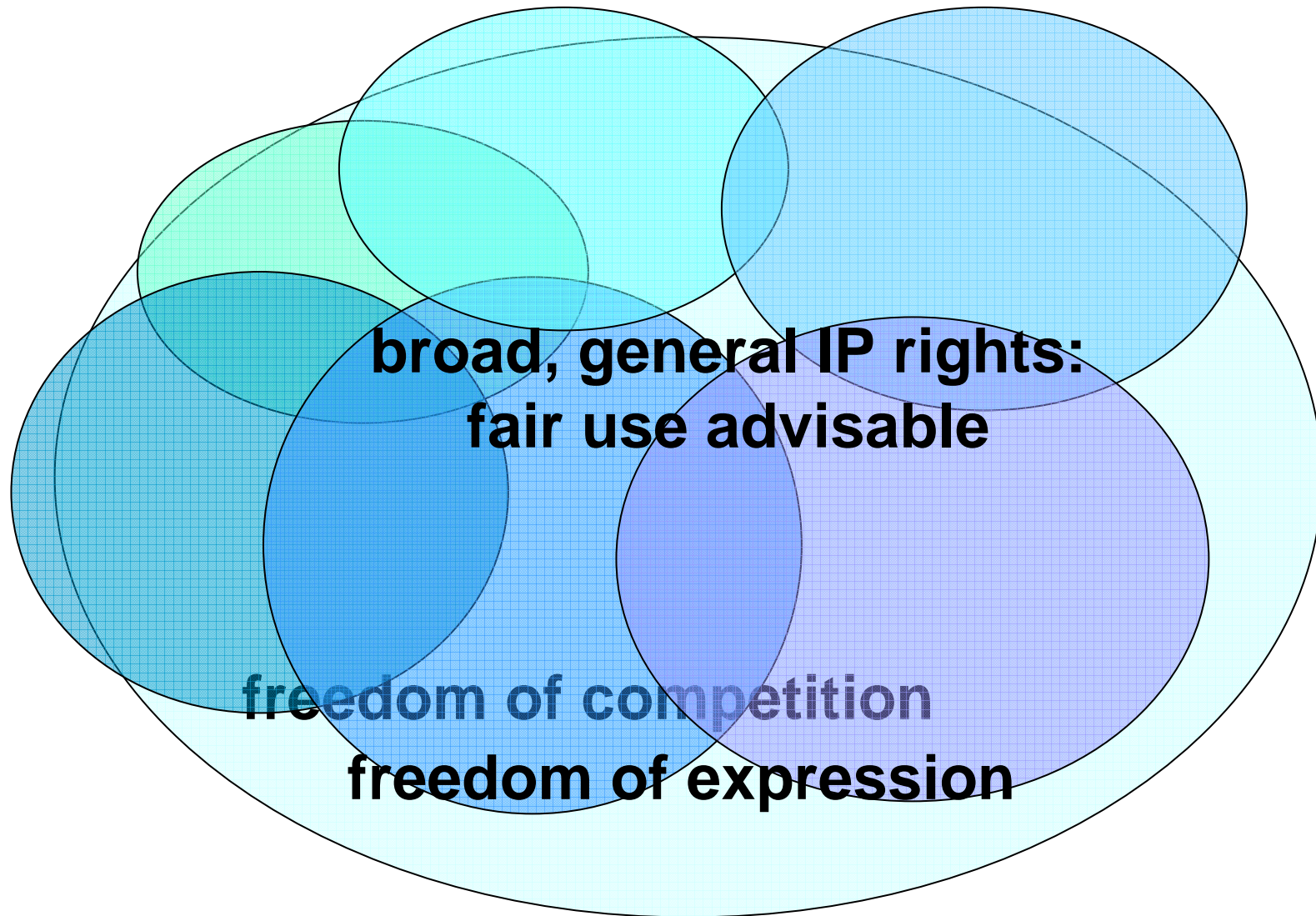
Theoretical groundwork

- freedom is the rule, protection is the exception (specific rights, broad limitations)
 - specific exclusive rights are granted to enhance the overall welfare of society
 - limitations need not be specific
- protection is the rule, freedom is the exception (broad rights, specific limitations)
 - comprehensive exclusive rights follow from the ‘very nature of things’
 - limitations are specific exceptions

Balance between rights and limitations



Balance between rights and limitations



Fast reaction to new technologies and new business models

mona lisa - Google Afbeeldingen - Windows Internet Explorer

http://images.google.nl/images?gbv=2&hl=nl&sa=1&q=mona+lisa&btnG=Afbeeldingen+zoeken&aq=f&soq=

File Edit View Favorites Tools Help

mona lisa - Google Afbeeldingen

Het internet Afbeeldingen Video's Maps Nieuws Discussiegroepen Gmail meer


Google afbeeldingen mona lisa Afbeeldingen zoeken [Geavanceerd zoeken naar afbeeldingen](#)
[Voorkeuren](#)


SafeSearch **Gemiddeld**


Afbeeldingen Weergeven: Elk formaat Elk type Alle kleuren Resultaten 1 - 18 van ongeveer 1.870.000 (0,05 seconden)


Mona Lisa [www.JustEat.nl](#) Bestel eenvoudig je eten online bij **Mona Lisa** **Mona lisa klok** [www.bestelklokken.nl](#) **Mona lisa klok bestellen? Speciale prijs: € 18.95** Gesponsorde links


Verwante zoekopdrachten: [laatste avondmaal](#)



Mona Lisa Theft Film in the
1024 x 768 - 157 kB - jpg
[fusedfilm.com](#)



Mona Lisa"
310 x 432 - 11 kB - jpg
[mijntweesprong.nl](#)



Mona Lisa
800 x 1143 - 217 kB
[creativityspot.com](#)



Mona Lisa Painting - Leonardo
386 x 600 - 212 kB - jpg
[artnewsblog.com](#)



That instead of Mona Lisa's we
398 x 291 - 34 kB
[perfumequeen.wordpress.com](#)



Mona Lisa smile secrets
267 x 354 - 56 kB - jpg
[renaissanceandart.blogspot...](#)



Pics: Mona Lisa on breast
500 x 355 - 26 kB - jpg
[plaktoz.com](#)



Mona Lisa
334 x 520 - 17 kB - jpg
[lainweb.org.nz](#)



Mona Lisa
743 x 1155 - 156 kB - jpg
[wyckoffschools.org](#)



Mona lisa met tabak Dosis
249 x 400 - 17 kB - jpg
[drugsinfoteam.nl](#)



de mona lisa
401 x 585 - 688 kB - bmp
[freewebs.com](#)



Mona lisa
383 x 580 - 28 kB - jpg
[bluesfreedom.com](#)



Før Etter
[mona-lisa](#)


kunstwerk als de Mona lisa
[mona-lisa](#)


Mona lisa - Leonardo da Vinci
[mona-lisa](#)


01 Mona lisa Duckmenta
[mona-lisa](#)


Mona lisa smile by da
[mona-lisa](#)


Evidence on Mona lisa Model
[mona-lisa](#)

start CDTracker Preparing Co... Inbox - Micro... mona lisa - Go... Dhaka 2009 - ... B2 Copyright ... Dhaka 2009 - ... 11:38

Slow reaction in case of specific exceptions

- Who controls the secondary market for search engines?
- Germany: quotation right confined to criticism and comment
 - Regional Court Hamburg, September 26, 2008: Google image search not covered
- Netherlands: broader quotation right including announcements
 - image search permissible under this standard?

Fast reaction in case of fair use

- US Court of Appeals for the Ninth Circuit
May 16, 2007, Perfect 10 vs. Amazon.com
‘...the significantly transformative nature of Google’s search engine, particularly in light of its public benefit, outweighs Google’s superseding and commercial uses of the thumbnails in this case. In reaching this conclusion, we note the importance of analyzing fair use flexibly in light of new circumstances.’



Copyright law



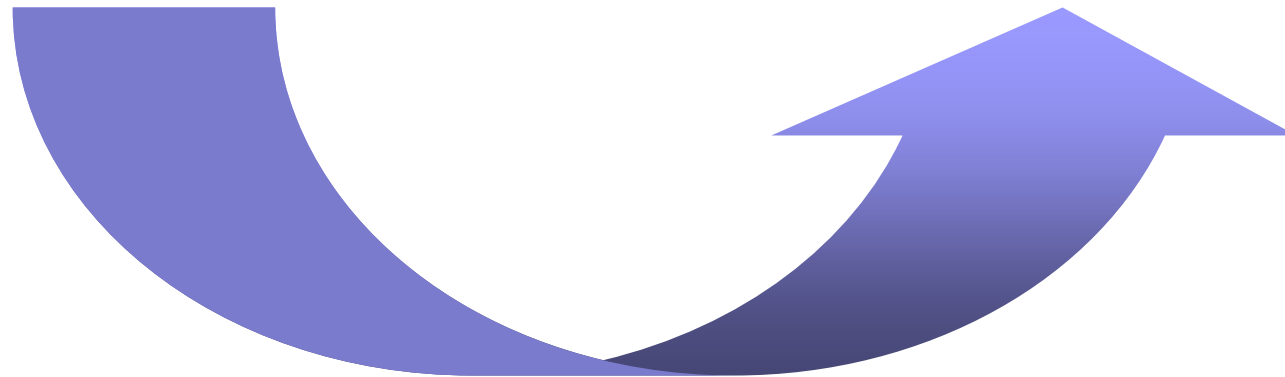
General right of reproduction

- ‘Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form.’ (Art. 9(1) BC)
 - ‘It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases...’ (Art. 9(2) BC)
- = counterbalanced by a flexible limitation

General right of communication to the public

Arts. 11(1)(ii),
11bis(1)(i) and (ii),
11ter(1)(ii), 14(1)(ii),
14bis(1) BC

Art. 8 WCT:
'authorizing any
communication to
the public...'



Communication to the public

- ‘...including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.’ (Art. 8 WCT)
 - ‘Contracting Parties may [...] provide for limitations of or exceptions to the rights granted to authors [...] under this Treaty in certain special cases...’ (Art. 10(1) WCT)
- = again counterbalanced by a flexible limitation

Agreed Statement Concerning Art. 10 WCT

‘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.’

National implementation?

- ‘certain special cases’ does not preclude fair use approach
- WTO Panel – Copyright 2000, para. 6.108:
‘However, there is no need to identify explicitly each and every possible situation to which the exception could apply, provided that the scope of the exception is known and particularised. This guarantees a sufficient degree of legal certainty.’



Legal traditions

Anglo-America (US)

- fair use doctrine
- open factors
- case-by-case approach (judge)
- flexibility
- quick reactions to new developments

Continental Europe

- statutory limitations
- fixed requirements
- closed catalogue of limitations (legislator)
- legal certainty
- slow reactions to new developments

EC legal framework (Art. 5(5) CD)

‘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 rightholder.’



EC legal framework

European Community = worst case scenario

- closed catalogue
- controlled by open factors
- no flexibility
- no legal certainty
- *very* slow reactions to new developments
- structural problem
- not only if three-step test in national law (+) (France)
- but also if three-step test in national law (-) (The Netherlands)

Economic (and social/cultural) risks

- insufficient breathing space for new online business models depending on limitations
- inflexible legal framework incapable of reacting adequately to current challenges (reconciliation of business models)
- promising economic potential of web 2.0 industries likely to be frustrated

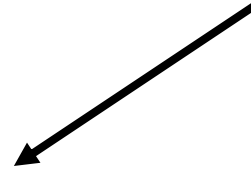


Proposal

**fair use defence
based on the
three-step test**

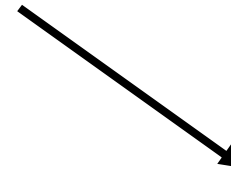


Implementation strategies



fair use clause
replacing specific
catalogue

(application
on the basis of
established case
law)



fair use clause
supplementing
specific catalogue

(safety net in case
of situations not
covered by specific
provisions)

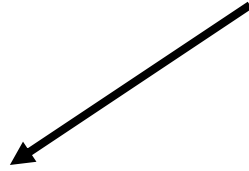
For the time being...

- Art. 5 CD can be understood as kind of a fair use provision
 - exceptions are delineated rather broadly
 - three-step test need not be construed restrictively
- Declaration on a Balanced Interpretation of the 'Three-Step Test' in Copyright Law (ATRIP 2008)

Patent law



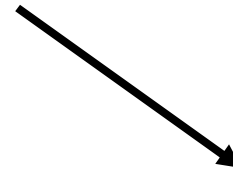
Broad rights (Art. 28 TRIPS)



product:

making,

using, offering for
sale, selling, or
importing



process:

using the process;

using, offering for
sale, selling, or
importing the
product directly
obtained



Different threshold requirements

- copyright law
 - flexible originality standard
 - inefficient filter necessitating fair use?
- patent law
 - novelty
 - inventive step
 - industrial applicability
 - efficient filter making fair use obsolete?

Nevertheless gradual expansion

- legislators
 - extension to new technologies
- offices
 - increasing filing and granting of patents
- courts
 - more liberal approach to patent validity



Fast reaction to new technologies and business models: 'biotech anti-commons'



Fair use in international patent law?

‘Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not **unreasonably** conflict with a normal exploitation of the patent and do not **unreasonably** prejudice the **legitimate** interests of the patent owner, taking account of the **legitimate** interests of third parties.’
(Art. 30 TRIPS)

Fair use in international patent law?

- precluded by the term ‘limited exceptions’?
‘...to connote a narrow exception – one which makes only a small diminution of the rights in question.’
(WTO Panel – Patents 2000, para. 7.30)
- decisive: curtailment of exclusive rights
- nevertheless: different legislative techniques possible
(WTO Panel – Copyright 2000, para. 6.108)

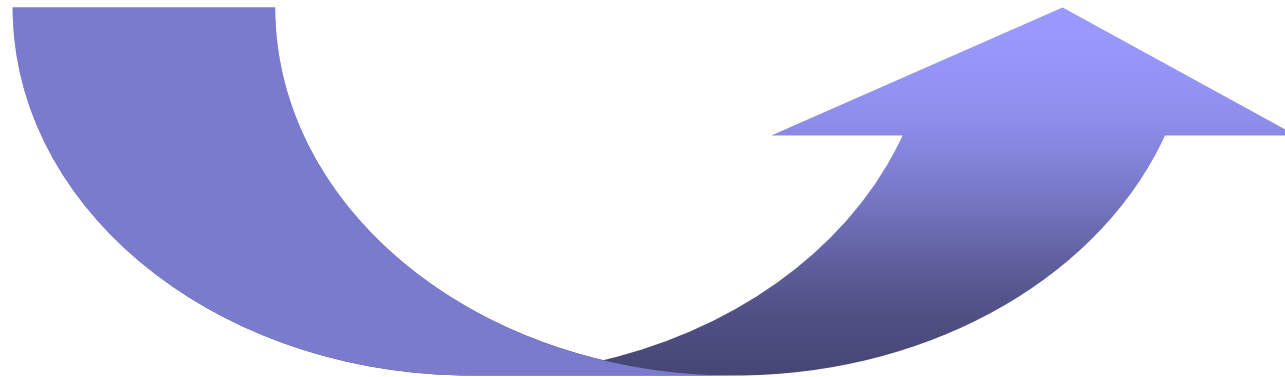
Fair use in international patent law?

- implied by the term ‘legitimate interests’?
‘...as a normative claim calling for protection of interests that are ‘justifiable’ in the sense that they are supported by relevant public policies or other social norms.’
(WTO Panel – Patents 2000, para. 7.69)
- example of scientific experimentation
- general support of follow-on innovation, even if indirectly or directly commercial?

Frustrating the disclosure rationale?

trade
secrets

patent
protection



Contractual solutions more appropriate?

- patent pools
- essential patents
- FRAND terms
- reliance on external balancing
(competition law)
- internal solution within patent law
preferable



Proposal

**limited fair use
doctrine
(indication of
purposes)**



For the time being...

- Declaration on a Balanced Interpretation of the 'Three-Step Test' in Patent Law (ATRIP 2010)



The end.



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Annex: trademark law

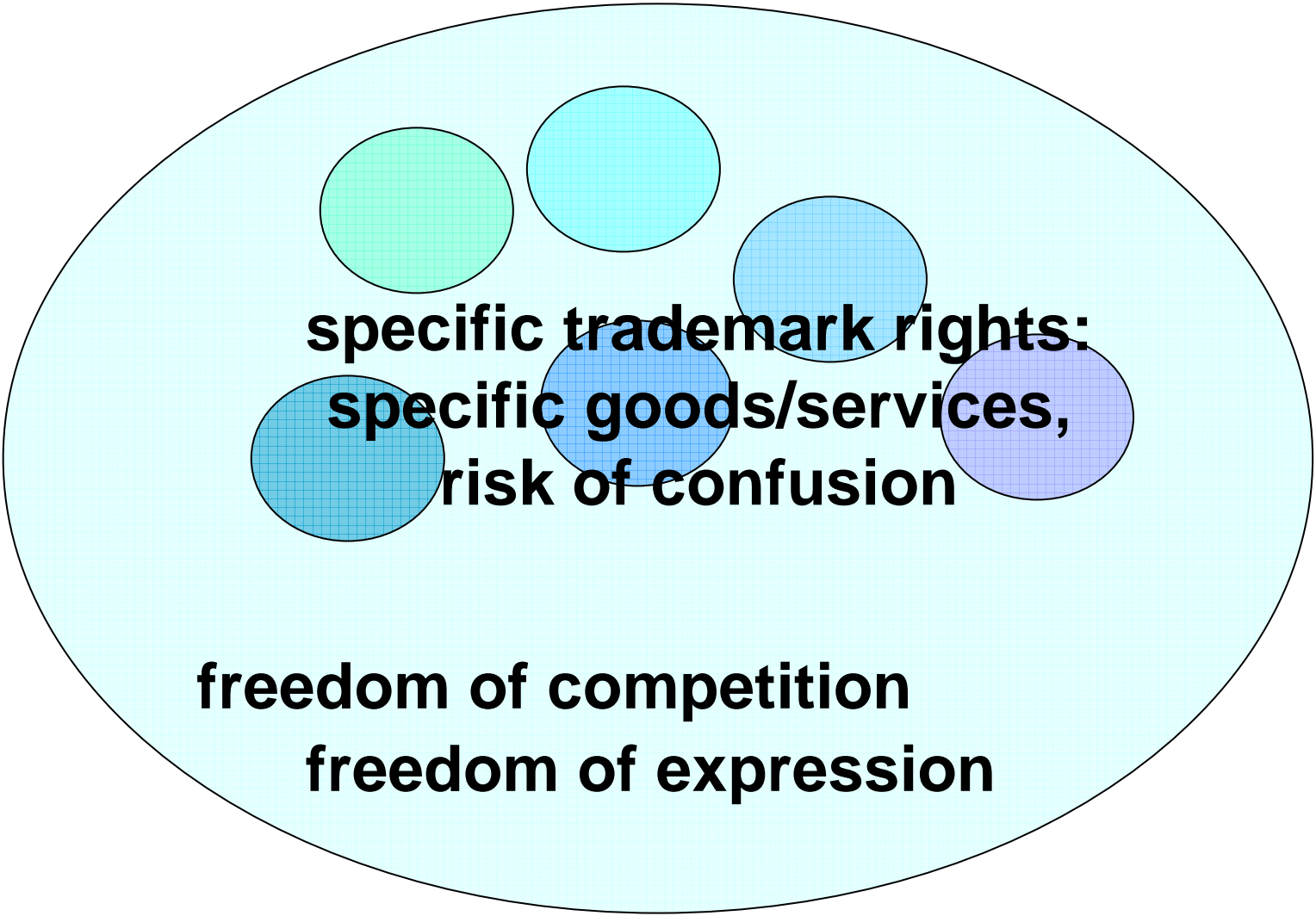


Trademark protection subsystems



- identification
- distinctive character
- protection against confusion
- rights of a defensive nature
- communication
- reputation/repute/goodwill
- protection of well-known marks
- de facto exploitation rights

Protection against confusion

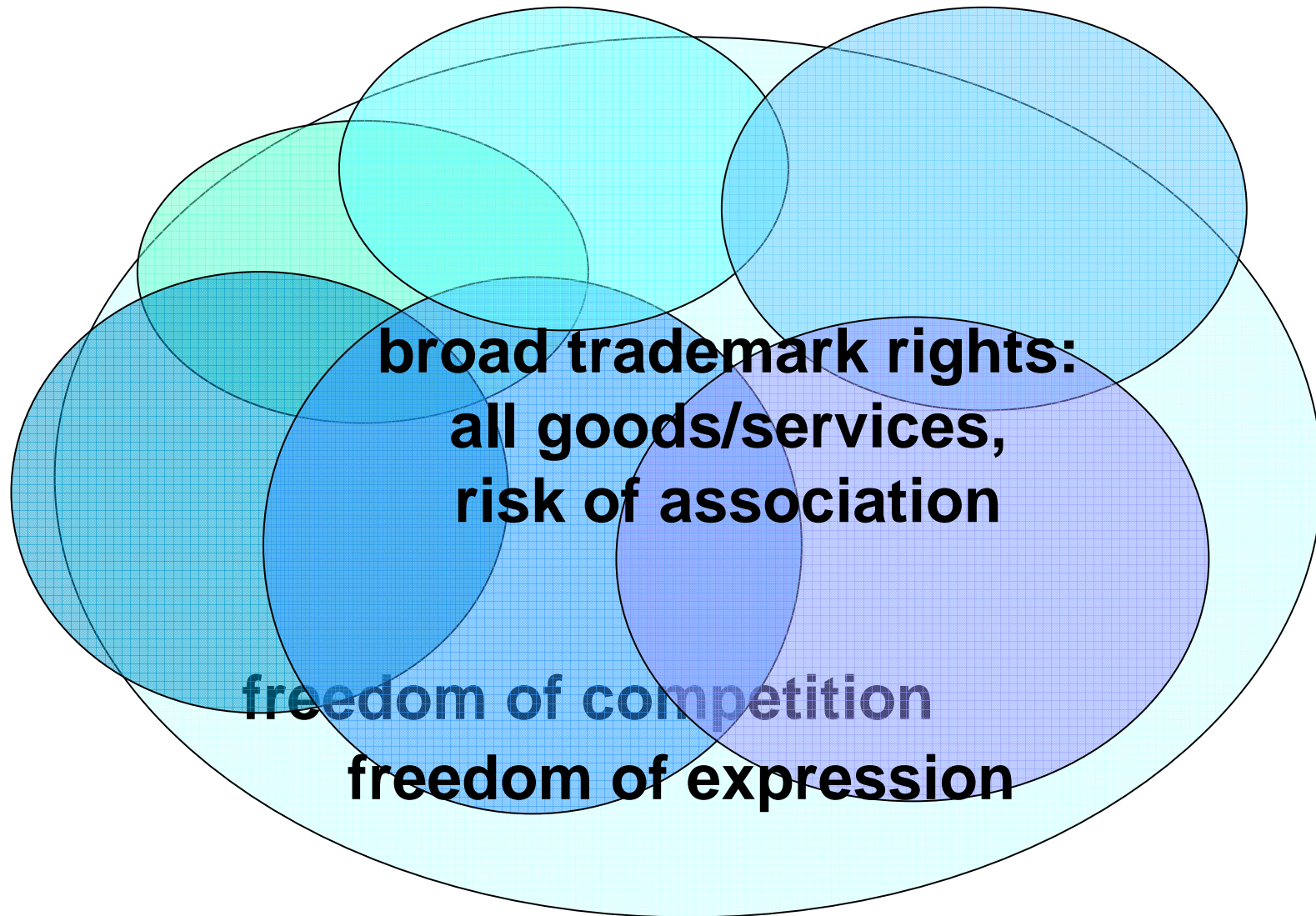


**specific trademark rights:
specific goods/services,
risk of confusion**

freedom of competition

freedom of expression

Protection of well-known marks



ECJ, June 18, 2009 (L'Oréal/Bellure)

‘...Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, **does not require that there be a likelihood of confusion or a likelihood of detriment** to the distinctive character or the repute of the mark or, more generally, to its proprietor.’ (para. 50)

ECJ, June 18, 2009 (L'Oréal/Bellure)

‘...is an advantage taken unfairly [...] where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit [...] the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.’

Fair use in international trademark law?

‘Members may provide limited exceptions to the rights conferred by a trademark, such as **fair use of descriptive terms**, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.’

(Art. 17 TRIPS)

Fair use in international trademark law?

- precluded by the term ‘limited exceptions’?
‘...to connote a narrow exception – one which makes only a small diminution of the rights in question.’
(WTO Panel – Trademarks 2005, para. 7.650)
- decisive: curtailment of exclusive rights
- nevertheless: different legislative techniques possible
(WTO Panel – Copyright 2000, para. 6.108)

Fair use in EC trademark law?

‘...the proprietor shall be entitled to prevent all third parties [...] from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar [...], where the latter has a reputation in the Member State and where use of that sign **without due cause** takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.’

(Art. 5(2) TMD)

Fair use in EC trademark law?

‘The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;...’

(Art. 5(1)(a) TMD)

= absolute protection in identity cases (ECJ)

ECJ, June 18, 2009 (L'Oréal/Bellure)

'The Court has already held that [...] the exercise of Article 5(1)(a) of Directive 89/104 must be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark [...].

These functions include not only the essential function of the trade mark, which is to guarantee to consumers the origin of the goods or services, but also its other functions, in particular that of guaranteeing the quality of the good or services in question, and those of communication, investment or advertising.' (para. 58)

Proposal

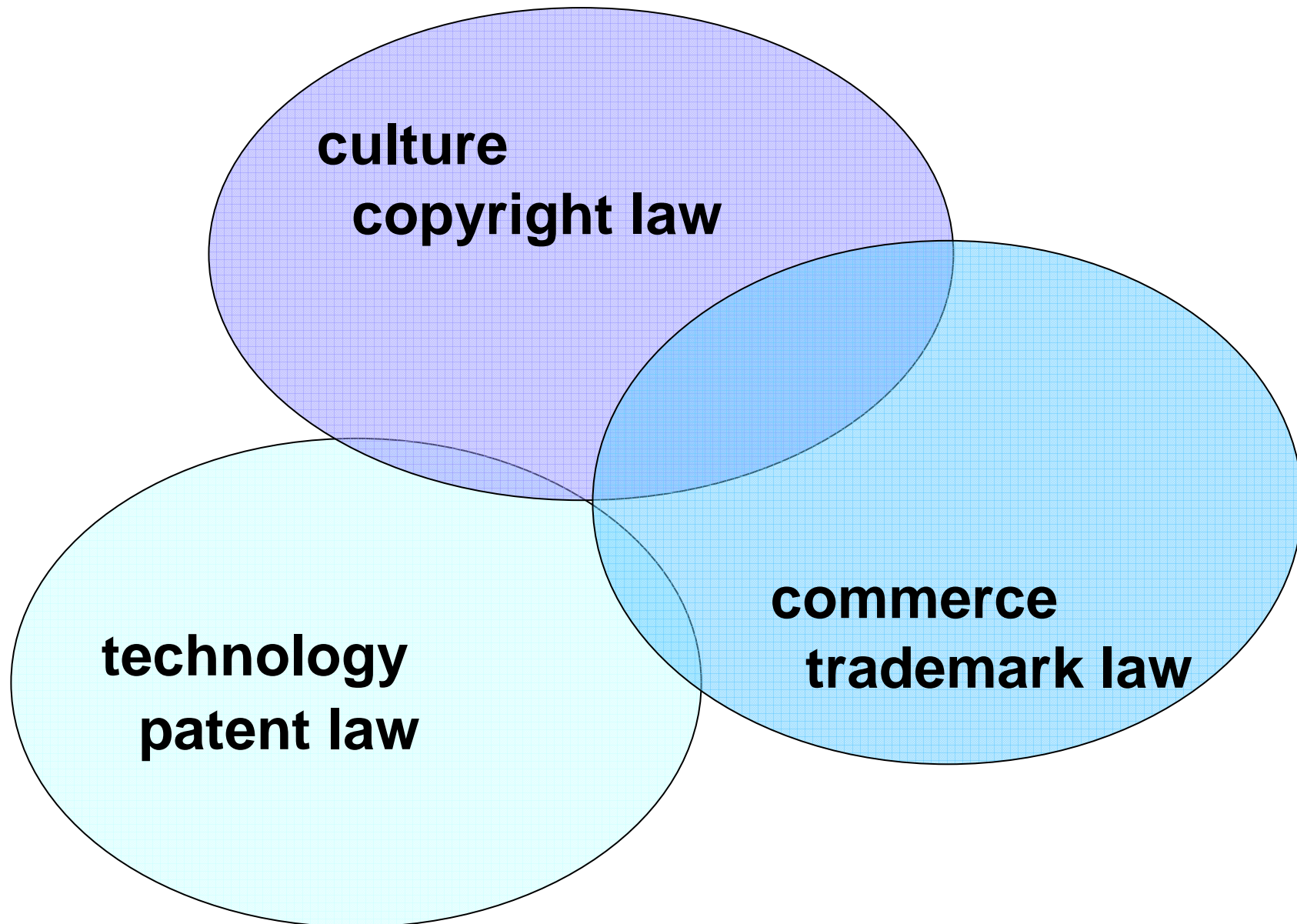
**fair use defence
also in identity
cases**



Conclusion



A horizontal issue?



The very end.



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