PART 2: SUBSTANTIVE OBLIGATIONS

7: Copyright Works

> Article 9 Relation to the Berne Convention
>
> 1. Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto. However, Members shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6*bis* of that Convention or of the rights derived therefrom.
>
> 2. Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.

1. Introduction: overview, terminology, definition and scope

1.1 Overview of copyright in general, and in TRIPS[1]

The law of copyright is addressed to creative expression. Copyright protection includes a number of enumerated rights that initially are vested in the author[2] of the copyrighted work.

[1] See UNCTAD, *The TRIPS Agreement and Developing Countries*, Geneva, 1996 [hereinafter UNCTAD 1996].

[2] The notion of "authorship" received quite a bit of attention during the TRIPS negotiations. The Motion Picture Association of America (MPAA) wanted a definition of authorship that would recognize corporations as authors. Historically, civil law countries have emphasized authors as "flesh and blood" creators only. While common law countries also tend to identify the author as the natural person who created the work, copyright tradition in these countries is less wedded to this notion. In terms of identifying the author, Article 15(1) of the Berne Convention (Paris Act) states a rule that the name appearing on the work "in the usual manner" is the author – at least for the purposes of instituting an infringement proceeding. National laws may customize this concept to reflect their own policies and many countries have in fact done so. For example, in France and the United Kingdom, the author is presumed to be the person whose name appears on *published* copies of the work. See France, Intellectual Property Code Art. L 113-1; United Kingdom, Copyright Designs Patent Act 1988 §104(2). In the United States, the presumption of authorship is based on the information stated on the certificate of copyright registration. Section 410(c) of the Copyright Act provides that when a work is registered within five years of publication the certificate "shall" constitute presumptive evidence of the validity of the copyright, stated therein. In general, the Berne Convention gives considerable flexibility to national law to define who an author is and how to identify the author. See WIPO, *Guide to the Berne Convention for the Protection of Literary and Artistic Works (Paris Act, 1971)* 93 (1978). The TRIPS Agreement should be interpreted to have incorporated this deference to national definitions of authorship given the assimilation of Berne Convention Articles 1-21 into the TRIPS Agreement. See TRIPS Agreement Article 9(1).

Copyright law protects a variety of works that are generally characterized as literary or artistic. Traditionally, such works were limited to novels, poems, dramas, musical compositions, paintings and drawings. Technological developments, however, continued to transform the ways in which creativity could be expressed and exploited, thus giving rise to a corresponding need to stretch the boundaries of the traditional concept of "literary and artistic works." Today, copyright extends to utilitarian works such as computer programs, databases and architectural works. Indeed, there will likely be an ongoing expansion of what constitutes "literature" and "art" as technology continues to transform the way creativity is expressed, disseminated and managed. The advent of digital computing and demands for protection of industrially applicable "expression" has made more difficult the historical distinction between "industrial property" and "artistic expression".

As the corpus of protected works was expanded to accommodate new technological developments, new rights were added to accommodate the variety of ways that the work could be exploited in the marketplace.[3] Hence, copyright remains a dynamic body of law, responding to multiple changes in the incentive structure that has historically characterized investments in creative endeavours. At the same time, new norms and principles are being established to address the challenges posed by the information age.

Seen from a development perspective, TRIPS Agreement patent rules may favour enterprises that are already the holders of most patented technology and are in a better position to undertake new research and development. Copyright-dependent enterprises in the developed countries certainly have important advantages over developing country enterprises because they have greater access to capital and better developed distribution networks. Yet in copyright there is a somewhat more level playing field among developed and developing countries since many expressive works can be created with little capital, are protected automatically under copyright law (unlike the case of patents), and may not require an expensive distribution network to be marketed. While it may cost a great deal to invent and patent a new jet engine or radar system, a large part of the world population can write a story or record a song. The Internet makes distribution of new expressive works inexpensive, even if for the moment it may not be so easy to protect copyrighted material on a digital network. The more equal playing field in copyright is reflected in a lower level of controversy so far between developed and developing countries regarding copyright protection than is evident in some other areas regulated by TRIPS.

Generally speaking, copyright protection provides exclusive rights to make and distribute copies of a particular expression and also of derivative works, such as adaptations and translations. The right extends for a limited time period, with TRIPS and the Berne Convention generally prescribing a minimum term of the life of the creator plus 50 years. The protection is more limited in scope than patent

[3] See, for example, the provisions of the two WIPO treaties designed specifically to deal with the unique issues associated with digital communications technologies. These two treaties are the WIPO Copyright Treaty and the WIPO Performers and Phonograms Treaty. Both were adopted by the Diplomatic Conference in Geneva, Switzerland, on December 20, 1996.

protection, particularly in the sense that copyright does not preclude "independent creation" of an identical work. The period of protection, while substantially longer than that for patents, is nevertheless limited so that society can ultimately gain from having artistic works become freely available. The copyright gives the author-creator the right to assign at least his or her economic rights to a more efficient distributor, such as a publisher or music company, in return for royalties. Copyright also protects certain "moral rights" of authors, which in some circumstances may not be assignable or transferable.

Copyright protection is intended to provide incentives for the creation of new works of art, music, literature, cinema and other forms of expression. Protection is generally considered necessary because, without copyright, it is relatively easy to free ride on these creative efforts and the price of expressive goods would be reduced to the costs of copying them.[4] Copyright is also required because there is great uncertainty about the likely success of new creations and in some cases the cost of development is substantial, such as with a film or symphonic work. Free riders are able to tell with greater certainty than creators which works are worth copying, thereby avoiding the financial risks assumed by creators. There are important limits on the scope of copyright. The principal limitation consists, in common law jurisdictions, of the fair use or fair dealing doctrines, or, in continental law jurisdictions, of specific statutory exceptions. Both kinds of limitations acknowledge the importance to society of education, news and commentary, as well as social criticism. In consequence, they allow some unauthorized copying for limited purposes.[5] Reverse engineering of more industrially-applicable copyrighted works such as computer software has been permitted under fair use doctrine under conditions that have varied among countries. In summary, copyright involves

[4] Most intellectual goods share characteristics that require intervention in the form of copyright (or patent) laws. Imagine, for example, that it costs X+1 dollars to produce a book. Once published, the book is sold for X+2. After publication, however, it costs considerably less to reproduce copies of the book. For example, photocopying the entire book may cost only "X" or even less. Consumers are likely to pay the lesser price which may be a short term positive outcome for the public. In the long term, however, it will harm the public because the rate of book writing will decrease due to an author's inability to prevent unauthorized reproduction of the work. In economic terms this is referred to as the "public goods" problem associated with intangibles such as ideas, which are protected under patent laws, and expressions of ideas protected by copyright. The cost of creating a public good is typically high while the cost of reproduction is low. Further, reproduction does not deplete the original. In other words, a photocopy of the book is just as good, in terms of content, as any other copy of the same book. This characteristic is referred to as "non-rivalrous" and it distinguishes intellectual property from other types of property. Public goods also are "non-excludable." In other words once the good is produced, there is no way to prevent others from enjoying its benefits. Once a copyrightable song is released, it is impossible to keep non-paying members from hearing and enjoying the music, whether they hear it at a friend's home or at a party. One rationale for copyright law is that it solves the public goods problem. Implicit in this view, however, is that the production of copyrightable works at optimal levels is a desirable objective for society. Other views of copyright include a human rights philosophy, which posits that the protection of intellectual goods is an intrinsic aspect of recognizing human dignity. Whatever the philosophical basis for copyright, however, it is clear that the existence of a mechanism for protecting creative work has positive gains for economic growth and development. The fact that other, non-economic, goals are also satisfied makes copyright even more valuable than a purely economic justification might otherwise suggest.

[5] For more details on these exceptions to copyright, including the fair use and fair dealing doctrines, see Chapter 12, in the introduction.

providing exclusive rights in respect to creative expression, subject to some public-interest limitations.

TRIPS (Part II, Section 1) sets forth standards for the protection of authors, broadcasting organizations, performers and phonogram producers. The main obligations imposed by TRIPS in the area of copyright and related rights include: (i) protection of works covered by the Berne Convention,[6] excluding moral rights, with respect to the expression and not the ideas, procedures, methods of operation or mathematical concepts as such (Article 9); (ii) protection of computer programs as literary works and of compilations of data (Article 10); (iii) recognition of rental rights, at least for phonograms, computer programs, and for cinematographic works (except if rental has not led to widespread copying that impairs the reproduction right) (Article 11); (iv) recognition of rights of performers, producers of phonograms and broadcasting organizations (Article 14).

In addition, the Agreement (Article 51) obliges Members to take measures at the border with regard to suspected pirated copyright goods and requires criminal procedures and penalties to be applied in cases of copyright piracy[7] on a commercial scale (Article 61). As with other matters covered by the Agreement, developing and least-developed countries enjoy transitional periods to implement their obligations relating to copyright and related rights.[8]

From a development perspective, it is common to all forms of copyright that enhanced protection may in the long term stimulate the establishment of local cultural industries in developing countries, provided that other obstacles to such development are avoided. However, in the short and medium term, stronger copyright protection does give rise to some concern. Since copyrights are exclusive, they create access barriers to the protected subject matter, such as books, computer software and scientific information.[9] It is thus essential to developing country policy makers to strike the right balance between incentives for creativity on the one hand and ways to enable their societies to close the knowledge gap vis-à-vis developed countries, on the other hand. For this purpose, the copyright provisions of TRIPS provide for some flexibility, which will be analysed in detail in the subsequent chapters.

Another important development issue concerns the direct costs of implementation of the TRIPS copyright provisions.[10] Since there are no formalities for the

[6] See Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, completed at Paris on May 4, 1896, revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971, and amended on September 28, 1979 [hereinafter Berne Convention].

[7] For the purposes of TRIPS, "pirated copyright goods shall mean any goods made without the consent of the right-holder or person duly authorized by the right-holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation" (footnote to Article 51).

[8] UNCTAD 1996, paras. 161, 162.

[9] See IPR Commission p. 99. The report can be consulted at http://www.iprcommission.org/graphic/documents/final_report.htm. Page numbers refer to the pdf and hard copy versions of this report.

[10] For the following, see UNCTAD 1996, paras. 185, 186.

acquisition of copyrights and related rights, the expansion and strengthening of protection shall not necessarily lead to increased administrative costs. However, deposit of works is required in some countries for specific legal purposes, or is convenient for the purposes of proof in eventual litigation. TRIPS may, therefore, have an impact on the volume of work of copyright offices and may require additional resources (mainly personnel and computer facilities).

The main direct costs for implementing the TRIPS copyright provisions may stem from enforcement. Administrative (police and customs) and judicial authorities may be increasingly involved in procedures regarding injunctions and other remedies, suspension of release of products into circulation, and other enforcement-related procedures. This may imply significant costs – yet to be estimated – that, in principle, will be only partially absorbed by the title-holders.

The following and the subsequent copyright chapters deal in detail with the following issues: copyright works (copyrightable subject matter); computer programs; databases; the rental right; term of protection; limitations and exceptions; and rights related to copyright.

1.2 Terminology, definition and scope

Article 9 does not provide a definition of copyright works but instead defers to the provisions of the Berne Convention for Literary and Artistic Works.[11] Thus, it is the provisions of the Berne Convention that determine what constitutes copyrightable works under TRIPS.[12] However, TRIPS Article 9.2 makes explicit what is *not* protectable by copyright. There must be protection for expressions, but not for "ideas, procedures, methods of operation or mathematical concepts as such."[13] This invokes what is often described as the "idea/expression dichotomy" in many common law countries.[14]As a matter of fact, however, the rule that copyright protection extends only to expressions and not to the underlying ideas is generally recognized in all countries.[15]

Under TRIPS, distinguishing between the idea and the expression, for purposes of ascertaining what exactly is copyrightable in a particular work is a function implicitly left to the legislature and/or judiciary of a Member. However, the explicit incorporation of the idea/expression dichotomy in an international agreement is precedential, and sets an important boundary for the scope of proprietary rights in

[11] TRIPS Article 9 incorporates by reference the Berne Convention (Paris Text) of 1971. Thus, all WTO Members are bound by the Paris Text.

[12] See Article 2 of the Berne Convention, as quoted under Section 3, below.

[13] For more details on the protectable subject matter, see Section 3, below.

[14] This doctrine was well articulated by the Supreme Court of the United States in *Baker v. Selden* (101 U.S. 99,1879: "A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs, or watches, or churns; or on the application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture described therein. . . . The use of the art is a totally different thing from a publication of the book explaining it. The copyright of a book on bookkeeping cannot secure the exclusive right to make, sell, and use account-books prepared upon the plan set forth in such book."

[15] Claude Masouye, *Guide to the Berne Convention for the Protection of Literary Artistic Works*, 12 (1978).

creative works. Ideas are the basic building blocks of creative works and reserving them from the scope of copyright is an important policy strategy to ensure that copyright protection does not operate to confer monopoly rights on the basic elements of creative endeavours. The delimitation is also important because it serves to channel certain creative works into the realm of copyright and others into the realm of patent law. Finally, the idea/expression dichotomy ensures that future authors are not hindered from engaging in creative activity due to a monopoly by previous authors on the underlying ideas of their work.[16]

Thus, the idea/expression dichotomy helps to sustain the public domain – that all important store of resources that sustains future creativity and from which the public at large may freely use and obtain entire works (such as those in which copyright protection has expired) or aspects of works free from copyright claims (such as underlying ideas, procedures, etc.). One leading copyright scholar notes that "a vigorous public domain is a crucial buttress to the copyright system" and that without it, copyright might not be tolerable.[17]

To amplify the idea/expression dichotomy, Article 9.2 also excludes methods of operation and mathematical concepts from copyright protection. It should be noted that in addition to the exceptions listed in Article 9.2, the Berne Convention adds "news of the day" and "miscellaneous facts having the character of mere items of press information."[18] Accordingly, these two additional categories of works are also non-copyrightable under TRIPS.

As expressly stated in Article 9.1, second sentence, TRIPS does not obligate WTO Members to provide protection of moral rights as provided under Article 6*bis* of the Berne Convention. The moral right is of a non-economic character being the author's right to "claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honour or reputation."[19]

Finally, Article 9.1 expressly obligates Members to comply with the Appendix to the Berne Convention. This Appendix contains special provisions regarding developing countries. Most importantly, it provides developing countries with the

[16] A simple example might be useful here. If an author writes a book describing a beautiful castle in Spain, it will not preclude a subsequent writer from writing a book about the same castle. The idea of writing a book about the castle is not protected by copyright. Only the expression of the idea is protected – that is, what the novel actually says about the castle. Further, what copyright offers is protection against *copying* of the expression, but not against a third party's *independent creation* of similar expressions. Thus, if the second author writes the same things about the castle, perhaps even using the same words and phrases, the first author does not have a claim of copyright violation unless the second author copied his work. The task of distinguishing idea from expression may be relatively simple with regard to certain categories of works such as the book used in this example. However, with regard to more functional works such as computer programs, distinguishing the "idea" from the "expression" can be quite complex. In most countries, application of the idea/expression dichotomy is the task of the judiciary which makes the determination on a case by case basis.

[17] Jessica Litman, *The Public Domain*, 39 Emory L.J. 965 (1990).

[18] Berne Convention, Article 2(8).

[19] See Article 6*bis* of the Berne Convention.

possibility to issue, on certain conditions, compulsory licenses for the reproduction of copyrighted materials (Article III of the Appendix) and for the translation of copyrighted materials into a language in general use in the authorizing country.[20]

2. History of the provision

2.1 Situation pre-TRIPS

Article 9.1 does not establish a new standard of international copyright *per se*, but simply codifies what had been the practice in most countries prior to the negotiation of TRIPS. Instead, Article 9.2 clarifies the provisions of Article 2 of the Berne Convention, which establishes the scope of copyrightable subject matter. Further, through the explicit codification of the idea/expression dichotomy, Article 9.2 advances an important social objective at the international level, namely, encouraging the development of a robust public domain for the benefit of the public at large and ensuring the security of this resource for future generations of authors.

By way of a definition, Article 2(1) of the Berne Convention provides a non-exhaustive list of works that must be protected by copyright. These include

> "every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works . . . ; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works . . . ; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science."

In addition to these "first generation" works, the Berne Convention in Article 2(3) requires copyright protection for translations, adaptations, arrangements of music and other alterations of a literary or artistic work. Essentially, this provision requires that works that are derived from first generation works be equally protected by copyright without prejudicing the copyright in the earlier works. For example, an English translation of a Portuguese novel must be protected by copyright, distinct from the copyright in the underlying Portuguese novel. Similarly, a movie that is based on a novel, or a new arrangement of a musical composition, must also be protected by copyright distinct from the first work. These "derivative works," as they are called in certain jurisdictions, enjoy copyright status as "original" works independent of the copyright on the works on which they were based or from which they were derived.

[20] On the Appendix to the Berne Convention, see also Chapter 12.

2.2 Negotiating history

2.2.1 The Anell Draft

On what is now Article 9, the Anell Draft of 23 July 1990[21] included the following proposals:

> 1A "PARTIES shall grant to authors and their successors in title the [economic] rights provided in the Berne Convention (1971), subject to the provisions set forth below."
>
> 1B "PARTIES shall provide to the nationals of other parties the rights which their respective laws do now or may hereafter grant, consistently with the rights specially granted by the Berne Convention."

The bracketed reference in the developed countries' proposal to "economic" rights indicates some negotiators' intention to exclude moral rights from the new copyright obligations. Apart from that, however, the scope of Article 9 was intended by delegations to conform substantially to the Berne Convention.

2.2.2 The Brussels Draft

The Brussels Ministerial Text[22] on what is now Article 9.1 was quite similar to the current Article 9.1. It provided that

> "PARTIES shall comply with the substantive provisions [on economic rights] of the Berne Convention (1971). [However, PARTIES shall not have rights or obligations under this Agreement in respect of the rights conferred under Article 6*bis* of that Convention or of the rights derived therefrom]."

The main difference was that the Brussels Draft referred to the "substantive provisions" of the Berne Convention, instead of providing for an explicit list as now under Article 9.1. This modification through the final version of Article 9 has been welcomed as a means of avoiding confusion about the exact scope of the reference to the Berne Convention.[23]

The reason for the exclusion of moral rights from the scope of Article 9 was the concern of some countries from the Anglo-American copyright system that strengthened moral rights could possibly represent obstacles to the full enjoyment by a purchaser of a legally obtained licence.[24] Civil law countries would have preferred the inclusion in Article 9.1 of moral rights.[25]

[21] Chairman's report to the Group of Negotiation on Goods, document MTN.GNG/NG11/W/76, of 23 July 1990 [hereinafter Anell Draft].

[22] Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Revision, Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, MTN.TNC/W/35/Rev. 1, 3 Dec. 1990 [hereinafter Brussels Draft].

[23] See Daniel Gervais, *The TRIPS Agreement: Drafting History and Analysis* (1998) [hereinafter Gervais], p. 72, para. 2.51, with examples of possible confusion.

[24] Ibid., para. 2.52. This position is based on the view that moral rights cannot be waived by the author.

[25] Ibid., rejecting the above Anglo-American concern about moral rights by arguing that those rights may be waived under the Berne Convention. According to this author, it is up to domestic legislation to determine whether moral rights may be waived, see paras. 2.52, 2.53.

As far as Article 9.2 is concerned, it originated in a Japanese proposal reserved to computer programs.[26] In July 1990, still in the framework of specific rules on computer programs, the Anell Draft proposal provided that

> "Such protection shall not extend to ideas, procedures, methods [, algorithms] or systems."

This language is in essence similar to the current Article 9.2, which for the first time in an international agreement provides for a list of uncopyrightable subject matter. In the Brussels Draft, this proposal was still contained in the draft provision specifically related to computer programs.[27] The draft was subsequently taken out of the computer-specific provision and enlarged in scope to apply to copyrights in general. Thus, the pertinent provision of the Dunkel Draft of December 1991 read as follows: "Copyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such."[28]

3. Possible interpretations

3.1 Literary and artistic works

Article 2 of the Berne Convention-explicitly assimilated to TRIPS through Article 9 – provides that:

> "(1) The expression "literary and artistic works" shall include every production in the literary, scientific and artistic domain, whatever may be the mode or form of its expression, such as books, pamphlets and other writings; lectures, addresses, sermons and other works of the same nature; dramatic or dramatico-musical works; choreographic works and entertainments in dumb show; musical compositions with or without words; cinematographic works to which are assimilated works expressed by a process analogous to cinematography; works of drawing, painting, architecture, sculpture, engraving and lithography; photographic works to which are assimilated works expressed by a process analogous to photography; works of applied art; illustrations, maps, plans, sketches and three-dimensional works relative to geography, topography, architecture or science.
>
> (2) It shall, however, be a matter for legislation in the countries of the Union to prescribe that works in general or any specified categories of works shall not be protected unless they have been fixed in some material form.
>
> (3) Translations, adaptations, arrangements of music and other alterations of a literary or artistic work shall be protected as original works without prejudice to the copyright in the original work.
>
> (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.
>
> (5) Collections of literary or artistic works such as encyclopaedias and anthologies which, by reason of the selection and arrangement of their contents, constitute

[26] Ibid., para. 2.56.

[27] See the Brussels Draft on what is now Article 10.2 (Chapter 8).

[28] See Article 9.2 of the Dunkel Draft, document MTN.TNC/W/FA of 20 December 1991.

intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming part of such collections.

(6) The works mentioned in this article shall enjoy protection in all countries of the Union. This protection shall operate for the benefit of the author and his successors in title.

(7) Subject to the provisions of Article 7(4) of this Convention, it shall be a matter for legislation in the countries of the Union to determine the extent of the application of their laws to works of applied art and industrial designs and models, as well as the conditions under which such works, designs and models shall be protected. Works protected in the country of origin solely as designs and models shall be entitled in another country of the Union only to such special protection as is granted in that country to designs and models; however, if no such special protection is granted in that country, such works shall be protected as artistic works.

(8) 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."

An overview of the works enumerated in this Article 2, and by assimilation TRIPS Article 9, suggests at least seven categories of works that must be protected under national copyright systems. These are (i) literary works, which cover all forms of writings, whether by words or numbers or symbols; (ii) dramatico-musical works such as plays, mimes, choreography, operas and musical comedies; (iii) cinematographic works, which include film or videotaped dramatic works and other forms of content fixed in film; (iv) works of music with or without words; (v) visual art works in two and three-dimensional forms, including applied art (for example, this category would include architecture, sculptures, engravings, lithography, maps, plans and photographic works); (vi) derivative works, which include translations, adaptations, and arrangements; (vii) compilations and collective works such as encyclopedias and, more recently, databases. For each of these categories, the particular manner in which copyright protection is extended differs across countries.

In the United States, for example, the right to protect translations, adaptations and alterations of pre-existing works is granted to the author of the underlying work as part of the initial copyright grant[29] that precludes others from making derivative works without the permission of the copyright owner. Failure to obtain such permission before adapting or altering the work will lead to claims of infringement. In other jurisdictions, notably in European countries, moral rights, which constitute an inextricable part of the copyright grant, effectively limit what third parties can do to alter or modify copyrighted works. The objective of these two approaches is similar: to limit by copyright the freedom of a party, other than the author of the first generation work, to alter or modify the work.

Neither the U.S. nor the European approach to derivative works is dictated by TRIPS. While the Berne Convention requires protection for moral rights, TRIPS

[29] 17 U.S.C. §106(2). U.S. copyright law includes specific provisions addressing some traditional moral rights interests, such as preventing the destruction of well-known artistic works. In other respects, U.S. law addresses traditional moral rights interests through derivative rights and unfair competition rules.

specifically excludes such a requirement.[30] Consequently, under TRIPS, a Member may choose to grant the right to make these works to the author of the first work, or may simply allow others to make the adaptations and translations. TRIPS only requires that when such works are produced, national copyright legislation must extend protection to them. A country is free to determine how and to whom the protection should be directed. Note, however, that with regard to collections the Berne Convention requires that an author be given the right to make compilations of his or her own work.[31]

One possible interpretation of Article 9.2 is that it requires protection of all qualifying "expressions" in the context of Article 9.1 which would, in theory, widen the scope of copyright works.[32] In practice, however, it would appear that there are very few works which could not qualify for copyright protection, subject of course to the explicit exceptions recognized by the Berne Convention. Since TRIPS assimilates the Berne Convention standard for what constitutes copyrightable subject matter, there is a need to understand the scope of works eligible for protection under Berne Convention Article 2.

3.2 Official texts, lectures, addresses

The Berne Convention also gives Member States the discretion to determine whether official government texts, such as judicial opinions, legislative enactments and administrative rules, will be protected by copyright.[33] Countries such as the United Kingdom and Canada and other British Commonwealth countries protect such works by copyright (typically referred to as "Crown Copyright" or "Parliamentary Copyright") but with generous provisions for free use by the public. Other countries, such as the United States, Germany and Japan,[34] explicitly exclude federal government works from copyright protection.[35] Additional areas of national discretion in regard to copyright protection are political speeches, speeches given in the course of legal proceedings, the conditions under which lectures, addresses or speeches to the public may be reproduced by the press, broadcast, communicated to the public by wire and made the subject of public communication when the use is justified by an informatory purpose.[36] The discretion granted by Berne Convention Article 2*bis* in this regard is circumscribed by Berne Convention Article 11*bis* which requires that countries grant authors of literary and artistic works the exclusive right to communicate their work to the public. Consequently, a country can determine the conditions under which this right may be exercised,

[30] See TRIPS Agreement, Article 9.1.

[31] Berne Convention, Article 2*bis*(3).

[32] See Gervais, at 78.

[33] See Berne Convention, Article 2(4).

[34] 17 U.S.C. §101, §105; German Copyright Act, §5(1), 2004; Japan Copyright Act, Art. 13.

[35] See 17 U.S.C. §§101, 105. It is unclear whether state government materials may be the proper subjects of copyright since the statute only explicitly excludes works of the federal government. The weight of scholarly opinion suggests that, for the same policy reasons that underlie the exclusion of federal government works, state government works should also be excluded. However, there has been no determinative ruling on this matter by a court.

[36] See Berne Convention, Article 2*bis*.

but this should not prejudice the author's right to obtain equitable remuneration for such broadcasts.

3.3 Creativity and originality requirements

It is important to note that the works listed in Article 2(1) are mere illustrations of the kind of works that qualify as "literary and artistic works." Thus, it is quite possible to extend copyright protection to works that are not enumerated in Article 2(1), so long as the work can reasonably qualify as "productions in the literary, scientific and artistic domain." The Berne Convention does not offer much insight into a precise definition for this phrase. However, the history of the Berne negotiations indicate that delegates agreed that some element of creative activity must be present in the work.[37] In other words, the work protected must be considered an intellectual creation. As the German law puts it, the work must be a "personal intellectual creation."[38] The substantive quality of the work is typically of no relevance to the question of eligibility for protection; thus, the first poem of a new author is entitled to copyright protection as much as a poem by an accomplished and renowned poet. This is, in effect, an agreement that neutrality (or indifference) to the aesthetic value of a work is a standard principle of copyright regulation. As an international matter, aesthetic neutrality has the benefit of avoiding contestable determinations of culturally subjective evaluations of the merit of literary and artistic works from different parts of the world. At the same time, aesthetic neutrality from a national perspective allows judicial enforcement of copyright to be based on legal standards and not the aesthetic judgment (or preference) of the judge.[39] It is not surprising, then, that the vast majority of countries have adopted this approach, requiring that a work be creative or "original" meaning that the work should demonstrate intellectual investment but not requiring any standard of quality for the purposes of copyright protection. In this regard, Berne Convention Article 2(5) mandates protection for collections of works which *by reason of the selection and arrangement* of their contents constitute intellectual creations. Examples of such collective works include encyclopaedias, academic journals and anthologies.[40]

While it has generally been agreed upon by member countries that the work be original (i.e., it should be the product of independent human intellect and creativity), levels of the originality requirement may differ from country to country. In the United States, originality is a fairly low standard requiring "only that the

[37] See Sam Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works: 1886–1986*, Queen Mary, Univ. of London, 1987, 229–230 [hereinafter Ricketson].

[38] See German Copyright Act, §2(2).

[39] Although in common law countries in particular, judicial authorities are inevitably susceptible to making aesthetic judgements even when they claim to be neutral enforcers of the copyright standard. See generally, Alfred Yen, *Copyright Opinions and Aesthetic Theory*, 71 S. Cal. L. Rev. 247 (1998).

[40] Note that the basis for copyright protection in such works is the intellectual creativity evident in the selection of the works and how the works are arranged to form a collection. Further, each work in the collection enjoys copyright protection separate from the copyright in the whole collective work. Thus, reproducing the entire collection by photocopying a journal is a violation of the copyright in the collective work, while reproducing an article in a journal is a violation of the copyright in that particular article.

work was independently created by the author and that it possesses at least a minimal degree of creativity."[41] In Japan the originality standard is relatively higher, requiring that "thoughts and sentiments are expressed in a creative way."[42] The originality requirement with respect to works based primarily on factual materials tends to incorporate an element of creativity. In *Feist Publ'ns v. Rural Tel. Serv. Co.*,[43] the U.S. Supreme Court held that originality in the case of such works requires some modicum of creativity. This decision was followed by the Canadian Court of Appeal in *Tele-Direct (Publ'ns) Inc. v. American Bus. Infor. Inc.* [44] The Court in this case stated that "the basis of copyright is the originality of the work in question so long as work, taste, and discretion have entered in to the composition, that originality is established." It concluded that the defendant had "arranged its information, the vast majority of which is not subject to copyright, according to accepted, commonplace standards of selection in the industry. In doing so, it exercised only a minimal degree of skill, judgment or labour in its overall arrangement which is insufficient to support a claim of originality in the compilation so as to warrant copyright protection."

In Europe, standards of originality varied between countries. For example, Germany represented a country that required a high level of originality, *inter alia* in compilations of factual works while, in the United Kingdom and Ireland, the originality requirement was more comparable to that of the United States.[45] However the EC Copyright Directives have constrained the degree of divergence on this standard and the trend now is toward a uniform standard.[46] These sample definitions of the originality standard illustrate the convergence of the creativity requirement with the originality requirement; in many countries, creativity simply constitutes a part of the originality requirement.

3.4 The fixation requirement

Berne Convention Article 2(2) permits countries to prescribe that works will not be protected by copyright "unless they have been fixed in some material form". In the United States, for example, a literary and artistic work must be "fixed in

[41] 499 U.S. 340.

[42] See Japanese Copyright Law, Arts. 1 and 2(1)(i), translated in Dennis S. Karjala & Keiji Sugiyama, *Fundamental Concepts in Japanese and American Copyright Law*, 36 Am. J. Comp. L. 613 (1988), reprinted in Comparative Law: Law and the Legal Process in Japan, 717 (Kenneth L. Port ed., 1996).

[43] *Feist Publ'ns Inc. v. Rural Tel. Serv. Co.*, 449 U.S. 340 (1991) [hereinafter "Feist"].

[44] 76 C.P.R. 3d 296 (1997).

[45] Herman Cohen Jeroham, *The EC Copyright Directives, Economics and Authors' Rights*, 25 Int'l Rev. Indus. Prop. & Copyright Law 821 (1994) (providing comparisons of the originality requirement in different European countries).

[46] See Gerhard Schricker, *Farewell to the "Level of Creativity" (Schöpfungshöhe) in German Copyright Law?* 26 Int. Rev. of Industrial Property and Copyright Law, 1995 (noting the effect of the EC Directive on the Legal Protection of Computer Programs on the high level of creativity required in German Copyright Law. He states that the German implementation of the Directive incorporates the exclusion of the qualitative and aesthetic criteria in the Recitals of the Directive.) See also, Paul Goldstein, *International Copyright*, 164, 2001. Finally, it should be noted that TRIPS and the WCT require a standard of "intellectual creation" for databases. See TRIPS Article 10.2; WCT, Article 5. There is some possibility that this standard will eventually be generalized for all categories of copyright works.

a tangible medium of expression" to qualify for copyright protection.[47] In many other countries such as Belgium, Germany, France, Brazil, and Italy, a work is eligible for copyright protection as long as it is in a form that others can perceive it, but regardless of whether it is "fixed" in a tangible medium of expression. The Berne Convention grants Members the discretion to make a choice about whether fixation will be a required element of copyright protection in their respective countries.[48] Some reasons why fixation may be a useful requirement include: (i) fixation allows the public to have sustained access to the work by requiring that creative works exist in a form that facilitates such access (e.g., how can one own the copy of a song, or a book if they are not fixed?);[49] (ii) fixation may facilitate making distinctions between works that are copyrightable and works that are not, by requiring authors to do something "extra" to show their interest in the rewards that underlie copyright; (iii) fixation may serve a public policy goal of facilitating the length of time that copyright protection exists in the work – if the work is not in a stable form, it may be more difficult to determine when protection starts and (importantly for public policy concerns) when it ends. As one author has noted, however, the modern trajectory is to abandon the fixation requirement.[50] Since under TRIPS such a requirement is not mandatory (Article 9.1 only refers to the option under Article 2.2, Berne Convention), it should be considered only if a country has identifiable public policy objectives that would best be served by a requirement of fixation.

4. WTO jurisprudence

There has been no panel decision dealing mainly with the subject of copyrightable works. However, in *US – Section 110(5) of the Copyright Act*, the panel briefly clarified the contents of Articles 11 and 11*bis* of the Berne Convention.[51] These provisions are among those referred to under Article 9 of TRIPS and specify the author's rights with respect to dramatic and musical works (Article 11 Berne) and in relation to broadcasting and related rights (Article 11*bis* Berne).[52] The EC had asserted a violation of Articles 9.1 TRIPS, 11 (1)(ii) and 11*bis*(1)(iii) of the

[47] 17 U.S.C. §102(a). Under U.S. copyright law, a work satisfies the fixation requirement if its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.

[48] See Berne Convention, Article 2(2).

[49] This possibility is not quite as unimaginable today given the capabilities of communications technology such as the Internet.

[50] Ysolde Gendreau, *The Criteria of Fixation in Copyright Law*, 159 R.I.D.A. 100, 126 (1994).

[51] See *US – Section 110(5) of the Copyright Act*, Complaint by the European Communities, WT/DS160/R June 15, 2000, paras. 6.18-6.29. Note that this dispute focused on another issue, namely the analysis of Article 13 of the TRIPS Agreement (i.e. limitations and exceptions to exclusive copyrights). For details see Chapter 12.

[52] See Article 11 (1) of the Berne Convention: "Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorizing:

(i) the public performance of their works, including such public performance by any means or process;

(ii) any communication to the public of the performance of their works."

Berne Convention.[53] The panel distinguished the two Berne provisions by stating that:

> "Regarding the relationship between Articles 11 and 11bis, we note that the rights conferred in Article 11(1)(ii) concern the communication to the public of performances of works in general. Article 11bis(1)(iii) is a specific rule conferring exclusive rights concerning the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of a work."[54]

In addition, the panel stressed that both provisions are only implicated if the protected works are communicated to the public, because purely private performances do not need any authorization from the right holder.[55]

5. Relationship with other international instruments

5.1 WTO Agreements

There are no other WTO Agreements dealing with the issue of copyrightable subject matter. Consequently, there is no particular relationship between the TRIPS/Berne copyright provisions and other WTO Agreements. Under Article XX GATT, there is, however, a reference to intellectual property rights and more specifically, copyrights: for the purpose of copyright protection, and provided that certain conditions are met, WTO Members may deviate from the basic GATT obligations of most-favoured nation treatment, national treatment and the prohibition of quantitative restrictions.[56]As opposed to TRIPS and the Berne Convention, the GATT thus treats the protection of intellectual property rights as an exception. Article XX GATT does not however address the issue of copyrightable material.

Article 11*bis* (1) of the Berne Convention provides: "Authors of literary and artistic works shall enjoy the exclusive right of authorizing:

(i) the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images;

(ii) any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one;

(iii) the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work."

Both articles thus concern the rights of the *author* and are therefore to be distinguished from Article 14 TRIPS, which deals with the rights of performers, producers of sound recordings and broadcasting organizations.

[53] See US – Section 110(5) of the Copyright Act, para. 6.26.

[54] Ibid., para. 6.25.

[55] Ibid., paras. 6.24, 6.28. The USA did not contest that its legislation affected the above-mentioned provisions of the Berne Convention, and thus Article 9.1 of the TRIPS Agreement (see para. 6.29). The main issue of the dispute was therefore whether this violation of the Berne Convention was justified under Article 13 of the TRIPS Agreement.

[56] See Article XX (d) GATT, which reads in its relevant part: "Subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, nothing in this Agreement shall be construed to prevent the adoption or enforcement by any contracting party of measures: . . . (d) necessary to secure compliance with laws or regulations which are not inconsistent with the provisions of this Agreement, including those relating to [. . .] the protection of patents, trade marks and copyrights, [. . .]."

5.2 Other international instruments

The incorporation of the Berne Convention into TRIPS means that the negotiating context of the Berne Convention is an important interpretive resource for WTO Members. The initial TRIPS copyright dispute already demonstrates the significant reliance dispute panels will place on Berne history when interpreting TRIPS.[57] Further, the WIPO Copyright Treaty (WCT) tracks the language of TRIPS Article 9.2 and excludes "ideas, procedures, methods of operation or mathematical concepts as such" from protection.[58] Accordingly, the interpretation of TRIPS Article 9.2 will undoubtedly inform the interpretation of the WCT.

6. New developments

6.1 National laws

The overwhelming majority of national laws adopt the scope of copyrightable works provided under the Berne Convention and TRIPS. Some countries have included additional categories of works, such as folklore, in their copyright laws.

7. Comments, including economic and social implications

The preceding discussion on the TRIPS requirements for copyright works raises some important economic and social issues. As a point of initial observation, Article 9 contemplates some discretion for countries in prescribing the conditions of protectable subject matter. The extent to which intellectual works are copyrightable determines the balance between incentives for creativity on the one hand and the possibilities for the general public to accede to knowledge-based products on the other hand. TRIPS in some degree provides Members with the freedom to strike this balance according to their particular needs and economic development. Members may choose to require a certain level of creativity and originality; Members may choose whether or not government publications will be protected by copyright and; copyright protection does not extend to ideas, or to mere facts, news of the day or items of press information. Members may also determine the copyright status of political speeches and speeches delivered in the course of legal proceedings. Of course, because TRIPS imposes a *minimum* standard of protection, countries that wish to extend protection to works not required under TRIPS may exercise the discretion to do so. However, in each of the areas where TRIPS does not mandate a specific rule of protection, important social objectives are implicated. For example, the explicit exclusion of ideas from the ambit of copyright protection serves an important public policy objective mentioned earlier, namely, preserving and enriching a public domain of materials and resources which the public can freely draw upon. The copyright status of political speeches implicates sociopolitical issues such as freedom of the press and freedom of speech. Similarly, the decision to extend copyright to government works has implications for the public

[57] See *US – Section 110(5) of the Copyright Act*, Complaint by the European Communities, WT/DS160/R June 15, 2000.

[58] See WCT, Article 2.

in terms of the accessibility to the laws by which they are governed.[59] The exercise of national discretion in these areas is of great importance to the economic and social objectives that underlie the copyright system. In this context, the Commission on Intellectual Property Rights has referred to evidence from the past showing that in certain cases, diffusion of knowledge throughout developing countries has been positively affected by weak levels of copyright enforcement. The Commission then expresses the view that many poor people in developing countries have only been able to access certain knowledge-based products through the use of unauthorized copies at much lower prices.[60]

Copyright serves to provide an incentive so that creative activity will be encouraged. Such creative activity is ultimately directed at benefiting the public. The determination of what works are protected and the conditions of such protection should be carefully considered in light of the rich variety of approaches that have been experimented with in the past, and with particular regard to the goals of economic development. A careful balance is necessary in implementing all of the required standards to ensure that the public welfare is not compromised by rules that only consider the incentive aspect. Conversely, implementation should consider what is necessary to encourage optimal production of copyrightable works. For example, a high creativity standard may not be as effective in encouraging the production of a wide range of works, as a low standard has proven to be in countries such as the United States. Alternatively, one might opt for a high standard of creativity in certain categories of works, such as computer programs, and a low standard in others. Since the originality/creativity requirement is a matter of national discretion, it is unlikely that adopting different standards for different works can be said to violate any TRIPS mandate.

In sum, the scope of protectable copyright works has important implications for the social objectives that are inextricably bound to the copyright system. Some of these include freedom of expression, the facilitation of creativity by future generations, the opportunity for the public to access certain kinds of works and the political importance of certain civil freedoms. All of these must be taken into account in adopting a particular model of implementation of the negotiated standards in TRIPS with respect to copyright works. They should also be accounted for in future negotiations about the scope of copyright works.

[59] Indeed the policy reason for the exclusion of government works in the U.S. copyright law is the significant concern that in a democratic society under the rule of law, laws must be freely available to the public.

[60] See the report of the IPR Commission, p. 101. The report (ibid.) also states that in the past, certain developed countries used to refuse to grant any copyright protection to foreign authors, driven by the concern to satisfy the country's need for knowledge. This may be seen as an encouragement of nationals of the respective country to make use of unauthorized copies of works belonging to foreign authors. Nowadays, such practice would obviously violate Articles 3 (national treatment) and 9.1 of the TRIPS Agreement. It is noteworthy that some developed countries are seeking to deny to developing countries the right to adopt the very public policies they have used in the past.

8: Computer Programs

> Article 10.1 Computer Programs and Compilations of Data
>
> Computer programs, whether in source or object code, shall be protected as literary works under the Berne Convention (1971).

1. Introduction: terminology, definition and scope

Article 10.1 requires Member States to recognize computer programs as literary works under the Berne Convention. The Berne Convention itself does not explicitly provide that computer programs constitute copyrightable subject matter; however, works enumerated in Article 2 of the Berne Convention are mere illustrations of the kinds of works to which copyright might extend. Further, these illustrations are not exhaustive. Consequently works such as computer programs that exhibit utilitarian characteristics but also contain expressive elements are legitimate candidates for copyright protection.[61]

Since TRIPS does not provide any definition of the term "computer program", Members may keep the definitions they adopted under their domestic laws prior to the entry into force of TRIPS.[62] For example, under the 1976 U.S. Copyright Act, a computer program is defined as "a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result."[63] The Japanese Copyright Law states that a computer program is "an expression of combined instructions given to a computer so as to make it function and obtain a certain result."[64] While the U.K. law does not provide a definition of computer programs, it extends copyright protection both to the program as well as drawings, stories and other traditional works that are generated by the program.[65]

Article 10.1 requires copyright protection for computer programs whether in "source code" or in "object code." Source code is a level of computer language

[61] Note that computer programs must satisfy all the requirements, such as originality, of other copyright works.

[62] See also Section 6.1 of this chapter, below.

[63] 17 U.S.C. §101.

[64] Japan, Copyright Act, Article2(1)(Xbis).

[65] United Kingdom, Copyright, Designs and Patents Act 1988, §178.

consisting of words, symbols and alphanumeric labels. It is a "high level" language and is intelligible to human beings. Object code is another level of computer language that, unlike source code, is incomprehensible to human beings. Object code is a machine language that employs binary numbers consisting of a string of "0's" and "1's." Many computer programs are written in source code but then distributed in object code form. A computer program known as a "compiler" is used to translate or convert source code into object code.

The object of such copyright protection is, as follows from Article 9.2, not the idea on which the computer software is based, but the expression of that idea through the object code or source code.

2. History of the provision

2.1 Situation pre-TRIPS

Prior to TRIPS, computer programs already enjoyed copyright protection in a significant number of countries. For example, in the United States, computer programs have been protected by copyright, as confirmed in 1976 when the Copyright Act was amended to expressly acknowledge that computer programs are within the subject matter scope of protection. Similarly, in 1991 the European Community Directive on the Legal Protection of Computer Programs[66] ("EC Software Directive") required member countries to extend copyright protection to computer programs.[67] Indeed, by 1991, at least 54 countries recognized copyright protection in computer programs. While most did so through legislative amendment, a few took place through executive proclamations or judicial decisions that extended the existing copyright laws to computer programs.[68]

2.2 Negotiating History

As with other provisions, Article 10 was the subject of several different proposals. With regard to computer programs, earlier drafts of Article 10.1 reflected a struggle over a compromise agreement on what precisely the scope of such a provision might be.

2.2.1 The Anell Draft

> "2. Protectable Subject Matter
>
> 2.1 PARTIES shall provide protection to computer programs [,as literary works for the purposes of point 1 above,] [and to databases]. Such protection shall not extend to ideas, procedures, methods [, algorithms] or systems.
>
> 2.2B.1 For the purpose of protecting computer programs, PARTIES shall determine in their national legislation the nature, scope and term of protection to be granted to such works.

[66] Council Directive of 14 May 1991 on the Legal Protection of Computer Programs, 1991 O.J. (L-122) 42.

[67] Article 1(1).

[68] See Michael S. Keplinger, *International Protection for Computer Programs* 315 PLI/Pat 457 (1991).

2.2B.2 In view of the complex legal and technical issues raised by the protection of computer programs, PARTIES undertake to cooperate with each other to identify a suitable method of protection and to evolve international rules governing such protection."

In the above draft, there was no independent provision on databases, unlike under the current Article 10 (see Chapter 9). The first paragraph had its origin in a Japanese proposal suggesting the following language:

"The copyright protection for computer program works under the present Agreement shall not extend to any programming language, rule or algorithm use for making such works."[69]

This proposal was modified later to conform more closely to Section 102 of the 1976 U.S. Copyright Act which provides that

"copyright protection for an original work of authorship [does not] extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery regardless of the form in which it is described, explained, illustrated, or embodied in such work."

The former Japanese proposal was taken over into the Brussels Draft (as quoted below), but ultimately removed from the context of computer programs and interposed, instead, as a general rule distinguishing copyrightable and non-copyrightable subject matter. This is the rule now embodied in Article 9.2 discussed in Chapter 7.

2.2.2 The Brussels Draft

This draft in its first paragraph contained essentially the same language as the current Article 10.1, but the term "literary" was still bracketed. The final agreement to protect computer programs as "literary" works has important implications for the scope of protection. Without such express reference, Members would be free to qualify computer software as works of applied art or an equivalent thereof, instead.[70] As such, the protection of computer programs could be less wide than the protection of "literary" works in the narrow sense of the term. The reason for this is that Article 2(7) of the Berne Convention makes the protection of works of applied art dependent on domestic legislation, which may determine the extent to which and the conditions under which such works are to be protected. In addition to that, Article 7(4) of the Berne Convention exempts, *inter alia*, works of applied art from the general term of protection (i.e. the author's life plus 50 years) and sets up a minimum term of only 25 years from the making of the work.

In addition to that, the first paragraph of the draft contained a bracketed second sentence providing that:

"[Such protection shall not extend to ideas, procedures, methods of operation or mathematical concepts.]"

[69] See Teruo Doi, *The TRIPS Agreement and the Copyright Law of Japan: A Comparative Analysis*, Journal of the Japanese Group of AIPPI (1996).

[70] See Gervais, p. 81, para. 2.60.

This was an amended version of the former Japanese proposal as referred to above, which was subsequently (i.e. after the Brussels Draft) taken out of the computer-related draft provision and put into a more general form under Article 9.2.

The third difference with respect to the current Article 10.1 was that paragraph 1 of the Brussels Draft proposal contained a second sub-paragraph on the compliance with certain procedures as a requirement for the protection of computer programs. This bracketed provision read as follows:

> "[This shall not prevent PARTIES from requiring, as a condition of protection of computer programs, compliance with procedures and formalities consistent with the principles of Part IV of this Agreement or from making adjustments to the rights of reproduction and adaptation and to moral rights necessary to permit normal exploitation of a computer program, provided that this does not unreasonably prejudice the legitimate interests of the right holder.]"

This proposal was not taken over into the final version of Article 10.1. Its first semi-sentence is very similar to the current Article 62, which is however not limited to copyrights in computer programs but applicable to all categories of IPRs covered by TRIPS.[71] The second part of the proposed paragraph, referring to adjustments to certain rights for the normal exploitation of a computer program, was entirely dropped.

3. Possible interpretations

The public policy interest in encouraging the creation of computer programs does not necessarily require protection solely in the form of copyright. Article 10 requires that copyright protection be extended to computer programs. However, TRIPS does not preclude additional forms of protection for computer programs. Thus, under TRIPS, a Member could offer patent, copyright and trade secret protection for computer programs.[72] In such a case, the author can choose which form of protection is most desirable assuming of course that, in the case of software patents, the higher standards of creativity required by patent law are also satisfied.

It should be noted that the possibility of alternative forms of protection for computer programs were contemplated prior to TRIPS, and such alternatives do exist in some national laws.[73] What TRIPS does require, though, is that one of the options for legal protection is in the form of copyright law.

[71] For more details on Article 62 of the TRIPS Agreement, see Chapter 30.

[72] One could argue that TRIPS Article 27.1, which prohibits field specific exclusions of patentable subject matter, requires that Member States recognize patent protection for software related invention so long as the invention satisfies the other requirements for patentability. See J.H. Reichman, *Universal Minimum Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement*, 29 International Lawyer 345, 360 (1995). More clearly, TRIPS Article 39, which requires protection for undisclosed information, offers a trade secret regime as an alternative to copyright protection for software. Note that because of the mandatory language of Article 10.1, Member States must provide copyright protection for computer programs. However, an innovator may opt for protection under the trade secret laws instead. This outcome is acceptable under TRIPS.

[73] See the U.S. Supreme Court decision *Diamond v. Diehr*, 450 U.S. 175 (1981) which paved the way for legal recognition of the patentability of software. Most recently, the controversial decision

TRIPS does not define, however, the eligibility criteria that Members must apply to computer programs, nor, apart from a generalized exclusion of ideas, procedures, methods of operation or mathematical concepts as such (Article 9.2), does the Agreement concern itself with the scope of copyright protection for this subject matter. Meanwhile, the software industry keeps evolving at a rapid pace, as does litigation in some countries concerning copyright protection of computer programs.[74]

TRIPS allows for reverse engineering of computer programs by honest avenues. This means that, although wholesale copying of computer programs is prohibited, the practice of re-implementing functional components of a protected program in "clones" is not. Programs that are independently coded and that yet deliver essentially the same functional performance or behaviour as the originator's own software do not infringe the latter's rights.[75] This may boost competition and innovation by firms in all countries, including in developing countries where some capabilities for the production of software already exist.

This distinction in Article 9.2 between protectable expressions on the one hand, and non-protectable ideas on the other, has been implemented differently at the national level, as may be illustrated by the U.S. approach to computer programs and the EC Software Directive. Under the Directive, the licensor cannot restrict a person's right to observe, study or test the way a program functions in order to obtain an understanding of the ideas embodied in the program, so long as the person doing so is engaging in permitted activity. In certain circumstances, the Directive also recognizes the right of a person who is a rightful owner of the work to decompile (i.e., translate object code into source code) the program to obtain information for purposes of ensuring interoperability with another computer program.[76] This right is circumscribed by the caveat that the information is not available elsewhere.[77] These rights do not have counterparts in the U.S. copyright law, although judicial decisions have often resulted in the same outcome. Inevitably, the scope of copyright protection for computer programs will, for the time being, continue to remain flexible and dependent on the interpretation and application given by national courts.

With respect to limitations or exceptions on the scope of protection for computer programs, there is some considerable divergence in the practices of major producers of software such as the United States and the European Union. The

in *State Street Bank & Trust Co. v. Signature Fin. Group*, 149 F. 3d 1368 (Fed. Cir. 1998) confirmed the patentability of business method software patents.

[74] On this and the following two paragraphs, see UNCTAD, *The TRIPS Agreement and Developing Countries*, New York and Geneva, 1996, paras. 181–183.

[75] Recall that the object of copyright protection in a computer program is not the underlying idea, but the computer language (i.e. source code or object code, see above, Section 1.) used to express that idea. The critical issue is that the coding of the program was carried out *independently*. In that case, the idea underlying the program is expressed in a way that differs from the way in which the originator of the program has expressed this idea. The new code thus constitutes the expression (of the underlying idea) that may only be attributed to the person having reverse engineered the original program. It is thus the independence of the expression (i.e. the code) that matters, not the similarity of the result.

[76] See EC Software Directive, Article 6.

[77] *Id*. Article 6(1).

differences are most evident with regard to the issue of reverse engineering. Reverse engineering may take place for a variety of purposes including research and the facilitation of compatibility (interoperability) to produce competing software, or software related products. Regardless of its purpose, the process of reverse engineering implicates the reproduction rights of the owner of the original computer program. In the United States, the appropriateness of a particular act of reverse engineering is a matter of judicial determination. U.S. domestic courts examine this practice on a case-by-case basis. In the European Union, however, reverse engineering is regulated by the Software Directive. This has led to distinct policies.

In the United States, for example, courts have held that reverse engineering of software is permissible under certain conditions.[78] These conditions are evaluated under the rubric of general limitations to copyright such as the fair use doctrine. Consequently, the underlying purpose of the use is of considerable importance in these cases. Reverse engineering for purposes of research is likely to yield favourable decisions to the defendant. Indeed, many commentators view this as an important policy tool in copyright law and that such purposes animate the objectives of having a copyright system in the first place.[79] Reverse engineering in efforts to create compatible software has also been deemed permissible by courts in the United States.[80]

By contrast, Article 6 of the EC Software Directive conditions decompilation (reverse engineering) for compatibility purposes on the fact that the information necessary to accomplish compatibility must not have been previously readily available. Further, decompilation is to be confined to the aspects of the program related to the need for compatibility. Reverse engineering for purposes of creating competing products is prohibited. There is no specific exception for research, and the limited scope of decompilation permitted by the terms of the Directive is not to be construed in a manner that would unreasonably interfere with the owner's normal exploitation of the computer program.

It could be concluded that once the issue of copyrightable elements of a program has been decided, some deference to domestic policies that permit activities such as reverse engineering or "back-up" or "archival" copies will be acceptable under TRIPS so long as these exceptions are reasonably consistent with the mandate for protection. The scope of these limitations arguably could be challenged under TRIPS Article 13 (see Chapter 12), which requires that WTO Members limit the nature and scope of exceptions to copyright. However, Article 13 does not relate to the question of what is copyrightable but, instead, to the exceptions and limitations to the copyright in the protected work. In terms of what aspects of a computer program are copyrightable, domestic courts still have the task of distinguishing idea from expression; TRIPS does not provide any explicit rules on

[78] See e.g., *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F.2d 1510 (9th Cir. 1992).

[79] See Lawrence D. Graham & Richard O. Zerbe, Jr., *Economically Efficient Treatment of Computer Software: Reverse Engineering, Protection and Disclosure*, 22 Rutgers Computer & Tech. L. J. 61, 67 (1996).

[80] See *Sega Enterprises, 77 F. 2d 1510; Atari Games Corp. v. Nintendo of America Inc.*, 30 U.S.P.Q. 2d 1401 (N.D. Cal. 1993).

what constitutes "expression" in computer programs. Consequently, there is some flexibility available to countries to determine the extent of copyright protection in a particular computer program.

Finally, software producers may also benefit from provisions in TRIPS requiring WTO Members to protect undisclosed information and to repress unfair competition. For example, once domestic laws to protect undisclosed information are enacted in conformity with Article 39, a local competitor whose conduct violates its provisions may become unable to profit from the improper acquisition of know-how that copyright laws may otherwise have left unprotected.[81] Similarly, the unfair competition norms incorporated into TRIPS through Article 10*bis* of the Paris Convention prevent competitors from copying trademarks or trade dress even though they may otherwise imitate non-copyrightable components of foreign computer programs.

4. WTO jurisprudence

To date, there is no WTO panel decision on this subject.

5. Relationship with other international instruments

The Berne Convention does not explicitly mention computer programs in its illustrative list of copyright works. Consequently, the first international treaty to do so is TRIPS. In 1996, two additional copyright treaties were negotiated under the auspices of the World Intellectual Property Organization (WIPO). These treaties, namely the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), were directed specifically to the effects of the digital revolution on copyright.

The WCT is a special agreement as defined in Berne Convention Article 20 ("The Governments of the countries of the Union reserve the right to enter into 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 . . . "). By its own terms, the WCT has no connection with any other treaties but the Berne Convention.[82] Nonetheless, the WCT is not to be interpreted as prejudicing any rights and obligations under other treaties.[83] This suggests that for nations that have ratified both the WCT and TRIPS, the two agreements should be implemented and interpreted consistently.

With regard to computer programs, the WCT is the second international treaty to explicitly address copyright protection. WCT Article 4 states: "Computer programs are protected as literary works within the meaning of Article 2 of the Berne Convention. Such protection applies to computer programs, whatever may be the mode or form of their expression." The reference to the Berne Convention suggests that, as a matter of international law, the requirements for copyright works under Berne Convention Article 2 will apply, *mutatis mutandis*, to computer programs

[81] Know-how is not an expression, but an idea, and thus not eligible for copyright protection.

[82] See WCT, Article 1(1).

[83] Id.

protected under the provisions of the WCT. Thus, even though the WCT does not explicitly mention the idea/expression dichotomy, it is reasonable to assume that the idea/expression principle extends to the scope of copyright protection recognized for computer programs by WCT Article 2. The combined legal force of TRIPS Article 10 and WCT Article 4 confirms that computer programs are firmly established as copyrightable subject matter under international copyright law. As the previous discussion indicates, however, this confirmation does not mean that all countries protect computer programs in the same way and to the same extent.

6. New developments

6.1 National laws

A large cross-section of countries had already extended copyright protection to computer programs prior to the negotiation of TRIPS. Consequently, many countries were already in compliance with Article 10 with respect to the availability of copyright protection for computer programs. However, differences in protection remain, as is particularly evident in the scope of exceptions or limitations to protection. For example, judicial decisions in the United States suggest that software structure, sequence and organization are protectable under copyright law.[84] Other countries have not clearly determined that this is the case under their legislation. In addition, TRIPS requires that computer programs be protected as literary works for a term of the life of the author plus 50 years.[85] Those countries which, prior to TRIPS, accorded a lesser term of protection for computer programs must modify their laws to be compliant with the term requirements of TRIPS.

An issue not addressed under TRIPS is the use by copyright holders of encryption technologies.[86] In this context, it is noteworthy that the U.S. 1998 Digital Millennium Copyright Act (DMCA), implementing the WCT, makes illegal those acts circumventing encryption technologies, even in cases traditionally considered legal under the fair use exception.[87] This kind of approach to encryption is by no means mandatory either under TRIPS or under the WCT. Developing countries are free to deny protection to encryption technologies when these are used to prevent certain public policy goals, such as distance learning.

In addition to the move to support encryption practices through copyright, some industries in certain countries are pressing their governments to pass legislation even *requiring* computer manufacturers to integrate into their products particular devices technically preventing the copying of protected works without the author's consent.[88] However, no such legislation has so far been enacted.

[84] *Whelan v. Jaslow*, 797 F. 2d 1222 (3d Cir. 1986). See also Dennis S. Karjala, *The Relative Roles of Patent and Copyright in the Protection of Computer Programs*, 17 John Marshall J. of Computer & Information L., 41, 53 (1998) hereinafter Karjala.

[85] As required by the Berne Convention, Article 7(1).

[86] "Encryption" is "a procedure that renders the contents of a computer message or file unintelligible to anyone not authorized to read it. The message is encoded mathematically with a string of characters called a *data encryption key*. [. . .]" (See J. Friedman (ed.), *Dictionary of Business Terms*, third edition 2000, p. 220).

[87] See IPR Commission report, p. 107, referring to the above U.S. law.

[88] See the IPR Commission report, p. 107.

6.2 International instruments

As opposed to TRIPS, the WCT does address the issue of encryption: Article 11 WCT (Obligations concerning Technological Measures) provides that:

> "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."

The language employed in this provision offers quite a bit of flexibility as to implementation. What is "adequate" legal protection is to be determined by national legislation, according to national preferences. It is important to note that this provision does not obligate countries to protect encryption technologies in any given case. The last part of Article 11 makes clear that the case of unauthorized use (i.e. without agreement from the author) is not the only one in which encryption may be supported by national copyright law. Instead, countries may limit such support to cases where the use of the protected material is not permitted by law, irrespective of the will of the author. It is thus up to the domestic legislator and national preferences to judge in which degree encryption technologies are justified, and to which extent cases of fair use should prevail.[89] Countries may opt for quasi-absolute copyright protection by condoning encryption technologies whenever the author does not wish to provide free access to certain works. Alternatively, they may deny the support of encryption technologies through copyright law if circumvention serves certain public policy objectives such as education and technology transfer.

7. Comments, including economic and social implications

The market for computer programs is characterized by what many economic commentators refer to as network effects. Simply put, this means that the software market is one where the value of the product increases as the number of people who purchase it also increases. For example, communication technologies such as the telephone or fax machine are generally very susceptible to network effects. Consider that if only one person purchased a telephone or a fax machine, the value of either product would increase as other people purchased the same products. Conversely, the values could decline to nothing if only one person owned a telephone or a fax machine.

Similarly, the market for software that runs on a computer operating system is subject to network effects. This problem has important implications for the diffusion of computer programs. Operating systems have an "interface" that encompasses the way in which computer modules communicate. Computer programs for an application must be written in a way that allows it to run on a particular operating system. The more applications that run on a particular operating system, the more valuable that system becomes. As more applications are written by software developers, more consumers are likely to purchase it because of the variety

[89] On fair use see Chapter 12, Article 13, TRIPS Agreement.

of applications available for that particular operating system. As more consumers purchase it, more applications will be developed, and so on. This positive feedback effect gives some understanding of why dominant software firms emerge. To encourage competition in the software industry, there must be careful attention paid to the precise features of software that are protected by copyright.

For example, some commentators argue that certain "internal" interfaces should not be protected by copyright because they are essentially nothing more than "industrial compilations of applied know-how."[90] The central focus of arguments against the copyrightability of computer interfaces is that interfaces *must* be used for computer programmers to write programs that can run on the operating system. If these kinds of interfaces are excluded from copyright, then competitors will be free to use the interface to develop a competitive product, which is an important aspect of promoting the public interest. User interfaces that produce computer screen displays are more likely to be subject to copyright under a number of different categories. Such displays might constitute pictorial works (e.g., video game characters) or literary works (e.g., help screens).[91]

The importance of computer programs to modern life makes the economic and social implications of protection an important issue for all countries. As discussed above, the important issue is to "abstract" the idea of the program from its expression to ensure that copyright protection is not being used to acquire more rights than the system otherwise permits. Additionally, some countries recognize three general limitations or exceptions to the copyright in computer programs. These are (i) exceptions for "back-up copies"[92]; (ii) exceptions to foster access to the non-copyrightable elements of the computer program such as "reverse engineering";[93] (iii) exceptions to facilitate interoperability. Properly delineated exceptions in the last two categories have important ramifications for competition and diffusion.

A country with a young software industry may wish to consider strong protection for copyrightable elements to encourage investment in the development of software. As the industry matures, however, it is important to foster competition by allowing certain uses that would facilitate further research and development and ensure that the market is not unduly dominated by the first mover. Such market dominance may have particularly serious repercussions in developing countries,

[90] See Pamela Samuelson et al., *A Manifesto Concerning the Legal Protection of Computer Programs*, 94 Columbia Law Review, 2308 (1994).

[91] See Karjala, at 55.

[92] For example, under the EC Software Directive, a person has the right to make a back-up copy of the computer program. Also, the Czechoslovakian copyright law of 1990 permitted users to make back-up copies of a computer program without permission from the owner and without a duty to pay remuneration. Finally, Article 7 of the Brazilian Law of 1987 excluded from infringement, "the integration of the program within an application solely for the use of the person making the integration".

[93] As to the legality of reverse engineering under TRIPS and as to its domestic implementation, see above, under Section 3. Note, however, that *independent* efforts to develop computer programs that meet local industrial and administrative needs may sometimes pay bigger dividends than re-implementing foreign products, which is generally a costly endeavour requiring high technical skills. The potential benefits of obtaining the most up-to-date software by means of direct investment, licensing or other arrangements should always be weighed against re-implementation (in the sense of reverse engineering) of existing software. See UNCTAD, 1996, para. 184.

where high prices charged by a monopolist would exclude most parts of the population from the purchase of the copyrighted software. In this respect, the Commission on Intellectual Property Rights favours an active promotion through developing country governments and their donor partners of low-cost software products.[94]

On the positive side, computer software offers important opportunities for countries already having acquired a certain level of technological capacity to close the knowledge gap *vis-à-vis* industrialized countries. Computer-related technologies are the principal means of accessing information and furthering technology transfer.[95] The possibility of charging higher prices for copyrighted computer software may also have the positive effect of encouraging the development of local industries producing software that is better adapted to local conditions. This may eventually increase developing countries' participation in the world market of computer software, which is currently very modest.[96] Thus, the cost-benefit ratio of reinforced protection would have to be judged both in terms of impact on the diffusion of computer technology, including in particular for educational purposes – and on the improved opportunities given to local producers, who would not be able to start up and grow if they were victims of the inexpensive and easy-to-make copying of their products.[97]

The problem of access barriers through strengthened copyright protection arises in particular with respect to the Internet. The world wide web is a major medium for distance learning, considering that providing Internet access is less costly than the setting up of entire libraries.[98] On the other hand, works published on the Internet (e.g. scientific articles) are increasingly protected from free access through new technologies such as encryption. This practice denies Internet users the access to certain websites, even if such access would be limited to private (e.g. learning) purposes.[99]

Therefore, developing countries should be very careful about condoning encryption technologies which would prevent free access to on-line documents essential to the dissemination of knowledge, including distance learning. This would inhibit developing countries' efforts to close the technology gap towards developed

[94] See IPR Commission report, p. 105. For this purpose, the Commission recommends that developing countries and their donor partners review their software procurement policies "with a view to ensuring that options for using low-cost and/or open source software products are properly considered and their costs and benefits are carefully evaluated." (ibid.). "Open source" software refers to the source code of a computer program, which is, other than the object code, comprehensible to human beings (see above, Section 3.). According to the IPR Commission, another way of promoting competition with a view to ensuring affordable software prices is to limit the protection of computer programs to the object code, making the source code available to developing country software industries.

[95] See IPR Commission report, p. 104.

[96] See UNCTAD, 1996 (paras. 170-172), responding to the concern that due to actual market shares, strengthened software protection is likely to improve developed countries' market positions *vis-à-vis* developing countries.

[97] Ibid., para. 172.

[98] See IPR Commission report p. 107.

[99] See IPR Commission report, p. 106.

countries. Accordingly, the Commission on Intellectual Property Rights has recommended that:

> "Users of information available on the Internet in the developing nations should be entitled to 'fair use' rights such as making and distributing printed copies from electronic sources in reasonable numbers for educational and research purposes, and using reasonable excerpts in commentary and criticism. Where suppliers of digital information or software attempt to restrict 'fair use' rights by contract provisions associated with the distribution of digital material, the relevant contract provision may be treated as void. Where the same restriction is attempted through technological means, measures to defeat the technological means of protection in such circumstances should not be regarded as illegal. Developing countries should think very carefully before joining the WIPO Copyright Treaty and other countries should not follow the lead of the US and the EU by implementing legislation on the lines of the DMCA or the Database Directive."[100]

In addition to specific legislative exceptions, such as those in the EC Software Directive, it is possible that other general copyright limitations could also be extended to computer programs. Thus, a country could choose to identify explicit limitations in its copyright law, while also allowing courts to extend the generalized limitations on other copyright works to computer programs as well.

In sum, copyright protection of computer programs, like copyright protection in general, gives rise to the same concern about striking the right balance between the encouragement of intellectual activity on the one hand and the free availability of certain documents for public policy purposes on the other.

[100] See IPR Commission report, p. 109.

9: Databases

> Article 10.2 Computer Programs and Compilations of Data
>
> 2. Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.

1. Introduction: terminology, definition and scope

A database may be defined simply as a collection of data. For the purpose of determining whether a collection of data qualifies for copyright protection, other elements are incorporated into this definition. The Berne Convention does not use the word "database", but instead specifies in Article 2(5) that "collections" of literary and artistic works which "by reason of the selection and arrangement of their contents constitute intellectual creations shall be protected as such."

Thus, a collection of short stories, or anthologies, or a collection of scholarly works, would be eligible for copyright protection under the Berne Convention, independent of the copyright status in the stories or scholarly works, so long as the "selection and arrangement" of the contents reflect some intellectual creativity. This is, in essence, a requirement for originality.

TRIPS Article 10.2 broadens the concept of a database. It provides that "compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself." Consequently, under TRIPS, compilations of copyrightable and non-copyrightable material should be protected so long as the requisite level of originality in the selection *or* arrangement is satisfied.[101]

[101] It is important to specify the difference in requirements under TRIPS and Berne. TRIPS Article 10.2 requires originality in either the selection or arrangement of the material. The Berne Convention requires originality in the selection "and" arrangement. In effect, the TRIPS Agreement relaxes the Berne Convention standard for originality. This interpretation is consistent with

The incorporation of fundamental copyright requirements, such as originality, suggests that the rights granted to authors of databases should correspond to those granted to other copyright works. The protection of moral rights is, however, not required under TRIPS.[102]

2. History of the provision

2.1 Situation pre-TRIPS

Article 2*bis*(3) of the Berne Convention requires that authors be granted the exclusive right to make collections of their works. Thus, all Parties to the Berne Convention were required to recognize protection for collections, and to vest in authors the right to make such collections of their own works. Collections or compilations of merely factual material, however, were susceptible to little or no protection in several countries for reasons that centred primarily on a failure to satisfy the originality requirement.[103] The originality requirement, combined with the Berne Convention's own exclusion of news of the day and "miscellaneous facts" from copyright protection served to reinforce policy decisions not to extend protection to works that, although reflective of economic and labour-intensive investment, lack the requisite creative element.

2.2 Negotiating history

2.2.1 The Anell Draft

"2. Protectable Subject Matter

2.1 PARTIES shall provide protection to computer programs [, as literary works for the purposes of point 1 above,] [and to databases]. Such protection shall not extend to ideas, procedures, methods [, algorithms] or systems."[104]

The brief reference to databases indicates that delegations at this stage of the negotiations had not yet focused on the specific issue of databases, but rather on the conditions of protection to be accorded to computer programs. This changed radically with the Brussels Draft, providing a detailed proposal on databases, which was separated from the draft provision on computer programs.

2.2.2 The Brussels Draft

"2. Compilations of data or other material, whether in machine readable or other form, which by reason of the selection and arrangement of their contents constitute intellectual creations shall be protected as such. Such protection, which

the broad language employed by TRIPS Article 10 that defines the subject of a compilation as "data" and "other material" in any form.

[102] TRIPS, Article 9.1. Of course, countries that choose to grant moral rights to authors may do so under TRIPS. The point is that moral rights are not mandated by TRIPS.

[103] See U.S. Supreme Court decision in *Feist*, 499 U.S. 340, and the Canadian decision of *Tele-Direct* that followed the principles enunciated in *Feist*. See also the discussion on originality in Chapter 7.

[104] The above quotation is limited to the part of the draft referring to databases.

shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself."

This proposal is identical to the current Article 10.2 of TRIPS, with one exception: contrary to Article 10.2, TRIPS, the draft required both the selection *and* the arrangement of the data compilations to constitute intellectual creations (see above, Section 1). It thereby reproduced the similar provision of the Berne Convention (i.e. Article 2(5) on collections of literary and artistic works),[105] which equally refers to the originality of both the selection and the arrangement.

3. Possible interpretations

Article 10.2 extends the Berne Convention notion of compilations (Article 2(5)) to include databases as well as "other material". In other words, as long as the originality requirement is met, TRIPS requires protection for works that are compilations of any material, not just literary and artistic works.[106] This material does not have to constitute a database or data, as is made clear by the reference to "data or other material". However, Article 10.2 still requires that the compilation of data or other material satisfy the standard of originality. As a consequence, qualifying compilations shall be protected as "intellectual creations". The protection to be accorded is thus similar to the one provided for computer programs.

With regards to literary or artistic works, there is no internationally uniform standard of originality. Thus, Members are free to determine, according to their domestic policy preferences, the criteria to be met for a data compilation to qualify as an "intellectual creation". As a general rule in the case of compilations, reference may be made, for example, to the "Feist" decision of the U.S. Supreme Court[107] and the "Tele-Direct" judgment of the Canadian Court of Appeal,[108] according to which the arrangement of information in a compilation has to imply more than just the exercise of a minimal degree of skill, judgment or labour.

The extensive membership of the Berne Convention meant that many countries already accorded protection to collection as defined by the Berne Convention. However, given the expansive definition of "compilations" in Article 10.2, it is likely that the scope of protection afforded will now be significantly broadened. This observation is even more important in view of the provisions of the WCT on the protection of databases that are addressed below.

Finally, the database creator needs authorization from copyright owners whose works are reproduced in the database.

[105] This Article provides that: "(5) Collections of literary or artistic works such as encyclopedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming part of such collections."

[106] Gervais (p. 82, para. 2.61) refers to the view expressed by the WIPO secretariat and some commentators that even the protection under the Berne Convention is not limited to collections of literary and artistic works. This view is based on a conjunctive reading of paragraphs 1 and 5 of Article 2 of the Berne Convention.

[107] *Feist Publ'ns Inc. v. Rural Tel. Serv. Co.*, 449 U.S. 340 (1991).

[108] *Tele-Direct (Publ'ns) Inc. v. American Bus. Infor. Inc.* 76 C.P.R. 3d 296 (1997).

4. WTO jurisprudence

There is no panel decision on this subject.

5. Relationship with other international instruments

5.1 WTO Agreements

5.2 Other international instruments

5.2.1 The Berne Convention

Article 2(5) of the Berne Convention provides for the protection of collections of "literary or artistic works" in a similar way as Article 10.2 of TRIPS with respect to compilations of "data or other material". The common aspect of the two provisions is that the collection for which protection is sought has to constitute an intellectual creation.[109] The first difference between the two is that the Berne Convention requires originality in both the selection and arrangement of the collection, whereas under TRIPS, it is either the selection or the arrangement of the compilation that has to be original.[110]

The second difference is that protection under the Berne Convention is limited to collections of "literary or artistic works". In other words, the elements making up the collection have to be eligible as copyrightable materials themselves (in the sense of Article 2(1) of the Berne Convention). As opposed to that, TRIPS refers to "data or other material", which do not necessarily benefit from copyright protection.[111] Consequently, the elements making up the compilation are not required to constitute copyrightable subject matter themselves. TRIPS in comparison with the Berne Convention thus enlarges the scope of protection for compilations of works.

6. New developments

6.1 National laws

6.2 International instruments

6.2.1 The WCT

WCT Article 5 is substantially similar to the provisions of TRIPS Article 10.2. It provides that "compilations of data or other material, in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations, are protected as such. This protection does not extend to the data or the material

[109] See the *Feist* decision by the U.S. Supreme Court (above), according to which works based on factual material without incorporating a sufficient degree of creativity do not qualify for copyrightable subject matter.

[110] See above, Section 1 (Introduction).

[111] Recall that Articles 9 TRIPS and 2 of the Berne Convention leave WTO Members considerable flexibility with respect to the creativity requirement in copyright protection (see Chapter 7). Members are thus not required to afford copyright protection to data, when they consider that the latter do not meet a sufficient standard of creativity. Nevertheless, they would have to grant protection to collections of such data, provided the conditions of Article 10.2 are met.

itself and is without prejudice to any copyright subsisting in the data or material contained in the compilation." Like TRIPS, the WCT extends protection to "data" broadly defined to include both copyrightable and non-copyrightable material. Further, like Article 10.2, the WCT premises such protection on the presence of some intellectual creativity or originality as manifested in the author's selection of the materials or in their arrangement. The WCT, by closely tracking the language in TRIPS, effectively relaxed the standard for originality in the Berne Convention as suggested earlier.

6.3 Regional contexts: The EC Database Directive

The protection of compilations is not, in itself, a recent or revolutionary development in the copyright laws of most countries. What is clear from both TRIPS and the WCT is that the concept of "compilations" has been expanded to include data of any type. But by reserving copyright protection only to the selection or arrangement of the data compiled, and not to the underlying data, copyright protection for compilations is limited to the results of the creative effort exerted by the author.

Recently, however, databases have been the subject of a different *sui generis* form of protection. One model for database protection is the EC Directive on the Legal Protection of Databases ("EC Database Directive")[112]. This model is distinguishable from the copyright model for compilations in some very important ways. First, copyright protection is based on creative input (originality) in the selection or arrangement of pre-existing works. The EC Database Directive is intended, instead, to protect investments made in creating the database, what has been called the "sweat of the brow" in the United States.[113] In essence, this model of protection is not intended to stimulate intellectual creativity in creating new works, but to encourage and protect economic investments in the development of a database. Article 1(2) of the EC Database Directive defines a database as "a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means." This definition includes "hard copy" or paper databases, but specifically excludes computer programs used to make or operate a database.[114]

Under the EC Database Directive, a database that satisfies the creativity requirement of copyright must be protected by copyright.[115] Owners of qualifying databases are granted specific and exclusive copyright rights. These rights are: the right to make or to authorize temporary or permanent reproductions; translations, adaptations, arrangements and any other alteration; the right to make any form of distribution to the public of the database or of copies thereof; the right to make any communication, display or performance to the public; and the right to any reproduction distribution, communication, display or performance to the public of the results of any translation, adaptation, arrangement or other alteration of

[112] See Directive 96/9/EC of the European Parliament and of the Council of March 11, 1996 on the Legal Protection of Databases, 1996 O.J. (L77) 20.

[113] See Feist, 499 U.S. 340.

[114] See Database Directive, Article 1(3).

[115] See Database Directive, Article 3.

the database.[116] There is, however, no mention of a moral right for the author of a database.

In addition to the copyright scheme, the EC Database Directive also created a new *sui generis* right to prevent the unauthorized extraction or re-utilization of the contents of the database.[117] This right gives the author of the database absolute control over any use of the information contained in the database. According to Article 7(4) of the Directive, this right is granted in addition to the copyright protection required by Article 3;[118] the exclusive right to extract/re-utilize the contents of the database is granted in addition to, but independent of, copyright protection. This means, in effect, that the conceptual approach of the EC Database Directive is one of a strong property rights regime which recognizes few if any exceptions to the exclusive rights that it grants the author of a database. The objective of rewarding economic investment rather than intellectual creativity is reflected in the conditions for protection under the EC Database Directive. For example, Article 7(1) of the Directive provides that the *sui generis* right must be granted to the maker of a database "which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents."

The EC Database Directive provides a few exceptions to the database right. These exceptions are: exceptions for the use of non-electronic databases for private purposes; extraction for purposes of illustration and teaching so long as the source is indicated and the use is justified by a non-commercial purpose; and extraction or re-utilization that occurs for the purposes of public security or an administrative or judicial procedure.[119] Finally, the *sui generis* database protection will be extended internationally on a reciprocal basis.

In reaction to the EC Database Directive, private industry in the United States also began to express interests in a *sui generis* right similar to what the EC provided. Of particular concern was the fact that the EU would not protect American database producers in Europe, unless the United States offered reciprocal protection for European database owners. (Such denial of national treatment does not infringe Article 3, TRIPS, if databases under the Database Directive are not considered "intellectual property" in the sense of Article 1.2, TRIPS. See Chapter 4, Section 6.3.1.) The strong property rights approach adopted by the EU has, however, generated significant public concern in the United States. While there has been recognition of the need to encourage the creation of databases, public

[116] *Id*. See Article 5.

[117] See EC Database Directive, Article 7(1).

[118] Article 7(4) provides that the *sui generis* right "shall apply irrespective of the eligibility of the database for protection by copyright or other rights. Moreover, it shall apply irrespective of eligibility of the contents of that database for protection by copyright or by other rights. Protection of databases under the right provided for . . . shall be without prejudice to rights existing in respect of their contents." The difference of this concept *vis-à-vis* the scheme for the protection of collected works under the Berne Convention, the TRIPS Agreement and the WCT is reflected in the first sentence of the quoted provision: all three of those international instruments require a creative element in the arrangement or/and the selection of the compilation. The EC Directive waives this requirement, because it is not meant to further creativity, but to protect investment in databases.

[119] See Database Directive, Article 9.

interest groups including educational institutions, research institutions and libraries, have protested the property rights model in the initial proposals considered by Congress. Concerns that were expressed included how to determine the appropriate term of protection for the database right, the perceived need for a fair use provision to facilitate research, the fear of high transaction costs for data use, free speech implications of the property model and concerns about potential anti-competitive effects of such a strong right in the use of data.

Some opponents to the strong property rights approach have instead advocated a misappropriation/unfair competition model as an alternative approach to the property model.[120] Such an approach would condition liability for unauthorized data use on a notion of substantial harm to the actual or neighbouring market of the database owner. Thus far, a law protecting solely economic or laborious investment in creating a database is yet to be passed in the United States.

7. Comments, including economic and social implications

Copyright protection for compilations of data has different economic and social implications to the *sui generis* right currently in place in the European Union, and under consideration in the United States. Like the copyright model for the protection of compilations in TRIPS and in the WCT, a *sui generis* model for databases is designed to protect a particular kind of investment (i.e., primarily economic) with a view to encouraging optimal levels of production of databases. The difference is that a *sui generis* model is limited to such protection, whereas the mentioned copyright schemes also seek to protect creative activity.

As mentioned above, with regard to computer programs, rights might encourage increased levels of production of these works, provided the market and technological conditions are present. However, the level of protection offered in law must be counterbalanced with limitations or exceptions to ensure that there is adequate competition in database production. An important consideration is that a *sui generis* right extends to material that is not protected by copyright law. Consequently, what has been considered a deliberate "leak" in the copyright system – one intended to give second generation innovators "raw materials" to work with – will be plugged by a database protection model like that of the EC. The potentially high costs to the public of obtaining information under this type of system, and the effects on competition, must be balanced with the goal of protection for databases. A database protection system should attempt to balance the competing interests at stake to ensure that economic welfare goals are maximized.[121]

[120] See J.H. Reichman and P. Samuelson, *Intellectual Property Right and Data?*, 50 Vanderbilt Law Review, 51 (1997).

[121] The IPR Commission has even gone so far as to recommend that developing countries should not establish a *sui generis* system similar to the EC Database Directive. See IPR Commission report, p. 109 (quoted in Chapter 8, Section 7).

10: The Rental Right

> **Article 11 Rental Rights**
>
> In respect of at least computer programs and cinematographic works, a Member shall provide authors and their successors in title the right to authorize or to prohibit the commercial rental to the public of originals or copies of their copyright works. A Member shall be excepted from this obligation in respect of cinematographic works unless such rental has led to widespread copying of such works which is materially impairing the exclusive right of reproduction conferred in that Member on authors and their successors in title. In respect of computer programs, this obligation does not apply to rentals where the program itself is not the essential object of the rental.

1. Introduction: terminology, definition and scope

A rental right, in general, is a subset of the right of distribution that is more commonly recognized in a variety of different forms in domestic and international agreements. Broadly speaking, the distribution right encompasses rental, lending and resale rights. Under a rental right, the copyright holder may collect royalties from third parties engaged in the commercial rental of their copyrighted works. TRIPS establishes a rental right in respect of computer programs and cinematographic works. Under the terms of the Agreement, owners of these two categories of works must be granted the right to "authorize or prohibit the commercial rental to the public of originals or copies of their copyright works." With respect to cinematographic works, a Member may choose not to grant a rental right unless commercial rental has led to widespread copying such that the exclusive right of the owner to reproduce the work is materially impaired. The rental right is also not applicable to objects that contain computer programs, where the program is not itself the essential object of the rental.

The brief history of this provision suggests that its inclusion in TRIPS was a significant, if challenging, accomplishment.

2. History of the provision

2.1 Situation pre-TRIPS

Many countries already had right of distribution in place prior to the TRIPS negotiations. For instance, the U.S. copyright law recognizes rental rights in phonorecords and computer programs notwithstanding the first sale doctrine (see Section 3, below). The prohibition of the unauthorized rental of these works is accompanied by several conditions and exceptions. With regard to phonorecords, (i) the owner of the phonorecord must have disposed of it without authorization from the owners of the copyright in the sound recording and any musical works embodied in the phonorecord; (ii) such disposition must be for the purposes of direct or indirect commercial advantage and; (iii) such disposition must be "by rental, lease, or lending, or by any other act or practice in the nature of rental, lease or lending."[122] With regard to computer programs, the prohibition on unauthorized rental is inapplicable to (i) "a computer program which is embodied in a machine or product and which cannot be copied during the ordinary operation or use of the machine or product"[123]; (ii) "a computer program embodied in or used in conjunction with a limited purpose computer that is designed for playing video games and may be designed for other purposes"[124]; (iii) "the lending of a computer program for non-profit purposes by a non-profit library."[125] Transfers by non-profit educational institutions are also exempted.

Another example is the EU, which in 1992 adopted a Rental Right and Lending Right Directive[126] ("EC Rental Right Directive") regulating the rental, lease, or lending of all types of copyrighted works. The EC Rental Right Directive establishes an exclusive right to authorize or prohibit such rental or lending of all works except buildings and works of applied art. The EC Software Directive also provides a right to control the rental of computer programs.[127]

2.2 Negotiating history

2.2.1 The Anell Draft

(Rental Rights)

"3A.2.1 [At least in the case of computer programs [, cinematographic works] [and musical works,]] PARTIES shall provide authors and their successors in title the [right to authorise or prohibit the rental of the originals or copies of their copyright works] [or, alternatively,] [the right to obtain an equitable remuneration] [corresponding to the economic value of such a use] [whenever originals or copies are rented or otherwise made available against payment]. [It is understood that granting to authors the right to authorise or prohibit the rental of their works for

[122] 17 U.S.C. § 109(b)(1)(A).

[123] 17 U.S.C. § 109(b)(1)(B)(i).

[124] *Id.* at § 109(b)(1) (B)(ii).

[125] *Id.* at § 109(b)(2)(A).

[126] EC Directive on Rental Right and Lending Right and on Certain Rights Related to Copyright in the Field of Intellectual Property, Council Directive 92/100 of 19 November 1992 O.J. (L346) 61.

[127] See EC Software Directive, Article 4(c).

a certain period of time and to claim an equitable remuneration for the remaining period is sufficient to fulfil this provision.]

3A.2.2 For the purposes of the previous point, rental shall mean the disposal [for a limited period of time] of the possession of the original or copies for [direct profit-making purposes] [direct or indirect commercial advantage].

3A.2.3 There shall be no obligation to provide for a rental right in respect of works of applied art or architecture."[128]

The Anell Draft also contained a provision dealing more generally with distribution and importation rights:

"(Right of Importation and Distribution)

3A.1 Economic rights shall include:

3A.1.1 the right to import or authorize the importation into the territory of the PARTY of lawfully made copies of the work as well as the right to prevent the importation into the territory of the PARTY of copies of the work made without the authorization of the right-holder;

3A.1.2 the right to make the first public distribution of the original or each authorized copy of a work by sale, rental, or otherwise except that the first sale of the original or such copy of, at a minimum, a computer program shall not exhaust the rental or importation right therein.1 [note]

[note] 1 It is understood that, unless expressly provided to the contrary in this agreement, nothing in this agreement shall limit the freedom of PARTIES to provide that any intellectual property rights conferred in respect of the use, sale, importation and other distribution of goods are exhausted once those goods have been put on the market by or with the consent of the right holder."

Prior to the TRIPS negotiations (see situation pre-TRIPS, above), some countries already recognized a right of distribution for copyright owners, but there had never been an explicit global agreement on such a right,[129] and countries have historically adopted a variety of approaches to the notion of a discrete distribution right. It is clear from the above draft provisions that some delegations sought to introduce, on the international level, a general right of importation and distribution of copyrighted material. This would necessarily have implied an agreement on the controversial issue of exhaustion, because the right to import and distribute certain copyrighted works is usually exhausted after the first sale of the particular product.[130] Delegations were unable to reach agreement in this respect. However, they did agree on a subset of the distribution right, i.e. the rental right; not as to copyrighted works in general, but as to two categories, namely computer programs and cinematographic works. In comparison to a general right of importation and distribution, this rental right is therefore limited. It is designed to give owners of computer programs the right to control the rental of their works and sets up a conditional obligation for Members to recognize a rental right in

[128] MTN.GNG/NG11/W/76, 23 July 1990.

[129] The WCT introduced a distribution right for literary and artistic works. See WCT, Article 6(1).

[130] See Section 3, below. For a detailed analysis of the principle of exhaustion (or "first-sale-doctrine"), see Chapter 5.

respect of audiovisual works. The Brussels Draft represented the first step into this direction.

2.2.2 The Brussels Draft

> "In respect of at least computer programs and cinematographic works, a PARTY shall provide authors and their successors in title the right to authorise or prohibit the commercial rental to the public of originals or copies of their copyright works [, or alternatively the right to obtain an equitable remuneration corresponding to the economic value of such use] [, where circumstances arise by which the commercial rental of originals or copies of copyright works has led to [unauthorised] copying of such works which is materially impairing the exclusive right of reproduction conferred in that PARTY on authors and their successors in title]."[131]

By the time of the Brussels Draft, the proposals for a general right of importation and distribution of copyrighted materials had disappeared and given way to the above provision. This was limited to the rental right in computer programs and cinematographic works and was thus very close to the current Article 11 of TRIPS.

The Brussels Draft still contained a bracketed reference to a remuneration right as an alternative to the right to prohibit or authorize the commercial rental of copyright works. This alternative was not taken over into TRIPS.

The current second sentence of Article 11, referring to the material impairment of the reproduction right through widespread copying, was already part of the Brussels Draft provision, but it was bracketed and did not seem to be limited to cinematographic works, as under TRIPS.[132]

Also, it did not refer to "widespread", but to "unauthorised" copying (in brackets). Thus, the current approach taken under TRIPS is more economic: what really causes a "material impairment" of the exclusive reproduction right is not so much the illegality of the copying but rather the economic fact that such copying is "widespread", thus preventing the right holder from selling his own copies. It is self-evident that in those cases, most of the copying will be "unauthorized". A particular reference to such term would therefore appear superfluous.

The final difference between the Brussels and the current texts is the addition under TRIPS that with respect to computer programs, the obligation to grant an exclusive rental right does not arise in case the program itself is not the essential object of the rental (see Section 3 below).

3. Possible interpretations

Countries recognize and provide different forms of protection for the different ways that an author's work could be circulated in the market. For example,

[131] See Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, Revision, Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, MTN.TNC/W/35/Rev. 1, 3 Dec. 1990.

[132] One commentator on the negotiating history states that the current Article 11, second sentence was drafted in a manner that would exclude the United States, where a rental right with respect to cinematographic works has been contested, while at the same time imposing such right on as many countries as possible. See Gervais, at 84–85, para. 2.65.

the 1976 U.S. Copyright Act provides an exclusive right to distribute "copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending."[133] The U.S. first sale doctrine (referred to as the principle of "exhaustion" in other countries) is an important limitation to this right. This doctrine effectively terminates the author's control over the distribution of the work upon the first sale. However, there are exceptions to the first sale doctrine that preserve an author's control with respect to specific categories of works, notwithstanding the first sale doctrine. The widely divergent views and practices on when and how an author's control over a work should be regulated once the work has entered the stream of commerce, made international agreement over the doctrine of first sale/exhaustion infeasible. Consequently, both TRIPS and the WCT permit member countries to determine the scope of this exception in their respective national laws.[134]

Article 11 reflects the areas where countries have agreed to an exception to these limitations to the distribution right, namely with respect to computer programs and cinematographic works. In addition, Article 14.4, TRIPS, obligates Members to apply Article 11 with respect to computer programs to producers of phonograms and any other right holders in phonograms (see Chapter 13). For computer programs, Article 11, first sentence, grants an unconditional right to the author to authorize or prohibit the commercial rental of her/his work. With respect to cinematographic works, however, the phrasing of the second sentence of Article 11 ("A Member shall be excepted from this obligation in respect of cinematographic works unless such rental has led to widespread copying . . . ") makes clear that the obligation to grant an exclusive rental right is to be considered as an exception. The use of the term "unless" indicates a reversal of the burden of proof; it is thus up to the right holder to establish evidence that the rental by third persons of his work has resulted in "widespread copying" of his work, which is "materially impairing the exclusive right of reproduction". Unless the right holder is able to submit such proof, a WTO Member is free to choose whether or not to grant such exclusive rental right with respect to cinematographic works. This leaves open a question of interpretation as to when these conditions are met, and the criteria that might be used to determine when a specific country is obligated to grant rental rights in audiovisual works. It appears to be in the discretion of domestic legislators to determine, for instance, on which conditions the right of reproduction is materially impaired in its exclusiveness.[135] Nonetheless, evidence of widespread piracy in a particular Member is likely to trigger the obligation of that Member to grant the exclusive rental right.

Finally, with respect to computer programs, the obligation to grant an exclusive rental right does not arise in case the program itself is not the essential object of the rental.[136]

[133] 17 U.S.C. § 106(3).

[134] See TRIPS Article 6; WCT Article 6(2).

[135] Gervais, p. 85, para. 2.66, expresses the view that the right holder for the purpose of proving material impairment has to show that the copying of his works affects both his ability to authorize and to prohibit reproduction.

[136] For example, in case of the rental of a car incorporating software-operated devices such as fuel injection.

4. WTO jurisprudence

There has been no WTO panel decision on this subject.

5. Relationship with other international instruments

5.1 WTO Agreements

5.2 Other international instruments

The WCT, like TRIPS, extends commercial rental rights to "authors of (i) computer programs; (ii) cinematographic works; (iii) works embodied in phonograms, as determined in the national law of contracting parties."[137] With regard to phonograms, however, the WCT adopts a different approach than TRIPS. The WCT grants the rental right to *authors* of works embodied in the phonograms (such authorship being defined by national law) while TRIPS Article 14.4 recognizes such a rental right for "producers of phonograms and any other right holders in phonograms as determined by domestic law." One possible way to reconcile these two approaches is to provide a joint right to authors and producers with respect to the rental right for phonograms. Of course, one could simply view the author or composer of the work as the rightful owner of the right since, in the first instance, the author has rights to prohibit unauthorized duplication of the underlying work.

Like TRIPS, the WCT recognizes some limitations with regard to the rental right for computer programs. First, the rental right does not apply to cases "where the program itself is not the essential object of the rental; as for cinematographic works, a country can choose not to extend the rental right to these works unless commercial rental has led to widespread copying of such works thus "materially impairing the exclusive right of reproduction." (WCT Art. 7(2)(i)(ii).) With regard to pre-existing national practices dealing with record rentals, the WCT grandfathers[138] those practices subject to the same conditions as audiovisual works, namely that "the commercial rental of the works embodied in the phonograms is not giving rise to the material impairment of the exclusive right of reproduction of authors."[139] Again, this test is open to interpretation in terms of how it is to be applied. The grandfathering of pre-existing schemes was necessary to respond to concerns raised by Japan during the negotiations.

6. New developments

6.1 National laws

6.2 International instruments

6.3 Regional contexts

7. Comments, including economic and social implications

Article 11 leaves considerable flexibility for the establishment and implementation of rental rights. While these rights are generally recognized under continental law

[137] See WCT Article 7(1) and TRIPS Article 14.4, first sentence in conjunction with Article 11.

[138] A "grandfather clause" allows countries acceding to an agreement to maintain pre-existing domestic legislation otherwise inconsistent with the relevant agreement.

[139] *Id.* at Article 7(3).

as one component of the author's rights, it may need to be specifically spelled out in some jurisdictions. Though the rental of computer programs has not become generalized practice, and, hence, this provision has little economic impact, the rental of cinematographic works has become widespread in many countries. The control over the distribution of copies of films for individual use may add to the rents generated by other forms of exploitation of such works. However, the enforcement of rental rights often faces significant obstacles, due to the ease with which copies can be reproduced and the cost and difficulty involved in detecting and bringing legal action against infringers.

One of the most important issues with respect to the lending right is how non-profit institutions such as libraries might fare under a comprehensive rental rights system. The EC Rental Right Directive authorizes states to allow public lending so long as authors receive some compensation for the rental of their works.[140] This approach is best characterized as a "liability rule" rather than a property rule. While there is no obligation under TRIPS to grant such a right, there appears to be a definite trend in some countries outside of the EU to adopt the public lending right. Certainly, for countries that have a comprehensive rental rights system, there must be some deliberation as to how to ensure that public services that facilitate access to and use of copyrighted works are available to society. In addition, as traditional copyright works such as books and other written material are increasingly embodied in digital form, the regulation of the rental right will play an important role in balancing the interests of owners and the importance of access by members of the public to copyrighted works.

[140] See EC Rental Right Directive, Art. 5.

11: Term of Protection

> Article 12 Term of Protection
>
> Whenever the term of protection of a work, other than a photographic work or a work of applied art, is calculated on a basis other than the life of a natural person, such a term shall be no less than fifty years from the end of the calendar year of authorized publication, or, failing such authorized publication within fifty years from the making of the work, fifty years from the end of the calendar year of making.

1. Introduction: terminology, definition and scope

TRIPS suggests that there is no uniformly applicable term of protection for all categories of copyrighted works. Article 7(1) of the Berne Convention prescribes a minimum term of copyright protection which is the life of the author plus fifty years. This is incorporated in TRIPS Article 9.1 through reference to the Berne Convention. Article 12 addresses those cases where the life of a natural person is not the basis for measuring the term of protection. It is directed at works of corporate authorship or, to put it more directly, works where the identified author is not a natural person. Examples of such works include sound recordings and films under U.S. law, and collective works under French law.

2. History of the provision

2.1 Situation pre-TRIPS

Prior to TRIPS, the term of copyright duration was addressed in Article 7 of the Berne Convention, prescribing in paragraph (1) a minimum term of protection of the author's life plus fifty years. Even under the Berne Convention, however, the use of the life of the author as a basis for determining the length of copyright protection is not applicable to all categories of works. The key point is that for works where the life of a natural person is not the basis for measuring the term of copyright protection, other indicators must be used.

The provisions of the Berne Convention dealing with cinematographic works and pseudonymous and anonymous works provide good examples of such indicators. Article 7(2) of the Berne Convention provides that in the case of

cinematographic works, countries "may" provide a term of protection that shall expire fifty years after the work has been made available to the public with the consent of the author. If the work is not made public with the consent of the author within fifty years after the work was first made, then the term of protection is simply fifty years calculated from when the work was made.

With regard to anonymous and pseudonymous works, Article 7(3) of the Berne Convention provides a term of protection for fifty years after the work has been lawfully made available to the public. However, if the author of the work discloses his or her identity, Article 7(3) provides a term of protection that is consistent with the general standard namely, life of the author plus fifty years. The same result occurs when the pseudonym of the author "leaves no doubts" as to the identity of the author. In such a case, the term of protection reverts to the standard term of life plus fifty years.

Berne Convention Article 7(4) provides that countries have the discretion to determine the term of protection for photographic works and works of applied art if such works are protected as "artistic works." However, the minimum term of protection for these categories of works is twenty-five years from their making. As explicitly stated in Berne Convention Article 7(6), for all categories of works, countries are free to grant terms of protection greater than the minimum imposed.

Finally, the Berne Convention is silent on a specific term of protection for the works of non-natural (i.e., corporate) authors.

Although other copyright treaties such as the Universal Copyright Convention also established a minimum term of protection,[141] Article 12 is a direct derivation from Berne Convention Article 7 as discussed above.

2.2 Negotiating history

2.2.1 The Anell Draft

"7. Term of Protection

7A.1 The term of protection of a work whose author is a legal entity shall be no less than 50 years from the end of the year of authorised publication, or, failing such authorised publication within 50 years from the making of the work, 50 years from the end of the year of making.

7A.2 The term of protection of computer programs shall be no less than 50 years after the end of the year of creation."

While this draft provision already provided the same term of protection as the current Article 12, it differs in two important aspects: first, it contained an extra paragraph on computer programs, which is not present in the current TRIPS text; second, it expressly referred, in its first paragraph, to "legal entities" as the author of the protected work.

With regard to the extra paragraph on computer programs, it has to be recalled that at the time of the Anell Draft, the protection of computer programs as literary

[141] Life of the author plus twenty-five years. See Universal Copyright Convention, Paris Text, 1971, Article IV(2)(a).

works had not yet been agreed upon.[142] The second paragraph of the above draft appears to represent some delegations' objective to ensure, for computer programs, the same term of protection as accorded to literary works under Article 7(1) of the Berne Convention, independently of their qualification as such works. Otherwise, computer programs, as not expressly considered "literary works", could have been interpreted by Members to qualify for "works of applied art" in the sense of Article 7(4) of the Berne Convention, for which the mandatory term of protection is only 25 years from the making. With the final acceptance, under Article 10.1 of TRIPS, of computer programs as literary works, this special term of protection for computer programs is no longer necessary: they either fall directly under Article 7(1) of the Berne Convention (in case the author of the software is a natural person), or they benefit from the term of protection provided for under Article 12 TRIPS (in case the author of the software is a corporate entity). In both cases, the term is 50 years (from the death of the natural author or from the authorized publication or the end of the calendar year of the making).

With regard to the second difference (i.e. the express reference to a "legal entity" as the author of the work), the 1990 draft reflects the desire of U.S. film producers for explicit recognition of corporate authors. U.S. film-makers, under the aegis of the Motion Picture Association of America (MPAA),[143] were concerned about discrimination in countries that only recognized natural "flesh and blood" authors. In countries generally identified with the author's rights tradition, non-natural persons are recognized as first right holders (as opposed to "authors") of a work. In these countries there is a preference for recognizing authorship only in natural persons. A U.S. proposal during the TRIPS negotiations to accomplish the goal of expressly recognizing corporate authorship was not successful. Article 12 affords an implicit recognition of the concept of a non-natural author, but, as opposed to the Anell Draft, it does not explicitly say so.

2.2.2 The Brussels Draft

The text of the Brussels Draft was essentially identical to the final version under TRIPS. The only difference was that under the Brussels Draft, there was a proposal to except computer programs from the mandatory term of 50 years, as is currently the case under TRIPS with respect to photographic works and works of applied art (Article 7(4), Berne Convention). This exemption of computer programs reflects the delegations' disagreement, at the time of the Brussels Draft, whether to protect computer programs as "literary works". Interestingly, the Brussels Draft thus adopted the opposite approach to computer programs *vis-à -vis* the earlier Anell Draft. The latter had proposed to secure a minimum protection of 50 years for software products, whereas the Brussels Draft proposed to except computer programs from the 50-year term.

With regard to the Anell Draft, the Brussels Draft had already eliminated the express reference to a "legal entity" as the author of the protected works.

[142] See Chapter 8.

[143] This organization is now known as the Motion Picture Association (MPA).

3. Possible interpretations

As stated earlier, Article 12 is very similar to Article 7(2) and 7(3) of the Berne Convention. Article 12 requires that where the life of a natural person is not the basis for calculating the copyright term, the minimum term of protection for a copyrighted work is fifty years from the end of the calendar year of authorized publication. In the absence of an authorized publication of the work within fifty years from its making, then the term of protection is fifty years from the end of the calendar year of its making. For example, if a work is authored by a non-natural person in 1999 and publication is authorized in the year 2000, the minimum term of protection for the work is fifty years. This means that the work is protected by copyright until the end of the year 2050. However, if there is no authorized publication between 1999 (the year of its making) and 2049 (fifty years from the year of its making), then the term of protection is calculated from the end of the year of its making (1999); thus copyright in the work would expire at the end of 2049.

It should be noted that the absence of authorized publication results in a term of protection that is one year less than the scenario where protection is authorized in the year 2000. Of course, if the work is created in 1999 *and* authorized for publication in 1999, then for all practical purposes the end result is the same as though there were no authorized publication. In other words, the copyright term of such a work will expire at the end of 2049.

The above analysis suggests that the later in time an authorized publication takes place, the longer the work may, for all practical purposes, be protected by copyright. For example, if a work created in 1999 is authorized for publication in 2030 (i.e., 31 years after creation), calculation of the copyright term will start at the end of the year 2030. Thus, the copyright term will not expire until the end of 2080. By conditioning the term of copyright protection on "authorized publication," Article 12 changed the Berne Convention standard that required calculation of the term of copyright protection once the work is "made available to the public."[144] The term "publication" is narrower than "making available to the public". A work may be made available to the public in various ways, not only through publication. TRIPS does not define the term "publication" so it is most likely that the definition employed in the Berne Convention (Article 3(3)) will be used to interpret this language in TRIPS.[145] Thus, any of the acts excluded from the definition of "publication" under Article 3(3) of the Berne Convention constitute acts of "making available to the public". This is the case referred to in the last part of Article 12 ("... or, failing such authorized publication ...").Therefore, the term

[144] See Berne Convention, Article 7(2) and 7(3).

[145] See Gervais, at 87. The incorporation of the Berne Convention into TRIPS lends support to this position. Article 3 (3) of the Berne Convention defines a "published work" as one in which copies have been manufactured with the consent of the author and that the copies are made available to satisfy the reasonable requirements of the public. This provision states that "the performance of a dramatic, dramatico-musical, cinematographic or musical work, the public recitation of a literary work, the communication by wire or the broadcasting of literary and artistic works, the exhibition of a work of art and the construction of a work of architecture shall not constitute publication."

of protection would then be calculated on the basis of the calendar year of making (i.e. fifty years after the end of that year).

Finally, Article 12 retains the exceptions to copyright term that have been historic features of the Berne Convention. In effect, Article 12 does not extend to photographic works and works of applied art. The copyright term provided for such works remains the standard set in Article 7(4) of the Berne Convention, namely a minimum of 25 years.[146]

4. WTO jurisprudence

There has been no WTO panel decision on this subject.

5. Relationship with other international instruments

5.1 WTO Agreements

5.2 Other international instruments

Article 12 simply establishes a minimum standard for the term of copyright protection with regard to works in which the measure of the term is not the life of a natural person. Outside of these works, the term of copyright protection is as provided in the Berne Convention. Thus, for a majority of copyrighted works, the provisions of Article 7 of the Berne Convention will remain the applicable law regarding duration of copyright protection. With regard to photographic works, the WCT provides that countries "shall not apply the provision of Article 7(4) of the Berne Convention" (i.e. a minimum duration of 25 years from the making of the work).[147] This suggests that the WCT mandates an upgrade of the term of protection for photographic works to the Berne Convention minimum of life of the author plus fifty years.[148]

6. New developments

6.1 National laws

For most copyrighted works authored by individuals (natural persons), a majority of countries adhere to a specified period of time after the death of the author. Article 7(1) of the Berne Convention specifies the minimum term of protection as the life of the author plus fifty years and this standard has been incorporated into TRIPS. This term requirement is, however, merely a minimum; countries are free to adopt longer terms of protection and many countries have done so. The EC Term of Protection Directive[149] requires a term of protection for the life of the author plus seventy years (Art. 1(1)). In 1998, the United States followed the

[146] Note, however, that in respect of photographic works, this was modified by the 1996 WCT. See below, Section 5.2.

[147] See WCT, Article 9.

[148] See Goldstein, *International Copyright*, at 235 (2001). This is so because the exclusion by the WCT of Article 7(4) of the Berne Convention results in the applicability of Article 7(1) of the Berne Convention, providing the general term of protection of the life of the author plus fifty years.

[149] Council Directive 93/98 of 29 October 1993 Harmonizing the Term of Protection of Copyright and Certain Related Rights O.J. (L290) 9.

European example and extended the general term of copyright to life of the author plus seventy years.[150] However, as far as copyrighted works of *corporate* authors are concerned, the same U.S. law extended the term of protection to 95 years, whereas the above mentioned EC legislation limits that term to 50 years only.

Several Latin American countries have extended the terms of copyright protection to higher standards than required under the Berne Convention, such as Mexico (life of the author plus 75 years), Brazil, Ecuador and Peru (life of the author plus 70 years).[151]

In a recent dispute involving big entertainment companies on the one hand and a coalition of Internet publishers on the other, the U.S. Supreme Court upheld the above U.S. law against allegations of unconstitutionality.[152] Internet publishers seeking to publish, *inter alia* , early Mickey Mouse cartoons, jazz classics and novels of F. Scott Fitzgerald had argued that the extension of all copyright terms by 20 years violated a clause in Article I, Section 8 of the U.S. Constitution. According to this provision, copyrights may be issued "for limited times". The principal argument of the opponents of copyright term extension was that the extension had the effect of delaying entry into the public domain of works created under a previous (shorter term) regime. Since the authors of existing copyrighted works were not being given any new incentive to create, the extension had the primary effect of limiting works in the public domain, and this was contrary to the objectives of the copyright clause of the Constitution.[153] In the opinion of the majority of the judges, Congressional power to grant copyright protection implies the right to extend the term of protection for all existing copyrights. As stated in the decision:

> "History reveals an unbroken congressional practice of granting to authors of works with existing copyrights the benefit of term extensions so that all under copyright protection will be governed evenhandedly under the same regime."[154]

On the other hand, the 1998 U.S. legislation was severely criticized by the dissenting judges. They warned in particular that the extension of the term of

[150] The rules of duration in the United States are much more complex than this statement suggests. Indeed, the same is true for other countries such as the United Kingdom. This is because extensions of the copyright term can be retroactive. Thus, for works in existence and eligible for protection at the time of the extension, the calculation of the term of protection requires careful reading of the earlier statutes under which the work was protected and how the extension of term should be calculated. See e.g., 1976 U.S. Copyright Act § 302–§ 305; John N. Adams & Michael Edenborough, *The Duration of Copyright in the United Kingdom after the 1995 Regulations*, 11 E.I.P.R. 590 (1996).

[151] See Roffe, Pedro (2004), *Bilateral Agreements and a TRIPS-plus World: the Chile – USA Free Trade Agreement*, TRIPS Issues Papers – No 4, Quaker International Affairs Programme, Ottawa, Section 3.3.1 [hereinafter Roffe, 2004]. In the cases of Brazil and Mexico, the author explains these extensions with those countries' important cultural industries.

[152] *Eldred v. Ashcroft*, 123 S. Ct. 769 (2003).

[153] The opponents of the above law also argued that the extension of the copyright term by 20 years amounted to a perpetual right, and not one for limited times. However, from a constitutional standpoint this was not the argument relied upon since the opponents tacitly acknowledged that the Supreme Court would find it difficult to interfere in the judgement of Congress whether 50 or 70 years after the death of the author was an appropriate copyright term. The decision was taken by a 7-to-2 majority.

[154] Majority opinion, written by Justice Ginsburg, 123 S. Ct. 769, 778.

protection would harm education and research, due to the impediments to access for copyrighted materials.[155]

With regard to works authored by non-natural persons or, in some cases, particular categories of works, countries have enacted different laws. Thus with regard to copyright term under TRIPS, the requirements of the Berne Convention remain the standard with the exception of the changes introduced by Article 12. Other than the well-known term of protection for individually authored works, there is discretion under the Berne Convention with regard to the term for other categories of works. The chart in Annex 1 at the end of this Chapter depicts copyright terms with respect to different categories of works.

Finally, it is important to observe that countries do have some discretion in determining whether the term of protection will be based on the life of a natural person. For example, in the United States works made for hire are protected for 95 years from the year of the work's first publication, or 120 years from creation whichever expires first. This term applies whether the employer is a natural or corporate person. In the United Kingdom the copyright term in a computer-generated work lasts for fifty years from the end of the year in which the work was made.[156] The key issue is that where national legislation bases the copyright term on a measure other than the life of a natural person, then TRIPS Article 12 is implicated. The question of whether authorship is vested in a natural person is likely to be determined by the particular view of authorship that the country subscribes to.

6.2 International instruments

6.3 Regional and bilateral contexts

At the bilateral context, recent free trade agreements signed by the USA with a number of developing countries have adhered to the trend in developed countries, as outlined above, to expand the terms of protection for most works to 70 years compared to 50 under TRIPS.[157]

7. Comments, including economic and social implications

Longer copyright terms prolong the author's control over the use and disposition of the copyrighted work. Accordingly, public policy issues are implicated each time the copyright term is extended. For example, the public domain is comprised of, among other things, expired copyrighted works. The longer the copyright term, the slower the growth of the public domain with respect to works in which the copyright term has expired. Concerns over the effect of longer copyright terms on the public interest prompted criticism in the United States over Congress's extension of the copyright term. Indeed, there have already been challenges to the constitutionality of this legislation. One important argument that has been put forth by critics of the extension in the United States is that retroactive application

[155] See the dissenting opinions of Justices Stephens and Breyer, 123 S. Ct. 769, 790 et seq.

[156] See § 12(3), United Kingdom, Copyright, Designs and Patents Act 1988.

[157] See Roffe, 2004.

of extension is not consistent with the goals of copyright given the fact that authors of existing works do not need the extra twenty years of protection as an incentive for these works. Consequently, the extension is more of a cost imposed on the public. What is important for any country is that the term of protection should provide sufficient time for authors to recoup their investments, while also preserving public interest by facilitating a sustained growth of the public domain.

Annex 1: Copyright term under the TRIPS Agreement

Category of work	Required minimum term of protection (incorporated from Berne Convention Article 7)
Traditional copyright work authored by a natural person	life of the author plus fifty years (Berne Convention, Art. 7(1)).
Collective works	life plus fifty years for each author's contribution. If the selection and organization of the contributions constitute an original expression, the collective work as a whole is also entitled to copyright protection for the life of the author (editor) plus fifty years.
Joint works	life plus fifty years, calculated from the death of the last surviving author.
Anonymous and pseudonymous works	fifty years after the work has been lawfully made available to the public. If the identity of the author is known (despite the pseudonym) or disclosed the term of protection reverts to life plus fifty. (Berne Convention, Art. 7(3)).
Cinematographic works	fifty years after the work has been made available to the public with the consent of the author OR if it is not made available to the public within fifty years of the making of the work, then the term of protection shall be fifty years after the making of the work. (Berne Convention Art. 7(2)).
Photographs and works of applied art	twenty-five years from the making of such a work. (Berne Convention, Art. 7(4))[158]
Works whose term is calculated other than by the life of a natural person (TRIPS Art. 12)	fifty years from the end of the calendar year of authorized publication, OR if there is no authorized publication within fifty years that the work was made, then the term of protection shall be fifty years from the making of the work.

Note that each of these terms of protection is the minimum required by TRIPS; countries are free to establish longer terms of protection for any of these works.

[158] Recall that countries that are members of the WCT are effectively required to protect photographs for longer than the term in Article 7(4) of the Berne Convention. See WCT, Art. 9, rendering applicable the general term of protection under Article 7(1) of the Berne Convention (i.e. the life of the author plus fifty years). Note that the United States protects eligible photographs for life plus seventy years as does the EC.

12: Limitations and Exceptions

> **Article 13 Limitations and Exceptions**
>
> Members shall confine limitations or 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.

1. Introduction: terminology, definition and scope

The question of exceptions and limitations to copyright strikes directly at the issue of the appropriate balance between the rights of creators and the public interest in access to copyrighted works. If a country adopts too many exceptions and limitations (this would likely be inconsistent with TRIPS Article 13) it could adversely affect the incentives to create by reducing the economic rewards to right holders. Conversely, some limitations are necessary to effectuate copyright's broader purpose of advancing the public good. Thus, limitations to facilitate private use, teaching, research and other socially valuable purposes are generally considered to be an important aspect of copyright regulation. In continental law jurisdictions, national copyright laws provide case-specific exceptions to copyright in the above areas.[159] Common law jurisdictions follow the fair use or the fair dealing doctrines, on the basis of which similar exceptions have been developed through case law.[160]

[159] See, for instance, Part 1, Section 6, §§ 44a *et seq*. of the German Copyright Act, providing detailed exceptions to copyright in clearly defined areas.

[160] See C. Correa, *Fair use in the digital era*, International Review of Industrial Property and Copyright Law (IIC), vol. 33, No. 5/2002. For an analysis of this doctrine in the U.S. legal system, see R. Okediji, *Toward an International Fair Use Doctrine*, Columbia Journal of Transnational Law, vol. 39, 2000–2001, pp. 75 *et seq*. Many cases of fair use relate to copying for non-commercial purposes such as education, research, personal use, archival and library uses, and news reporting (see below, Section 3, and the report of the IPR Commission, p. 173). On the fair dealing doctrine, see W. Cornish and D. Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (5th ed. 2003), pp. 440–443. In addition, both international and domestic continental and common law recognize other exemptions and immunities for educational and social purposes as well as, in some countries, compulsory licences for recorded musical work and broadcasts. Still other limitations arise from the states' general exercise of its police powers and from abuses of the statutory monopoly, whether or not rising to the level of antitrust violations. In some countries, even the protection of moral rights assumes a public-interest character by enabling State authorities

The fair use and fair dealing doctrines as well as codified case-specific exceptions under continental law permit certain unauthorized but socially beneficial uses, either because transaction costs might otherwise stand in the way of negotiated licences, or because the resulting public benefit is thought to outweigh the loss of private gain.

2. History of the provision

2.1 Situation pre-TRIPS

Before the entry into force of TRIPS, exceptions to and limitations of copyrights were contained in the Berne Convention.

There is explicit mention under the Berne Convention that countries may provide exceptions for the following activities:

- Reproduction by the press or broadcasters of lectures, addresses and other works of the same nature. (Article 2*bis*(2));
- Reproduction of works in certain special cases, provided that the reproduction does not unreasonably prejudice the legitimate interests of the author. (Article 9(2));[161]
- Quotations from a work that has already been lawfully made available to the public, so long as the quoting is compatible with fair practice and its extent does not exceed the justified purpose of the quotation. (Article 10(1));
- Use of literary or artistic works for teaching provided that the use is compatible with fair practice. (Article 10(2));
- Reproduction by the press, the broadcasting or communication to the public of articles published in newspapers or periodicals on current economic, political or religious topics. The source of the work must always be clearly indicated. (Article 10*bis*(1));
- Reproduction of works for the purpose of reporting current events to the extent justified by the informatory purpose. (Article 10*bis* (2)).

Article 9(2), Berne Convention, represents a general exception (which language resembles Article 13, TRIPS Agreement), while the other above provisions refer to specific exceptions for certain uses of a copyrighted work. All these exceptions are incorporated into TRIPS by way of reference under Article 9.1. The pivotal issue is whether Article 13 enlarges upon these exceptions, codifies the *status quo* or limits the exceptions.

In this context, the history of the general exception embodied in Berne Convention Article 9(2) is useful since the language of TRIPS Article 13 is derived from this provision.

to preserve the integrity of cultural goods beyond the lifetimes of their creator or, in the case of folklore, in the absence of a specifically identifiable author (see UNCTAD 1996, para. 178).

[161] This provision reads as follows: "(2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such [i.e. literary and artistic] 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) was introduced into the Berne Convention during the 1967 revision, and then adopted in the 1971 Paris Text. Many states had different exceptions to the reproduction right; consequently, an agreement on the acceptable scope of limitations was difficult to negotiate. The problem facing the negotiators was how best to accommodate all the existing exceptions in Member States and at the same time impose constraints on the creation of additional exceptions. Evidence from a report of the Swedish government and the Bureau for the Protection of Intellectual Property (BIRPI)[162] regarding an initial proposal for the scope of Berne Convention Article 9(2) indicates that a major consideration for exceptions in national laws was that such exceptions not enter into economic competition with the right holder. Berne Convention Article 9(2) requires a three-step analysis to evaluate the Berne consistency of any exception to copyright contained in national laws.

First, is the exception limited to "certain special cases"? Second, does the exception conflict with the "normal exploitation" of the copyrighted work? And third, does the exception "unreasonably prejudice the legitimate interests" of the right holder? These three important clauses are reproduced in Article 13, reinforcing the argument that the interpretation of Berne Convention Article 9(2) must have an effect on the interpretive scope of Article 13.

2.2 Negotiating history

2.2.1 The Anell Draft

"8. Limitations, Exemptions and Compulsory Licensing

8A.1 In respect of the rights provided for at point 3, the limitations and exemptions, including compulsory licensing, recognised under the Berne Convention (1971) shall also apply mutatis mutandis. [Limitations made to the rights in favour of private use shall not apply to computer software.] [PARTIES may also provide for other limited exceptions to rights in respect of computer programs, consistent with the special nature of these works.]

8A.2 PARTIES shall confine any limitations or exemptions to exclusive rights (including any limitations or exceptions that restrict such rights to "public" activity) to clearly and carefully defined special cases which do not impair an actual or potential market for or the value of a protected work.

8A.3 Translation and reproduction licensing systems permitted in the Appendix to the Berne Convention (1971):

8A.3.1 shall not be established where legitimate local needs are being met by voluntary actions of copyright owners or could be met by such action but for intervening factors outside the copyright owner's control; and

8A.3.2 shall provide an effective opportunity for the copyright owner to be heard prior to the grant of any such licences.

8A.4 Any compulsory licence (or any restriction of exclusive rights to a right of remuneration) shall provide mechanisms to ensure prompt payment and

[162] BIRPI was the predecessor organization to WIPO.

remittance of royalties at a level consistent with what would be negotiated on a voluntary basis.

8B (See Sections 8 and 9 below.)"

2.2.2 The Brussels Draft

"1. [essentially identical to Article 13 TRIPS]

[2. Translation and reproduction licences permitted under the Appendix to the Berne Convention (1971) shall not be granted where the legitimate local needs of a PARTY could be met by voluntary actions of right holders but for obstacles resulting from measures taken by the government of that PARTY.]"

The bracketed second paragraph is very similar to proposal 8A.3.1 under the Anell Draft, as quoted above. This provision would have limited developing countries' possibilities to have recourse to the compulsory licensing systems provided for in the Appendix to the Berne Convention, in particular with respect to the reproduction of copyrighted works and their translation into local languages. This limitation was, however, not taken over into the final version of Article 13. As made obvious in Article 9.1, Members agreed to make the Appendix available without any limitations (except of course for the requirements made in the Appendix itself).

3. Possible interpretations

The terminology employed in Article 13 is substantially similar to Berne Convention Article 9(2) which prescribes the scope of limitations to the right of reproduction. Given the incorporation of Articles 1–21 of the Berne Convention in TRIPS, any interpretation of Article 13 requires consistency with Berne Convention provisions that regulate limitations and exceptions to copyright.

> Article 9 of the Berne Convention: [*Right of Reproduction*: 1. Generally; 2. Possible exceptions; Sound and visual recordings]
> "(1) 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.
> (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.
> (3) [. . .]."

In the following, the three separate conditions of legality of copyright exceptions as provided under Article 13 will be examined.

3.1 Certain special cases

> Members shall confine limitations or exceptions to exclusive rights to certain special cases. . .

According to Professor Ricketson, in particular regard to the first step of the test, the phrase "certain special cases" should be interpreted as requiring an exception for a specific purpose.[163] Broad exceptions covering a wide range of subject matter or uses would not be consistent with the provision. In addition, the exception should be justified by a clear public policy or other exceptional circumstances.[164] With regard to this latter element proposed by Professor Ricketson, a WTO panel has rejected this interpretation.[165] The WTO panel held that with respect to the first step, TRIPS Article 13 prohibits broad exceptions of general application, rejecting an interpretation based on the subjective goals of the national legislation.

A panel decision has effect only between the parties to the dispute and does not constitute a binding precedent in the relations between other WTO Members.[166] Because the Appellate Body might disagree with the legal analysis of a panel, a non-appealed panel report should be treated with some caution. It is nevertheless important to note that the above panel treated a dispute between two developed Members, the U.S. and the EC. Even though it refused to take any public policy considerations into account, it would not have neglected the Appendix to the Berne Convention in case the dispute had involved a developing country Member. This Appendix has become an integral part of TRIPS, by way of reference in Article 9.1. The Appendix *inter alia* permits developing countries to issue compulsory licenses for the reproduction of copyrighted material. The conditions are that the respective Member has notified the other Members of its intention to avail itself of the facilities provided under the Appendix.[167] In addition, compulsory licenses are only authorized if the respective work has not been distributed after a certain period of time to the general public of the affected country "at a price reasonably related to that normally charged in the country for comparable works".[168] The required time period normally amounts to five years, but only three years in respect of natural and physical sciences, mathematics and technology.[169]

[163] See Ricketson. Note that this interpretation referred to Article 9(2), Berne Convention. Since both Article 9(2) of the Berne Convention and Article 13 of the TRIPS Agreement rely on the same three conditions, the following analysis will be subsumed under the pertinent parts of Article 13 of the TRIPS Agreement.

[164] *Id*. at para. 9.6.

[165] See WTO panel report, Section 110(5) of the U.S. Copyright Act, June 15, 2000, NT/DS160/R, para. 6. 111–112.

[166] Another panel would thus be free to adopt a different interpretation of Article 13 of the TRIPS Agreement.

[167] See Article I (1) of the Appendix to the Berne Convention.

[168] See Article III (2) (a) (i) of the Appendix.

[169] See Article III (3) (i) of the Appendix.

Under such circumstances, "any national" of the affected country "may obtain a license to reproduce and publish such edition [i.e. meeting the above criteria] at that or a lower price for use in connection with systematic instructional activities."[170]

This possibility must not be denied to developing countries via an overly strict interpretation of Article 13. This would be contrary to Members' obligation under Article 9.2 to give full effect to the Berne Appendix. Also, a domestic legislation that conditioned the unauthorized printing of schoolbooks and other teaching material on the respect of the criteria referred to under the Berne Appendix would actually be confined to "certain special cases" within the meaning of Article 13.

In addition, it should be noted that despite the rather narrow scope of Article 13, developed countries also provide for the unauthorized use of copyrighted material. In that respect, several approaches exist. Countries may list exceptions and limitations, or they may choose to utilize a broad statement that defines when and under what circumstances a right holder's rights will be limited. A third possibility is that a country may combine both approaches. In most countries, this is the dominant model.[171] For example, the 1976 U.S. Copyright Act contains explicit limitations on a copyright owner's rights[172] as well as a general "fair use" provision that may be used as a defence to a claim of infringement by a right holder. The United Kingdom as well as the French and German copyright legislations adopt this model.

Examples of limitations to the reproduction and adaptation right commonly found in domestic legislation include:

- Copies made for the purposes of scholarly and private use. With regard to software, Articles 5(3) and 6 of the EC Software Directive specifically exempt back up copies, black box analyses and decompilation. The 1976 U.S. Copyright Act does not have a specific exemption for software decompilation (or "reverse engineering") but the fair use provision has been extended to such activity:[173]
- Parody;
- Media (press) uses for current events or news of the day;
- Uses in educational institutions, including for teaching;[174]
- Research;[175]

[170] See Article III (2) (a) (ii) of the Appendix.

[171] This approach is also reflected in the Berne Convention. Recall for example that Article 10 lists some specific exceptions while Art. 9(2) contains a general clause dealing with exceptions to the rights of reproduction.

[172] See e.g., U.S. Copyright Act, § 114(d) which permits certain types of digital audio transmissions of sound recordings; § 111 which allows for certain broadcast retransmissions; § 512 which allows certain temporary copies to be created by on-line service providers.

[173] See *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F. 2d 1510 (9th Cir. 1993); *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F. 3d 596 (9th Cir. 2000).

[174] See, e.g., the recent U.S. TEACH Act. For details, see under Section 6.1 of this chapter.

[175] See, e.g., § 52a of the German Copyright Act, providing for the unauthorized use of copyrighted works for purposes of research and university teaching (as opposed to teaching in primary and secondary schools).

- Quotation;
- Ephemeral copies.

The copyright laws of some countries, such as the United States, include significant mechanisms for the compulsory licensing of copyrighted works. For example, the U.S. Copyright Act, Section 114, establishes an arrangement under which digital audio transmissions of sound recordings are authorized under statutory license subject, in some cases, to payment of a royalty. Section 115 establishes an arrangement under which copyrighted non-dramatic musical works may be recorded on phonograms and distributed, also subject to payment of a royalty.

3.2 Conflict with the normal exploitation of the work

> which do not conflict with a normal exploitation of the work . . .

With regard to the second step of the test, the WTO panel held that "normal" includes both an empirical and a normative component. Thus, the evaluation of an exception under this second step requires an analysis of the way a work is in fact exploited as well as whether the nature of the exploitation is permissible or desirable.[176] The panel held that, while not every commercial use of a work is necessarily in conflict with a normal exploitation, such a conflict will arise if uses of the work pursuant to the exception or limitation "enter into competition with the ways that right holders normally extract economic value from that right."[177]

This second step should not pose too much of a burden to any development policy seeking to promote the dissemination of knowledge through the free availability of copyrighted material. One of the main characteristics of fair dealing provisions or statutory exceptions is that they are limited to non-commercial uses. In case documents are copied for private, research or teaching purposes in less advanced countries, these copies will not "enter into competition with the ways that right holders extract economic value" from that copyright, as expressed in the terms of the panel. Copies made for the above purposes will not be sold in the market, cutting off sales opportunities for the copyright holder. It could of course be argued that fair dealing provisions prevent the right holder from selling the needed material to those people or institutions using them for learning purposes. But such argumentation neglects the fact that the people benefiting from the free availability of unauthorized copies do not dispose of the financial means to purchase these copies. From the right holder's perspective, there is thus no lost opportunity. Such opportunity simply does not exist.

[176] See the panel report at paragraph 6.166.

[177] *Id*. at paragraph 6.183.

3.3 Unreasonable prejudice to the legitimate interests of the right holder

> and do not unreasonably prejudice the legitimate interests of the right holder.

As to the meaning of "interests," the above panel determined that both economic and non-economic advantage or detriment are covered. With regard to "legitimate" the panel noted that this means an interest authorized by law in the legal positivist sense, as well as a normative concern for protecting those interests that are justifiable in light of the objectives that motivate copyright protection.[178] This suggests that there could be some public policy interests that potentially might weigh in the analysis of what constitutes a "legitimate" interest of the right holder. For example, the free speech objectives that underlie copyright in many countries might suggest that a right holder who wants to use copyright to suppress the communication of certain works may not be exercising the right in a legitimate way. In other words, such an author may not have a "legitimate" right to suppress the communication of his works. Likewise, it could be argued that a right holder who wishes to prevent the free distribution of copies of his work for non-commercial purposes lacks any legitimacy in doing so. While in the case of non-commercial use, the right holder does not run the risk of important economic losses, she/he would at the same time prevent the implementation of a policy that offers a promising potential for the development of a knowledge-based society in less advanced countries.

Finally, with regard to the term "prejudice" the panel held that an exception or limitation that "has the potential to cause an unreasonable loss of income to the copyright owner"[179] is unreasonable and rises to the level of prejudice against the author.

In the case of fair use exceptions that are limited to teaching or research purposes, the chances of the right holder's encountering an "unreasonable loss" appear rather low. However, this condition depends on a careful case-by-case examination.

The three-step test of TRIPS Article 13 (and Berne Convention Article 9(2)) is cumulative. In other words, the exception or limitation in question must satisfy each of the three elements before it can be held to be consistent with TRIPS.[180]

[178] *Id*. at paragraph 6.224.

[179] *Id*. at paragraph 6.229.

[180] Note that Article 13 is very similar to Article 30, the exception to patent rights. The wording being slightly different, the three-step analysis appears to be almost identical under both provisions. The first step under Article 30 is to examine if the exception at issue is "limited". This is similar to the Article 13 condition of "certain special cases", which equally denotes the limited character of a possible exception. The second condition under Article 30 refers to the "normal exploitation" of the patent right, the only difference with Article 13 being that the exception shall not "unreasonably" conflict with such exploitation. At this point, the copyrights exception appears stricter, prohibiting any conflict whatsoever, arguably including reasonable ones. Finally, the third condition under both provisions refers to the legitimate interests of the right holder, which must not be unreasonably prejudiced. However, the patents exception contains a fourth condition which is not part of the express language of TRIPS Article 13 or Berne Convention Article 9(2): the legitimate interests of third parties have to be taken into account when examining the interests of the patent

Thus, if an exception or limitation is found to be broad or general (i.e., not limited to "certain special cases") there is no practical need to continue the analysis. The exception or limitation would be in that case inconsistent with Article 13.

4. WTO jurisprudence

On January 29, 1999, the WTO Secretariat received notification from the European Communities requesting consultations with the United States pursuant to Article 4 of the Dispute Settlement Understanding (DSU) and Article 64 of TRIPS, contending that Section 110(5) of the U.S. Copyright Act is inconsistent with Article 9.1 of TRIPS which requires Members to comply with Articles 1-21 of the Berne Convention. On April 15, 1999, the European Communities requested the establishment of a WTO panel under Article 6 of the DSU and Article 64.1 of TRIPS, alleging that Section 110(5), also known as the Fairness in Music Licensing Act (FIMLA), violates U.S. obligations under TRIPS and cannot be justified under any of the permitted exceptions or limitations.[181] In its defence, the United States argued, *inter alia*, that FIMLA is fully consistent with TRIPS and that it meets the standard of Article 13.[182]

In evaluating the scope of Article 13, the panel noted two differences between this provision and Berne Convention Article 9(2).[183] First, the latter provides that countries may in their national legislation "permit" the reproduction of works, while TRIPS Article 13 states that Members should "confine" limitations and exceptions.[184] The EC argued in part that this language should be read as a restriction on the permissible exceptions under the Berne Convention, since the principal objective of TRIPS is to heighten intellectual property protection.[185] The panel held that the application of Article 13 need not lead to different standards from those applicable under the Berne Convention.[186] In other words, it did not follow the EC's view that Article 13 is intended to restrict the exceptions permitted under the Berne Convention.

holder. However, the same test is arguably implied in examining, under Article 13, whether any prejudice to the right holder's interests is unreasonable. In this sense, the practical differences in the application of both exceptions appear to be marginal. For a thorough analysis of the Article 30 exception, see Chapter 23.

[181] See First Submission of the European Communities and Their Member States to the Panel, United States–Section 110(5) of the U.S. Copyright Act, Oct. 5, 1999, WTO Doc. WT/DS. See also panel report on Section 110(5), para. 3.1 (see above, Section 3 of this chapter). The European Community challenged both the "business exemption" (see 17 U.S.C. § 110(5)(B)) and the "home style exemption" (see 17 U.S.C. § 110(5)(A)).

[182] See First Submission of the United States of America, United States–Section 110(5) of the U.S. Copyright Act, Oct. 26, 1999, WTO Doc. WT/DS. See also panel report on Section 110(5), para. 3.3.

[183] Panel report on Section 110(5), at 27.

[184] *Id*. at 26, para. 6.71–6.72.

[185] *Id*. at 28, para. 6.78.

[186] *Id*., at para. 6.81. The EC had also contested the general applicability of Article 13 TRIPS to the provisions of the Berne Convention (id., at para. 6.75). The panel rejected this argument by stating that nothing in the express language of Article 13 TRIPS (or any other provision of the TRIPS Agreement) leads to a conclusion that the scope of Article 13 is limited to the new rights under the TRIPS Agreement (id., at para. 6.80).

The second distinction the panel noted between the Berne Convention and TRIPS is that the exceptions permitted under Berne Convention Article 9(2) are limited to the reproduction right while Article 13 is potentially applicable to all the copyright rights.[187] In all other respects the two provisions mirror each other in that limitations or exceptions are to be confined to (i) special cases; (ii) which do not conflict with a normal exploitation of the work, and (iii) do not unreasonably prejudice the legitimate interests of the right holder.[188] Both the EU and the United States agreed that these three conditions apply cumulatively under Article 13.[189] This cumulative interpretation has also been generally accepted with regard to Article 9(2) of the Berne Convention.[190]

5. Relationship with other international instruments

5.1 WTO Agreements

Among the WTO Agreements, TRIPS is the only one dealing with exceptions to copyright. Under GATT Article XX, there is a reference to copyright, but not to any exception thereto.[191]

5.2 Other international instruments

As stated earlier, Article 13 is derived substantially from Article 9(2), Berne Convention. Both the WCT[192] and the WIPO Performances and Phonograms Treaty[193] have incorporated this same three-step test as the standard for evaluating limitations and exceptions to the exclusive rights recognized in those treaties. It is expected that the interpretation of the three-step test will be consistent under all of the treaties that have incorporated it.

The Rome Convention, as partly incorporated by reference into TRIPS,[194] allows the domestic laws to exempt both private use and uses for the purpose of teaching or scientific research.[195] Such exemptions also extend to computer programs "as literary works" under the Berne Convention.

Finally, the concessions granted to developing countries under the Appendix to the Berne Convention (i.e. the possibility to issue compulsory licenses for the

[187] *Id*. at 27, para. 6.74.

[188] *Id*. See Berne Convention, Article 9(2); TRIPS Agreement, Article 13.

[189] Panel report on Section 110(5), para. 6.74.

[190] *See* Ricketson. The panel accepted this interpretation and noted that both parties agreed to this standard. Panel report on Section 110(5), para. 6.74.

[191] This is because the GATT follows a different approach towards intellectual property rights: they are considered as exceptions to the basic GATT rules. See Chapter 7.

[192] *See* Article 10.

[193] *See* Article 16(2).

[194] See Article 2.2 of the TRIPS Agreement, which obligates WTO Members not to take their TRIPS obligations as an excuse to derogate from obligations existing among them under, *inter alia*, the Rome Convention. As opposed to the Paris Convention (see Article 2.1 TRIPS), the Berne Convention (see Article 9.1 TRIPS), and the Washington Treaty (see Article 35 TRIPS), the TRIPS Agreement does not make the provisions of the Rome Convention mandatory for those WTO Members that are no parties to the Rome Convention. For this reason, the Rome Convention is only "partly incorporated" into TRIPS. For details, see Chapter 3.

[195] See Article 15.1(a) and (d).

reproduction of copyrighted material) require express renewals by qualifying developing countries at periodic intervals. New adherents to the Berne Convention remain entitled to these concessions, if they so request.[196]

6. New developments

6.1 National laws

In 2002, the U.S. Congress enacted the TEACH Act, extending the possibilities for unauthorized use of copyrighted material from conventional classroom teaching to distance learning activities. Provided a range of requirements is respected, the TEACH Act authorizes non-profit educational institutions to use copyrighted materials in distance education without permission from the copyright holder and without payment of royalties.[197]

6.2 International instruments

6.3 Regional and bilateral contexts

7. Comments, including economic and social implications

Limited exceptions to the minimum levels of copyright protection required by TRIPS are permitted. Such exceptions serve the purpose of ensuring that the protection of exclusive rights in copyrighted works does not harm the public interest. The exclusivity granted to authors reflects the necessity to provide creators of expressions with financial incentives for their activity. However, the ultimate purpose of copyright is not to ensure the material wealth of authors, but rather to promote intellectual creativity for the cultural enrichment of society. The author is conferred an exclusive right for the marketing of his works in exchange for his cultural contribution to society. In case society cannot benefit from the author's works to a satisfying degree, e.g. because the author charges excessive prices, this would disturb the mutual exchange between the author on the one hand and society on the other. This justifies the authorization of third parties to reproduce the copyrighted materials without the author's consent. On the other hand, in order to keep up the incentive for the author to engage in creative expression, the exception should be limited to what is absolutely required in the public interest, and the economic interests of the right holder should not be affected. This requires a delicate balancing test between the competing interests of the public and the author.

From a development perspective, it is essential to construe exceptions to copyright in a way allowing governments to pursue the policy objective of closing the knowledge gap *vis-à-vis* developed countries. Fair use provisions or statutory exceptions determine the extent to which third parties may make unauthorized use of protected copyright works. This is particularly important for the purposes of teaching, research, private use and technology transfer. Through the recourse to fair use provisions or specific exceptions, domestic legislators seek to strike an

[196] See UNCTAD 1996, para. 179.

[197] See the "Technology, Education and Copyright Harmonization Act" (the "TEACH Act"). For a summary of this legislation, see <http://www.ala.org/Template.cfm?Section=Distance_Education_and_the_TEACH_Act&Template=/ContentManagement/ContentDisplay.cfm&ContentID=25939>.

appropriate balance between the encouragement of creative activity on the one hand and the dissemination of knowledge to the public on the other hand.

In this context, the IPR Commission equally considered the importance of copyright exceptions to development goals by recommending that:

> "In order to improve access to copyrighted works and achieve their goals for education and knowledge transfer, developing countries should adopt pro-competitive measures under copyright laws. Developing countries should be allowed to maintain or adopt broad exemptions for educational, research and library uses in their national copyright laws. The implementation of international copyright standards in the developing world must be undertaken with a proper appreciation of the continuing high level of need for improving the availability of these products, and their crucial importance for social and economic development."[198]

While a country may enact very narrow exceptions or limitations, calibrating the interests of rights holders and the public is typically the responsibility of domestic courts who must interpret the limitations in a manner that reflects that country's copyright policy keeping in mind, of course, international obligations such as those imposed by Article 13.

Finally, it is important to note that compulsory licensing with regard to the right of reproduction continues to be a possibility under TRIPS.[199]

[198] See the IPR Commission report, p. 104. The Commission also encourages free on-line access to all academic journals, see ibid., p. 102.

[199] However countries wishing to preserve their right to invoke the Appendix were required to take steps to preserve the possibility of doing so. Thailand was the first country to do so in 1996. Note that this Appendix to the Berne Convention *inter alia* allows for limited compulsory licensing to enable the translation of works into local languages. However, this option has not been very successful, with only a few developing countries having made use of it (see the IPR Commission report, p. 99).

13: Related Rights

Article 14 Protection of Performers, Producers of Phonograms (Sound Recordings) and Broadcasting Organizations

1. In respect of a fixation of their performance on a phonogram, performers shall have the possibility of preventing the following acts when undertaken without their authorization: the fixation of their unfixed performance and the reproduction of such fixation. Performers shall also have the possibility of preventing the following acts when undertaken without their authorization: the broadcasting by wireless means and the communication to the public of their live performance.

2. Producers of phonograms shall enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms.

3. Broadcasting organizations shall have the right to prohibit the following acts when undertaken without their authorization: the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where Members do not grant such rights to broadcasting organizations, they shall provide owners of copyright in the subject matter of broadcasts with the possibility of preventing the above acts, subject to the provisions of the Berne Convention (1971).

4. The provisions of Article 11 in respect of computer programs shall apply *mutatis mutandis* to producers of phonograms and any other right holders in phonograms as determined in a Member s law. If, on 15 April 1994, a Member has in force a system of equitable remuneration of right holders in respect of the rental of phonograms, it may maintain such system provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction of right holders.

5. The term of the protection available under this Agreement to performers and producers of phonograms shall last at least until the end of a period of 50 years computed from the end of the calendar year in which the fixation was made or the performance took place. The term of protection granted pursuant to paragraph 3 shall last for at least 20 years from the end of the calendar year in which the broadcast took place.

6. Any Member may, in relation to the rights conferred under paragraphs 1, 2 and 3, provide for conditions, limitations, exceptions and reservations to the extent

permitted by the Rome Convention. However, the provisions of Article 18 of the Berne Convention (1971) shall also apply, *mutatis mutandis*, to the rights of performers and producers of phonograms in phonograms.

1. Introduction: terminology, definition and scope

"Related rights" refers to the category of rights granted to performers, phonogram producers and broadcasters. In some countries such as the United States and the United Kingdom, these rights are simply incorporated under the general rubric of copyright. Other countries, such as Germany and France, protect these rights under the separate category called "neighbouring rights." The reason for this differentiation is the perception in those countries that works protected under related rights do not meet the same requirement of personal intellectual creativity as literary and artistic works.[200] For instance, the production of a broadcast or a compact disk is considered to be an activity of technical and organizational character, rather than the expression of personal intellectual creativity.[201] Protection of such works is nevertheless required, considering their economic value and the fact that they are easy to imitate.

TRIPS leaves Members free to protect these works under copyright proper or as a separate category of related rights. In the following, the rights of performers, phonogram producers and broadcasting organizations as covered by Article 14 will be referred to as "related rights".[202]

Article 14 does not define what "performers" are. Aid in interpretation might be found in the definition of that term under Article 3 (a) of the Rome Convention, and in the later WIPO Perfomances and Phonograms Treaty (WPPT), according to which "performers" are:

> "actors, singers, musicians, dancers, and other persons who act, sing, deliver, declaim, play in, or otherwise perform literary or artistic works [or expressions of folklore]". [bracketed portion from Article 2, WPPT]

"Phonograms" and "sound recordings" are used coextensively in Article 14, in an effort to ensure that this Article clearly encompasses countries that use related rights systems to provide protection for phonograms, and those, most notably the United States, that protect sound recordings as copyright works. In general, the definition of a phonogram has been extended in related rights countries so that the term may reasonably encompass sound recordings. This trend is reinforced by Article 2(b) of the WPPT, which defines a phonogram as the "fixation of the sounds of a performance or of other sounds, or of a representation of sounds other than

[200] On the creativity and originality requirement under copyright law, see Chapter 7, Section 3. As opposed to originality, copyright law does not require the work to meet certain quality standards (ibid.).

[201] This is the approach taken under German copyright law. See J. Ensthaler, *Gewerblicher Rechtsschutz und Urheberrecht*, 2. edition 2003, Berlin, Heidelberg, New York.

[202] It is not in the purpose of this Book to decide whether these rights are to be protected under copyright proper (as in e.g. the USA and the UK) or as a separate category of "neighbouring rights" (as in e.g. France and Germany).

in the form of a fixation incorporated in a cinematographic or other audiovisual work." In any event, to the extent that definitions differ across jurisdictions, the provisions of Article 14 cover both these categories of works.

2. History of the provision

2.1 Situation pre-TRIPS

The protection of related rights has been a much slower and uneven development in national laws (see below), notwithstanding negotiation of an international convention in 1961. The International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome Convention) entered into force in 1964.[203] The scope of protection afforded to related rights under the Rome Convention is generally lower than the protection offered under the Berne Convention. For example, the term of protection under the Rome Convention is twenty years,[204] compared to life of the author plus fifty years under the Berne Convention. Prior to TRIPS, the different forms of protecting related rights had the practical effect of relaxing a country's Berne Convention obligations with regard to certain works (such as broadcasts) that, due to the separate related rights system, were not considered literary works. In respect of broadcasts, TRIPS will have little impact on this, considering that the level of harmonization reflected in Article 14 is very low. Indeed, Article 14 contemplates a very high degree of flexibility in what a country is obligated to protect and the conditions under which such protection must take place.[205]

In the United States, there is a recognised unitary public performance right that includes live performance as well as performance by transmission. The right is granted to copyright owners of "literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works."[206] Owners of sound recordings (i.e., phonograms) are not granted this public performance right, but instead have a separate public performance right limited to digital audio transmissions.[207] In addition performers are granted the right to prevent the unauthorized fixation of live performances.[208] The U.S. approach is one model of how a country might assimilate related rights within the copyright system, as distinct from the two-system approach utilized by many European countries.

The EC Rental Right Directive requires that performers be granted the exclusive right to authorize or prohibit the rental or lending of fixations of their performances.[209] Under the Directive, a performer may transfer the rental right

[203] However, the Rome Convention has not been ratified by the United States.

[204] *See* Rome Convention, Article 14.

[205] For example, Article 14.5, TRIPS Agreement requires a minimum term of protection of 50 years for performers and phonogram producers and 20 years for broadcasting organizations (counted from the end of the respective calendar year, see Section 3 of this chapter). This leaves Members distinguishing between copyright and related rights free to afford longer protection to literary and artistic works (life of the author plus at least 50 years).

[206] 17 U.S.C. §106(4).

[207] Id. at §106(6).

[208] Id. at §1101(a).

[209] EC Rental Right Directive, Article 2(1).

but the right to an equitable remuneration for the rental is inalienable.[210] The Directive also requires that broadcasting organizations have the exclusive right to fix their broadcasts, as well as to reproduce the fixations, directly or indirectly.[211] Public rebroadcast and communication rights[212] as well as public distribution rights for broadcasters[213] are also recognized by the Directive.

2.2 Negotiating history

Article 14.1 provides that performers shall have "the possibility of preventing" the unauthorized fixation of their unfixed performances and the reproduction of such fixation. In addition, performers shall have the right to prevent the "unauthorized broadcasting by wireless means and the communication to the public of their live performance." Protection for the rights of performers has historically been the province of the Rome Convention. The fact that Article 14.1 simply requires that countries grant "the possibility" of the rights in question flows from the negotiating conditions that characterized the Rome Convention, where the United Kingdom dealt with unauthorized fixation under the penal code. Phrasing the right in this way facilitated ratification of the Rome Convention by the United Kingdom.[214] In general, the Rome Convention provides a significant amount of the context for the provisions of Article 14. Consequently, the interpretation of the full scope of Article 14 is directly related to the Rome Convention and its own negotiating history.

2.2.1 The Anell Draft

"10. Relation to Rome Convention

10A PARTIES shall, as minimum substantive standards for the protection of performers, broadcasting organisations and producers of phonograms, provide protection consistent with the substantive provisions of the Rome Convention. [Articles 1 to 20 of the Rome Convention could be considered to constitute the substantive provisions.]

11. Rights of Producers of Phonograms (Sound Recordings)

11A.1 PARTIES shall extend to producers of phonograms the right to authorise or prohibit the direct or indirect reproduction of their phonograms [by any means or process, in whole or in part].

11A.2a [In regard to the rental of phonograms,] the provisions of point 3 in respect of computer programs shall apply mutatis mutandis in respect of producers of phonograms [or performers or both].

11A.2b The protection provided to producers of phonograms shall include the right to prevent all third parties not having their consent from putting on the market, from selling, or from otherwise distributing copies of such phonograms.

11A.3 The provisions of point 4A shall apply mutatis mutandis to the producers of phonograms.

12. Rights of Performers

[210] Id. at Article 4(1), (2).

[211] Id. at Article 7(1).

[212] Id. at Article 8(3).

[213] Id. at Article 9(1).

[214] Gervais, p. 96/97.

12A The protection provided for performers shall include the possibility of preventing:

12A.1 the broadcasting [by any technical means or process such as by radio wave, by cable or by other devices] [by wireless means and the communication to the public of their live performance];

12A.2 the fixation of their unfixed performance [on phonograms or data carriers and from reproducing such fixations];

12A.3 the reproduction of a fixation of their performance;

12A.4 the production of their performance in any place other than that of the performance;

12A.5 the offering to the public, selling, or otherwise distributing copies of the fixation containing the performance.

13. Rights of Broadcasting Organisations

13.1 Broadcasting organisations shall have the possibility of preventing:

13A.1 the fixation of their broadcasts [on phonograms or data carriers, and from reproducing such fixations];

13A.2 the reproduction of fixations;

13A.3 the communication to the public of their [television] broadcasts;

13A.4 the rebroadcasting by wireless means of their broadcasts;

13A.5 the retransmitting of their broadcast;

13A.6 the putting on the market, sale, or other distribution of copies of the broadcast.

14. Public Communication of Phonograms

14A If a phonogram published for commercial purposes, or a reproduction of such a phonogram, is used directly for broadcasting or for any communication to the public, a single equitable remuneration shall be paid by the user to the performers, or to the producers of the phonogram, or to both.

15. Term of Protection

15A.1a The term of protection granted to producers of phonograms, performers and broadcasting organisations shall last at least until the end of a period of [20] [50] years computed from the end of the year in which the fixation was made or the performance or broadcast took place.

15A.2a PARTIES may, however, provide for a period of protection of less than 50 years provided that the period of protection lasts at least for 25 years and that they otherwise assume a substantially equivalent protection against piracy for an equivalent period.

15Ab Point 7 shall apply mutatis mutandis to the producers of phonograms.

16. Exceptions

16Aa PARTIES may, in relation to the rights conferred by points 11, 12, 13 and 14, provide for limitations, exceptions and reservations to the extent permitted by the Rome Convention.

16Ab Points 8A.2-4 of this Part shall apply mutatis mutandis to phonograms.

16B (See Section 8 of this Part.)

17. Acquisition of Rights

17A.1 The provisions of points 6 and 9 of this Part shall apply mutatis mutandis to the producers of phonograms.

17A.2 PARTIES shall protect phonograms first fixed or published in the territory of another PARTY, including phonograms published in the territory of a PARTY within thirty days of their publication elsewhere; and phonograms the producer of which is a national of a PARTY, or is a company headquartered in the territory of a PARTY.

17A.3 The acquisition and validity of intellectual property rights in phonograms shall not be subject to any formalities, and protection shall arise automatically upon their creation."

With respect to substantive protection, performers' rights under the current Article 14 correspond more or less to the performers' rights as listed under paragraph 12 of the Anell Draft. The same is true with respect to producers' rights under Article 14.2 and paragraph 11 of the Anell Draft, and to the rights of broadcasting organizations under Article 14.3 and paragraph 13 of the Anell Draft. The difference between the scope of protection between the draft and the final version is that the final version does not refer to any distribution rights as does paragraph 12A.5 (for performers) and paragraph 13A.6 (for broadcasting organizations). The reason for this is that at the time of the Anell Draft, some delegations were still attempting to introduce a general right of distribution of copyrighted material.[215] This idea was then abandoned, and so was the reference to any distribution rights under the subsequent (Brussels) draft, as quoted below.

TRIPS does not refer either to paragraphs 12A.4 or 13A.5 of the Anell Draft.[216] Paragraph 17A.2 above refers to a national treatment obligation. In view of the general national treatment provision under Article 3 TRIPS, such specification was no longer required in the final version of the Agreement.

Finally, paragraph 17A.3 of the Anell Draft was not taken over into Article 14, but is now included in Article 62.1 of TRIPS, which authorizes Members to condition the acquisition and maintenance of the rights under Sections 2 through 6 (of Part II) on reasonable procedures and formalities. Thus, such authorization is not given with respect to copyrights under Section 1 (of Part II of the Agreement). This corresponds to the general rule that a copyright automatically comes into existence with the creation of the work.

2.2.2 The Brussels Draft

["1. In respect of a fixation of their performance on a phonogram, performers shall have the possibility of preventing: the fixation of their unfixed performance; and the reproduction of such fixation. Performers shall also have the possibility of preventing the broadcasting by wireless means and the communication to the public of their live performance.]

2. Producers of phonograms shall enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms.

[215] See Chapter 10, Section 2.2.

[216] Regarding paragraph 13A.5, the retransmission right was framed without reference to public communication, and this may have been viewed as potentially imposing excessive liability on common carriers. Paragraph 12A.4 was, at the least, inelegantly drafted.

[3. Broadcasting organizations shall have the right to authorise or prohibit the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where PARTIES do not grant such rights to broadcasting organizations, they shall provide right holders in the subject matter of broadcasts with the possibility of preventing the above acts.]

4. The provisions of Article 11 shall apply *mutatis mutandis* to right holders in phonograms.

5. The term of the protection available under this Agreement to performers and producers of phonograms shall last at least until the end of a period of [50] years computed from the end of the calendar year in which the fixation was made or the performance or broadcast took place. The term of protection granted pursuant to paragraph 3 above shall last for at least [25] years from the end of the calendar year in which the broadcast took place.

6. Any PARTY to this Agreement may, in relation to the rights conferred under paragraphs 1-3 above, provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention. [However, the provisions of Article [–[217]] of this Section shall also apply *mutatis mutandis* to the rights of performers and producers of phonograms in phonograms.]"

The Brussels Draft was essentially similar to the current version of Article 14. As opposed to the Brussels Draft, the current version in its paragraphs 1 and 3 specifies that the enumerated rights of performers and broadcasting organizations apply only to situations where third persons make use of their protected materials without the right holders' authorization.

Paragraph 3 was quite controversial during the negotiations:[218] A number of countries supported the inclusion of a copyright of broadcasting organizations with respect to their broadcasts. Other countries opposed such right, agreeing only to provide broadcasting organizations with copyrights concerning the audiovisual productions themselves (as opposed to the broadcasting of these productions). As a compromise, the Brussels Draft (like the current Article 14.3) left it up to Members to decide whether to grant the enumerated rights to broadcasting organizations. In case a Member refuses to do so, it remains obligated to grant the same rights more generally to owners of copyright (possibly including broadcasters) in the subject matter of broadcasts (see below, Section 3).

Paragraph 4 of the Brussels Draft version made the rental right (Article 11) applicable to performers, producers and broadcasting organizations. It did not, however, distinguish between computer programs and cinematographic works. This was so because under the Brussels Draft article on rental rights, there was no distinction between those categories of works, either.[219]

Paragraph 4 of the Brussels Draft article on related rights did not refer to a remuneration right as does the current Article 14.4, second sentence. The reason for this was that under the Brussels Draft, there was a reference to remuneration rights in what is now Article 11.[220] This right was construed as an alternative to

[217] This was the provision on protection of works existing at time of entry into force.

[218] For the following, see Gervais, p. 99, para. 2.80.

[219] See above, Chapter 10.

[220] Ibid., Section 2.2 (negotiating history).

the exclusive rental right. Since paragraph 4 of Brussels Article 14 referred to Article 11 and thus to the remuneration right, any additional, express reference under draft Article 14 was not required. However, when the reference in Article 11 to a remuneration right was deleted under the final TRIPS version, such reference had to be inserted into the TRIPS version of Article 14, applying specifically to the rental of phonograms.

Finally, the proposed minimum term of protection provided to the rights of broadcasting organizations was 25 years (paragraph 5). Under TRIPS, this term was reduced to 20 years.

3. Possible interpretations

3.1 Article 14.1 TRIPS (Rights of performers)

> 1. In respect of a fixation of their performance on a phonogram, performers shall have the possibility of preventing the following acts when undertaken without their authorization: the fixation of their unfixed performance and the reproduction of such fixation. Performers shall also have the possibility of preventing the following acts when undertaken without their authorization: the broadcasting by wireless means and the communication to the public of their live performance.

The first sentence of this paragraph corresponds to Article 7.1 (b) and (c) of the Rome Convention. The right accorded to performers is not construed as a full right to *authorize* or to prohibit, but merely as a negative right, i.e. as the possibility of preventing unauthorized acts. This provision leaves Members some freedom as to the means by which they choose to grant such right to performers. Under the Rome Convention, Article 7.1 has traditionally been interpreted as giving parties to the Convention the freedom to exclude civil judicial proceedings from the scope of performers' rights, thus limiting right holders' possibilities to the invocation of criminal sanctions or administrative procedures.[221] Since the Rome Convention is referred to under Article 14.6 of TRIPS, the question has been raised whether the same flexibility is permitted under TRIPS.[222] This appears doubtful, considering that under Article 42 of TRIPS, Members "shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement". This obligation is expressly waived in the case of geographical indications, as made clear in footnote 4 to Article 23.1. Such explicit waiver does not exist, however, with respect to Article 14.1.[223]

As far as the scope of the first paragraph is concerned, it is limited to the fixation of the protected work on a phonogram. Thus, the first paragraph does not cover audiovisual fixations.

[221] Gervais, p. 98, para. 2.79.

[222] Ibid, qualifying such flexibility as a possible "exception" permitted under the Rome Convention, as referred to in Article 14.6.

[223] Ibid. However, it may be argued that by using the same language as the Rome Convention, Article 14.1 would arguably have "imported" the traditional interpretation of the Rome Convention, irrespective of Article 42 of TRIPS.

3.2 Article 14.2 TRIPS (Rights of producers of phonograms and sound recordings)

> 2. Producers of phonograms shall enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms.

Article 14.2 parallels Article 10 of the Rome Convention. It grants producers of phonograms the right to authorize or prohibit the direct or indirect reproduction of their phonograms. While the direct reproduction refers to the copying of the music, etc. directly from the phonogram, "indirect" reproduction of a phonogram is done, e.g., by recording a radio or television programme containing the music that is fixed on the phonogram.

3.3 Article 14.3 TRIPS (Rights of broadcasting organizations)

> 3. Broadcasting organizations shall have the right to prohibit the following acts when undertaken without their authorization: the fixation, the reproduction of fixations, and the rebroadcasting by wireless means of broadcasts, as well as the communication to the public of television broadcasts of the same. Where Members do not grant such rights to broadcasting organizations, they shall provide owners of copyright in the subject matter of broadcasts with the possibility of preventing the above acts, subject to the provisions of the Berne Convention (1971).

This paragraph leaves it up to Members to grant special rights to broadcasting organizations, as long as they provide the above rights in the subject matter of broadcasts to owners of copyright in general. While there must be a right given to someone to prevent the enumerated acts, Members have flexibility as to who that person(s) should be. Members may want to avoid the situation in which two different parties are granted rights in respect to the same broadcast, that is, the creator/owner of the "content" (i.e., the traditional copyright holder), and the broadcast organization that merely makes the content available to the public in a broadcast form. If both the traditional copyright holder and the broadcast organization have rights in the same transmission, this can lead to conflicts, for example, regarding re-use of the content.

3.4 Article 14.4 TRIPS (Rental rights)

> 4. The provisions of Article 11 in respect of computer programs shall apply mutatis mutandis to producers of phonograms and any other right holders in phonograms as determined in a Member's law. If, on 15 April 1994, a Member has in force a system of equitable remuneration of right holders in respect of the rental of phonograms, it may maintain such system provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive rights of reproduction of right holders.

In addition to the exclusive reproduction right conferred by Article 14.2, Article 14.4 grants producers an exclusive rental right with regard to their phonograms. This was accomplished by extending the provisions of Article 11 "to producers of phonograms and any other right holders as determined in domestic law." Thus, under the terms of a domestic law, the rental right shall apply both to producers and other right holders in the phonogram contemplated by domestic law. If the domestic law does not determine other right holders in the phonogram, Article 14 still mandates a rental right for producers of phonograms.

3.5 Article 14.5 TRIPS (Term of protection)

> 5. The term of the protection available under this Agreement to performers and producers of phonograms shall last at least until the end of a period of 50 years computed from the end of the calendar year in which the fixation was made or the performance took place. The term of protection granted pursuant to paragraph 3 shall last for at least 20 years from the end of the calendar year in which the broadcast took place.

This paragraph is largely self-explanatory. An important distinction is made between performers and producers on the one hand, and broadcasting organizations on the other.

If, under Article 14.3, a Member chooses to not grant special rights to broadcasting organizations, it has to grant rights to the creator of the subject-matter of the broadcast, which is eligible for protection under general copyright law as literary or artistic work. In that case, the general term of protection for copyright under the Berne Convention applies.

3.6 Article 14.6 TRIPS (Conditions, limitations, exceptions and reservations)

> 6. Any Member may, in relation to the rights conferred under paragraphs 1, 2 and 3, provide for conditions, limitations, exceptions and reservations to the extent permitted by the Rome Convention. However, the provisions of Article 18 of the Berne Convention (1971) shall also apply, *mutatis mutandis*, to the rights of performers and producers of phonograms in phonograms.

The first sentence makes applicable compulsory licenses for broadcasts, as far as permitted under the Rome Convention, and as far as rights in the broadcast are granted. Under the Rome Convention, compulsory licenses are authorized under Article 13 (d), which provides that

> "Broadcasting organisations shall enjoy the right to authorize or prohibit: [. . .] (d) the communication to the public of their television broadcasts if such communication is made in places accessible to the public against payment of an entrance

fee; it shall be a matter for the domestic law of the State where protection of this right is claimed to determine the conditions under which it may be exercised."[224]

The second sentence refers to Article 18 of the Berne Convention. This provision provides that:

"(1) This Convention shall apply to all works which, at the moment of its coming into force, have not yet fallen into the public domain in the country of origin through the expiry of the term of protection.

(2) If, however, through the expiry of the term of protection which was previously granted, a work has fallen into the public domain of the country where protection is claimed, that work shall not be protected anew.

(3) The application of this principle shall be subject to any provisions contained in special conventions to that effect existing or to be concluded between countries of the Union. In the absence of such provisions, the respective countries shall determine, each in so far as it is concerned, the conditions of application of this principle.

(4) The preceding provisions shall also apply in the case of new accessions to the Union and to cases in which protection is extended by the application of Article 7 or by the abandonment of reservations."

One of the "special conventions" under the first sentence of paragraph 3 is the TRIPS Agreement itself, which provides in Article 70(5):

"A Member is not obliged to apply the provisions of Article 11 and of paragraph 4 of Article 14 with respect to originals or copies purchased prior to the date of application of this Agreement for that Member."

4. WTO jurisprudence

There has been no WTO panel decision on this subject.

5. Relationship with other international instruments

5.1 WTO Agreements

5.2 Other international instruments

The scope of the import of the level of protection for related rights in TRIPS can only be fully appreciated in light of the other international agreements that deal with the protection of related rights. Indeed TRIPS explicitly mentions that nothing in its provisions shall derogate from existing obligations under the Rome Convention.[225] However, several treaties deal with protection of different related rights. In addition to TRIPS the major ones include the Rome Convention and

[224] This last part of the provision may be interpreted as giving parties the right to authorize compulsory licenses.

[225] See TRIPS Article 1.3.

the WPPT. In many respects, these treaties incorporate substantially similar rules and principles. However, there are some areas of distinction as made evident in the summary table below.

A Comparative Overview of Related Rights Protection

	ROME CONVENTION(RC)	TRIPS AGREEMENT	WIPO PERFORMANCES AND PHONOGRAMS TREATY (WPPT)
Rights of Performers	Art. 7.1(b) (c) ["possibility of preventing" unauthorized broadcast and communication to the public of unfixed performance; reproduction of an unauthorized fixation of a performance.]	Art. 14.1 [in respect of unfixed works, "possibility of preventing" unauthorized fixation and reproduction of the unauthorized fixation; possibility of preventing unauthorized broadcasting by wireless means and communication to public of live performances.]	Art. 6 [grants exclusive rights in unfixed performances as to broadcasting communication to the public and fixation; Art. 7 grants an exclusive right to reproduce as to fixed performances; Art. 8 grants an exclusive right of distribution; Art. 9 grants an exclusive rental rights; Art. 10 grants an exclusive right to make the work available through an interactive system. The obvious example would be the Internet. Note, also that WPPT, Art. 5., requires moral rights for performers.]

(continued)

A Comparative Overview of Related Rights Protection (continued)

	ROME CONVENTION(RC)	TRIPS AGREEMENT	WIPO PERFORMANCES AND PHONOGRAMS TREATY (WPPT)
Rights of Producers of Phonograms and Sound Recordings	Art. 10 [right to authorize or prohibit direct or indirect reproduction of phonograms] The Rome Convention provides for a performance right. See Art. 12. The Geneva Phonograms Convention provides for a public distribution right.	Art 14.2 [right to authorize or prohibit direct or indirect reproduction of their phonograms] Note that, unlike the Rome Convention, TRIPS requires fixation on a phonogram alone. Other forms of fixation are not covered. Protection for such works will have to be covered by other provisions. Thus, for example, audiovisual works could be protected under Article 19 of the Rome Convention or Article 2 of the WPPT.	Art. 11 [exclusive right to authorize direct or indirect reproduction of their phonograms in any manner or form.] Art. 12 establishes a public distribution right; Art. 13 establishes a commercial rental right; Art. 14 establishes an exclusive right to make their phonograms available to the public by wire or wireless means.; Art. 15 establishes a right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes for broadcasting or any communication to the public.

	ROME CONVENTION(RC)	TRIPS AGREEMENT	WIPO PERFORMANCES AND PHONOGRAMS TREATY (WPPT)
Rights of Broadcasting Organizations	Art. 13 [right to authorize or prohibit (a) rebroadcasting of their broadcasts; (b) fixation of their broadcasts (c) reproductions of unauthorized fixations of their broadcasts; (d) communication to the public of their television broadcasts.]	Art. 14.3 [right to prohibit unauthorized fixations, reproduction of fixations, rebroadcasting of wireless means of broadcasts and communication to the public of television broadcasts of the same. TRIPS gives countries the option of giving these rights to broadcasting organizations or to owners of copyright in the subject matter of the broadcast, subject to the Berne Convention.]	

Article 14.5 requires that rights granted to performers and producers of phonograms "shall" last at least until the end of fifty years from the date of fixation or date of the performance. The rights of broadcasting organizations must last a minimum of twenty years from the end of the calendar year in which the broadcast took place.[226] Conditions, limitations, exceptions and reservations are permitted under TRIPS with respect to the rights granted in paragraphs 1–3 of Article 14 on the same terms as provided in the Rome Convention.[227] Article 18 of the Berne Convention is also invoked to apply to the rights of performers and producers of phonograms in the phonograms themselves.[228] It is important to note that compulsory licensing is allowed under the Rome Convention to the extent that it is compatible with the Convention.

[226] *See* TRIPS, Article 14.5.
[227] *See* Article 14.6.
[228] Id.

6. New developments

6.1 National laws

6.2 International instruments

6.3 Regional contexts

7. Comments, including economic and social implications

The rights of performers, producers of phonograms and broadcasting organizations arguably are tangential to the incentive structure of the copyright system. In other words these categories relate more to the exploitation of underlying literary and artistic works, which means that strong proprietary rights may not be needed to encourage their development. The reality is that most of the works that are covered by a related rights regime do not need the full term of copyright protection as their economic value is likely to be exhausted long before such term expires. TRIPS provides a framework for the protection of these related rights that allows much room for Members to tailor the protection of such rights to suit domestic economic and political realities. It is important to note that because these categories of works are designed to exploit copyrighted works, the real issue for regulation is how rights administration (through collecting societies, as discussed below) will be designed to facilitate the ability of producers and broadcasting organizations to bring these works to the public. Thus, the economic and social concerns relating to related rights must be examined in the domestic context with a view to balancing the efficient mechanism of collecting societies with the need to ensure that the owners of underlying copyright works are not unduly taken advantage of. It is in respect of the regulation of collecting societies *vis-a-vis* rights owners that the protection of related rights may affect the incentive to authors.

From a development perspective,[229] related rights may be of particular interest to countries endowed with oral traditions and culture, in the representation of which authors are usually performers as well. Expressions of folklore that often fail to qualify for copyright protection can thus indirectly obtain protection from rights in performances, fixations and broadcasts. Similarly, the protection of phonogram producers may contribute to developing countries' efforts to establish their own sound-recording industries which promote the dissemination of national culture, both within and outside the country, and also foster export opportunities.[230] In the same vein, broadcasting organizations in developing countries can benefit from protecting costly programmes against unauthorized reproduction, and rebroadcasts of major culture and sports programmes abroad are potential sources of foreign exchange.

To these ends, developing countries need to establish an institutional framework, including national collecting societies, in order to ensure that public and private funds invested in the production of cultural goods bear fruit on both

[229] As to the following, see UNCTAD, 1996, paras. 168, 169.

[230] On the relevance of the music sector for developing countries, see UNCTAD-ICTSD, *Intellectual Property Rights: Implications for Development*, Policy Discussion Paper, Geneva, 2003, Chapter 3 (in particular pp. 70/71).

domestic and foreign markets. These agencies may also assist local authors and artists in restoring copyrights or related rights protection to any works of national origin that foreign authorities must now remove from the public domain by virtue of the Berne Convention and relevant provisions of TRIPS.

On the other hand, developing countries should take appropriate measures to ensure that collecting societies, due to their market power, do not themselves prevent the competition required to keep prices of copyrighted materials at affordable levels. This means that a country should not promote collecting societies without at the same time ensuring a workable set of competition rules, including the establishment of the competent authorities to administer these rules.[231]

[231] The IPR Commission has cautioned against an uncritical promotion of collecting societies (see the report, pp. 98, 99). The Commission advances two reasons for this view. First, it states that collecting societies operating in developing countries tend to collect "far more" royalties for foreign rights holders from industrialized countries than for domestic rights holders from developing countries. This tendency might, however, just reflect the economic reality in developing countries, i.e. that most holders of copyrights are nationals from developed countries. The second argument brought forward by the IPR Commission concerns the above-mentioned problem of collecting societies acquiring considerable market power and thus presenting a threat to competition and affordable prices. The IPR Commission concludes that collecting societies should not be established before the respective country has set up the institutions and the regulatory framework necessary for the protection of competition in the software market. The Commission also expresses the view that the benefit to the local population of collecting societies will be more direct in large markets, considering the modest absolute number of local copyright holders in small developing countries. According to the Commission, copyright holders as the immediate beneficiaries should bear the costs of setting up and running collecting societies.