

**EXCEPTIONS AND LIMITATIONS TO INTELLECTUAL  
PROPERTY RIGHTS WITH SPECIAL REFERENCE TO  
PATENT AND COPYRIGHT LAW**

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Doctor of Philosophy  
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The Faculty of Law*

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## **Certificate**

This is to certify that this thesis entitled “*Exceptions and Limitations to Intellectual Property Rights with Special Reference to Patent and Copyright Law*” submitted by Ms. Saleena K.B for the degree of *Doctor of Philosophy*, is to the best of my knowledge, the record of bonafide research carried out under my guidance and supervision from 13.09.2006 at School of Legal Studies, Cochin University of Science and Technology. This thesis or any part thereof has not been submitted elsewhere for any other degree.

Cochin  
19/10/2011

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# Certificate

This is to certify that the important research findings included in the thesis entitled “*Exceptions and Limitations to Intellectual Property Rights with Special Reference to Patent and Copyright Law*” have been presented in a research seminar at School of legal Studies, Cochin University of Science and technology on 2<sup>nd</sup> May 2011.

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## *Declaration*

I declare that the thesis entitled “*Exceptions and Limitations to Intellectual Property Rights with Special Reference to Patent and Copyright Law*” for the award of the degree of *Doctor of Philosophy* is the record of bonafide research carried out by me under the guidance and supervision of Prof. (Dr.) N. S. Gopalakrishnan, Director, Inter University Centre for Intellectual Property Rights Studies, School of Legal Studies, CUSAT. I further declare that this work has not previously formed the basis of the award of any degree, diploma, associate-ship or any other title or recognition.

Cochin  
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## Preface

*Limitations and exceptions are woven into the fabric of intellectual property law not only as specific exceptional doctrines (“fair use” or “fair dealing,” “specific exemptions,” etc.), but also as structural restrictions on the scope of rights, such as provisions for compulsory licensing of patents for needed medicines. Despite their importance in countering expansive trends in intellectual property, limitations and exceptions are under threat, especially from efforts to recast international law as a constraint on the exercise of flexibilities in domestic legislation. Hues and cries for access to knowledge and access to medicine from the four corners of the world was a real eye opener for me towards this research. It was the complexity of the issues involved that attracted my attention while selecting this topic for my doctoral thesis. The timely interventions of my supervising guide Prof. Dr. N. S. Gopalakrishnan helped me a lot to correctly focus upon the intricacies involved in this area.*

*At this moment of the fruitful accomplishment of the targeted study, I would like to first place on record, my profound gratitude to Prof. Dr. N. S. Gopalakrishnan, my Supervising Guide, who was always there with me during all my frustrations, both academic and personal. His academic interventions sharpened my thoughts, understandings and attitudes towards the topic while his personal interventions were a major driving force for me to complete this task.*

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*With much gratitude, I acknowledge the co-operation, sufferings and sacrifices of my family members who stood with me all the way in this venture. Their role in materialising this work is beyond words.*

*Finally, I thank my friends and all others who have directly and indirectly joined hands with me for the successful completion of this thesis.*

*Saleena K, B*

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## INTRODUCTION

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To be acceptable, any system of intellectual property rights has to strike a balance, on the one hand, between providing incentives and rewards to the right holder, and on the other hand facilitating access to and widespread diffusion and adoption of fruits of creativity and innovation. Thus the challenge is to create and fine tune the balance between the interests of the inventor or creator and that of society in an optimum manner. The unlimited grant or exercise of rights without corresponding and appropriate limitations and exceptions has serious adverse long-term implications not only for development priorities, but indeed for the creative and innovation process itself. As users, creators themselves need an appropriate level of access, and as potential creators, users also require an appropriate incentive structure. Limitations and exceptions are positive enabling doctrines that function to ensure that intellectual property law fulfills its ultimate purpose of promoting essential aspects of the public interest. By limiting the private right, limitations and exceptions enable the public to engage in a wide range of socially beneficial uses of information otherwise covered by intellectual property rights — which in turn contribute directly to new innovation and economic development.

Thus exceptions and limitations to intellectual property constitute a notion that lies at the very heart of the *ratio legis* of legislation of all intellectual property laws, whether in common law or civil law countries. While intellectual property grants corresponds to a monopoly that society



grants to authors or inventors over their creative work, exceptions and limitations to these exclusive rights appear to be a form of *quid pro quo*, allowing individuals, under certain conditions, to use a work without requiring authorization from the owner of the right, which shows that in granting the owner a monopoly, account has been taken of the need to balance the interests of both parties, namely the right holder and society, which undertakes to protect the author's or inventors creative work. While remaining as the core facet and pendulum of intellectual property rights, the legislative and judicial approach towards limitations and exceptions were very crucial and delicate for each and every IP systems.

Consequently a country's specific system of limitations and exceptions seems to be a sacrosanct feature of domestic intellectual property policy tuned to meet the domestic exigencies and remained as a potent weapon in the armory of the sovereign. The principle of balance is most certainly the value which best reflects the expectations of society in respect of intellectual property systems. To maintain this balance between rights holders and users, between authors and other rights holders, and also among the rights holders themselves, the intellectual property system makes use of a set of principles both at the pre-grant and post-grant phase. While at the pre-grant phase the requirement of substantive elements like originality, novelty, obviousness and utility were insisted to maintain a robust public domain, at the post-grant stage the task was accomplished by a numerous set of limitations and exceptions. In our context of study 'limitations and exceptions' refers to exceptions to the exclusive rights or certain safe harbor areas of activity where public have access to intellectual property rights without authorization from the author or without paying any compensation. In the patent arena such exemptions include research /experimental use, prior-use exception, pharmacy exception, regulatory review exception etc. In

the copyright arena this balance was maintained by the doctrine of ‘fair use’ allowing a magnitude of uses for the purposes of education, research, library, museums, public speeches etc with the sole intention of public access to information. In addition, any third party can benefit from an exception at any time during the lifetime of a right, and the use is not subject to any compensation.

The balance reflected by intellectual property laws between right owners and public access and the precise equilibrium varied from country to country and reflected philosophical ideals about the nature and function of intellectual property system as well as the different political, cultural and economic priorities. Limitations and exceptions were designed to suit the particular interests of each sovereign jurisdiction and so there was diversity both in the nature and scope of exceptions in each dominions. For example S.107 of the US Copyright Act follows an open ended approach to fair use providing scope for great flexibility to include any kind of use under it. On the other hand countries like India, the UK and European Union follows a closed approach mentioning specific exempted uses. Even with in these commonly mentioned exemptions we can see wide disparity among countries. Some countries allow a wholesale copying for educational and research purposes; some countries put conditions with respect to magnitude and method of copying. Similarly while exemptions for persons with disability under some jurisdictions were confined to persons with visual disability, some countries allow for persons with any kind of disability. Diversity was also apparent on the library use, social and cultural exceptions etc. In the patent arena also the limitations and exceptions varied in depth and scope depending on the economic and technological advancement. For example while the US gave a narrow interpretation for experimental exemption, countries like Australia, Britain, Brazil were having broad provisions on

experimental use. While African country Ghana has no such exception, Kenya adopted research exception by 2001. At the same time it is really interesting that Switzerland, Korea, Taiwan and Japan when they adopted patent laws ample provisions were included for domestic working and reverse engineering for the purpose of technological advancement.

Thus until the inclusion of TRIPS in GATT final Act it was the states' prerogative to calibrate exceptions and limitations to the intellectual property grant. No international convention prior to TRIPS imposed a binding obligation on this aspect. Articles 9&10 of the Berne dealing with limitations and exceptions though specifies some excepted uses provides that it is the discretion of the member countries to set the limits within which such uses are to be permitted. Similarly Article 15 of the Rome Convention dealing with exceptions is also permissive in character. Paris convention on Industrial Property also does not provide for a binding precedence in this aspect. The absence of a minimum set of exceptions and limitations in the conventions reflected the practice and understanding that the precise nature of such limitations and exceptions was to be left to the reserved power of the state to protect the welfare interests of its citizens. As a result, minimum rights were developed internationally through consensus, while specific limitations and exceptions had evolved over time in accordance with domestic needs. Even then domestic compliance with the recognized limitations and exceptions was voluntary. Thus pre-TRIPS were a period of splendid harmony without any public crisis. But how far the countries actually utilized the flexibilities to meet their domestic needs was not obvious. Even then, since there was no international mandate the national legislations were left unconcerned with this issue. So, what is the real background to this research?

Hues and cries for “Access to Knowledge” and “Access to Medicine” are hearing from every corner of the world map. Why? What is the role of limitations and exceptions to copyrights and patents in this public outcry? How these copyright and patent laws are accelerating this havoc and to what extent they can decelerate this turmoil? An exploration to these questions is the background for this research.

Today approximately two billion people worldwide—one-third of the world’s population—do not have access to the essential medicines they need. In some of the lowest-income countries in Africa and Asia, this figure rises to more than half of the population.<sup>1</sup> Access to essential medicines, a fundamental element of the universal human right to health, depends on several factors, such as prices, rational medicine-selection processes, sustainable financing, and reliable health-care and supply systems.<sup>2</sup> The problem of high prices has been observed by the international community in the context of treatable infectious diseases such as HIV/AIDS and malaria.<sup>3</sup> As can be seen from the example of

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- 1 See World Health Organization, *The World Medicines Situation* (2004) [online]. Available at <http://www.who.int/medicinedocs/collect/medicinedocs/pdf/s6160e/s6160e.pdf> [Accessed on August 2011].
  - 2 S, Sangeeta.(2010) ‘The Doha Declaration on TRIPS and Public Health: An Impetus for Access to Medicines’, in Gaelle Krikorian and Amy Kapczynski (eds), *Access To Knowledge In The Age Of Intellectual Property*, Zone Books, New York, pp.141-161.
  - 3 For example in 2000, for a triple-combination antiretroviral treatment of stavudine (d4T) plus lamivudine (3TC) plus nevirapine (NVP), the price of the lowest-priced branded treatment was about \$10,439 for a year’s supply. The high price tag meant patients living with HIV/AIDS would not be able to afford treatment and would be condemned to death. However, the availability of generic versions of branded medicines led to significant price reductions. In 2001, Cipla Ltd., a generic producer based in India, offered the same combination for \$350. Over time, with more competition, this cost has been reduced to \$99.3. Reduced prices for antiretroviral treatment have been a crucial factor in the scaling up of HIV/AIDS treatment. See Médecins Sans Frontières (2007) ‘*Untangling the Web of Price Reduction*’ [online]. Available on-line at [http://www.msaccess.org/fileadmin/user\\_upload/diseases/hiv-aids/Untangling\\_the\\_Web/UTW10\\_RSep\\_horizontal.pdf](http://www.msaccess.org/fileadmin/user_upload/diseases/hiv-aids/Untangling_the_Web/UTW10_RSep_horizontal.pdf) [Accessed on August 2011].

HIV/AIDS, competition among multiple manufacturers is essentially the reason for reduced prices.<sup>4</sup> Many development experts are of the view that TRIPS has very significantly tilted the balance in favor of the holders of intellectual property rights, most of whom are in developed countries, vis-à-vis consumers and local producers in developing countries and vis-à-vis development interests.<sup>5</sup> The minimum twenty-year patent protection required by TRIPS allows a pharmaceutical company monopoly over the production, marketing, and pricing of patent-protected medicines. This period can be further extended by the company through the use of various strategies, such as applying for patents on usage, dosage, or combinations of drugs — a practice commonly known as “ever greening,” thus keeping the drug free from competition and enabling high pricing. TRIPS further mandates that patents have to be given for both products and processes in all fields of technology. Whereas previously, many developing countries excluded crucial sectors such as medicines and chemicals from patentability, this is no longer an option.

Equally alluring is the situation created by copyrights. There was unpredictable explosion of intellectual property rights to copyright holders in the form of long duration of copyright, new subject matters

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4 However, the existence of competition has very much been threatened since the coming into force of the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the World Trade Organization (WTO) in 1995. TRIPS for the first time set out minimum standards and requirements for the protection of intellectual property rights—for example, trademarks, copyrights, and patents. It obliges all WTO members to adopt and to enforce high standards of intellectual property protection derived from the standards used in developed countries, except where provision for a transition period that delays the implementation of the agreement is made.

5 See Correa, C.M. (2002) ‘*Intellectual Property Rights, the WTO and Developing Countries: The TRIPS and Policy Options*’ [online]. Available at [http://www.iprcommission.org/graphic/documents/final\\_report.htm](http://www.iprcommission.org/graphic/documents/final_report.htm) [Accessed on August 2011].

such as computer programs and nonoriginal databases. Owners of knowledge goods asserted increasing rights over such goods, often seeking and receiving at the domestic and international spheres unprecedented levels of control over these otherwise public goods. In effect, while the digital era has created remarkable opportunities for greater access to information and knowledge goods by developing countries and consumers more broadly speaking, it has also spurred new forms of private rights, negotiated multilaterally, to effectuate absolute control over access, use, and distribution of information and knowledge. The efforts to control the dissemination of digitized knowledge goods have been largely technological, and reinforced by the emergence of international laws to protect these technologies of control as part of the international copyright system. This uneven ratcheting up of rights has completely tilted the balance set by copyright law denying access to knowledge at reasonable conditions and reasonable prices.

Among the vast array of factors which contributed towards these upshots, elevation of intellectual property rights into the WTO framework was considered as the most crucial. Let it be in the public health crisis appended to patent law or to the concern for access to knowledge attached to copyright the role of limitations and exceptions was crucial. It was through a well articulated system of limitations and exceptions that patent and copyright laws maintained the balance between public interest and private interest. However this was made more grave by the incorporation of limitations and exceptions in TRIPS. Negotiators in the Uruguay Round of GATT recognized the absence of a well-defined international fair use standard, and the creation of such a standard was an issue in the drafting of the TRIPS. Accordingly TRIPS championed for a binding norm for limitations and exceptions. Plurality of limitations and exceptions coupled with conflicting and contradicting philosophical and

policy perspectives proved it to be a herculean task for the drafters to come with a uniformly accepted standard. Finally the havocs were settled by the adoption of the ‘Three Step Test’ (TST) of Berne Convention.

Thus the saga of permissible uses begins in TRIPS with the reproduction of Berne provisions in Article 13, with the wordings that “members shall confine limitations or exceptions to the 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”. A substantial similarity of words is used with slight changes but with difference in scope and content in Article 30 for exceptions to patent. But the elevation of Berne standard into TRIPS and that too on a uniform scale irrespective of the nature of rights and subject matter alarmed the legal scenario. Major concern was from the developing countries, who argued that TRIPS ignored the diversity of national needs and forced them to sacrifice the ‘policy space’ that richer countries had harnessed in their early stages of development. The inclusion of IP into WTO legal framework resulted in the erosion of the age-old noble and righteous nature of IP and it increasingly became an economic phenomenon pliable by market mechanism. This paradigm shift from a creator based property approach to an investment related trade perspective has elevated both the creators of IP and the users of IP alike. At no time both in negotiation, incorporation or implementation, the role of limitations and exceptions in serving the public interest was mentioned and this also remained as part of a trade phenomenon. The new norms of IP was devised as a potent weapon to combat piracy rather than as an instrument for disseminating knowledge and technology and it was perceived as a savior of rights rather than as a liberator of public interest. This had alarmed the international legal scenario and was detonated by the WTO DSB Panel reports which interpreted the open

lucid and flexible wordings of TST in a restrictive economic sense. The situation is made worse by the international scenario after TRIPS. The FTAs and post-TRIPS legislations imposes TRIPS Plus standards that further reduces the flexibility and ignores the developing country cry for an intellectual property regime suitable for their domestic needs. Here comes the significance of our study.

However it is to be noted that as in the case of patents, effective generic equivalents will come into the market even during the twenty years of patent protection if these TRIPS flexibilities—measures such as compulsory licensing or parallel importation of drugs, exceptions to patent rights, exclusions from patentability, and transition periods are used.<sup>6</sup> For example, apart from the proviso “those exceptions do not unreasonably conflict with the normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner taking into account the legitimate interests of third parties”, Article 30 of the TRIPS does not define the scope or nature of the permissible exceptions. The result is that countries have considerable freedom in this area. In addition, paragraph 5(a) of the Doha Declarations stresses the importance of the object and purpose of the TRIPS in the implementation and interpretation of the Agreement. Consequently, exceptions crafted to achieve objectives related to the promotion of the transfer of technology; the prevention of abuse of intellectual property rights and the protection of public health are justifiable and desirable. In particular, the early working or the ‘Bolar’ exception is an important mechanism in

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6 S, Musungu. and Cecilia Oh (2000) ‘The Use of Flexibilities in TRIPS by Developing Countries: Can They Promote Access to Medicines?’, (*Geneva: South Centre and WHO*) [online]. Available at [http://www.southcentre.org/index.php?option=com\\_content&task=view&id=70&I](http://www.southcentre.org/index.php?option=com_content&task=view&id=70&I) [Accessed on August 2011).



facilitating the production of, and accelerating the introduction of generic substitutes on patent expiry. This exception has important implications for developing countries, especially if they are currently or potentially producers of generic medicines. Similarly, a well drafted liberal and open ended fair use provision can successfully solve the public demand for access to knowledge and information. The concern of libraries, educational institutions, physically disabled or any section of the public can be well addressed by a holistic interpretation of TST.

Consequently in the present context a study into the implications of limitations and exceptions on a country's intellectual property policy for serving the domestic interests through out the historical development is worth. A philosophical enquiry into the real nature of property rights and its related restrictions from a general perspective and specifically addressing intellectual property rights deserves great significance. A jurisprudential look into the available flexibility and the major impediments under the present international conventions to the countries especially the developing and the least developing country's to serve their domestic interests is obvious. It is also really important to consider how far the domestic interest was served by the countries by maneuvering the limitations and exceptions within their sovereign prerogative. The diversity among the countries in solving their public interests even in the context of international harmonization is also an interesting matter to consider. The study examines the rationale behind the limitations and exceptions and considers the approach of international and selected national legislations prior to TRIPS, in the context of TRIPS and after TRIPS. At this point of enquiry, the question on the adequacy of limitations and exceptions in meeting the domestic interests and to what extent limitations and exceptions changed in their nature and scope in accordance with the growth of technology and social

and economic needs is also scrutinized. Thus the purpose of the study is to have a critical and analytical look into the nature, scope and significance of limitations and exceptions to patent and copyright in the context of national and international scenario. The study aims to find out the true scope of flexibility available in the TRIPS and post TRIPS scenario and also tries to find out to what extent this flexibility is maneuvered by the countries to satisfy their domestic needs and what are the hurdles in it. How to make a balance between mandatory TRIPS provisions and provisions of public policy in the context of the vague and general expressions used in the TRIPS for limitations and exceptions is also attempted in this study. It is also interesting to examine the endeavor of national legislations in using the flexibilities in TRIPS in framing exceptions for protecting their public interest and why there is wide spread disparity among the countries on limitations and exceptions even after the introduction of the horizontal three step under Articles 13 & 30 of the TRIPS. The approach of international conventions after TRIPS to limitations and exceptions is also considered. The study proceeds to two general questions on limitations and exceptions: whether we need a uniform interpretation of the provisions or one suited to the diverse interests of the countries and whether it is possible to draw a minimum set of limitations and exceptions derived from national practices and laws into international system just as the current practice of minimum rights. Thus the study finally attempts to suggest some policies and strategies to countries in using limitations and exceptions to achieve their domestic requirements.

### **Chapter Break-Up**

The study begins with a philosophical enquiry into the justifications of limitations and exceptions appended to intellectual property. Whether

this limited nature of monopoly is unique to the intellectual property system or is common to all property norms is the fundamental question answered in this chapter. It was really interesting to examine whether the very property character of the intellectual property would survive without this limitations and exceptions. The enquiry is significant in the context of the origin of intellectual property as a state assured and regulated monopoly for attaining the larger public interest of access to information and industrial growth. So before turning to the nature of rights appended to intellectual property, it is important to ascertain the real nature of origin of property as a legal phenomenon. Whether it originated simply as a natural phenomenon to meet individual interest or as a legal concept to meet the requirements of society? These issues are analyzed in second chapter taking recourse to the contributions made by the philosophers justifying private property in general and intellectual property in particular.

The philosophical enquiry proceeds to the pragmatic perspective. Here the study aims to extend the philosophical rationale into the intellectual property framework and tests the philosophical underpinnings in the context of actual intellectual property practices. At this juncture the thesis undertakes an analytical and critical look into the nature, scope and significance of limitations and exceptions to patent and copyright in the context of national and international scenario in the pre-TRIPS, TRIPS and post-TRIPS period. The study proceeds on a chronological classification with TRIPS as central figure. While chapter three and four concentrates on the limitations and exceptions attached to patents in pre-TRIPS era, chapter's five and six are exclusively devoted to the limitations and exceptions attached to copyright in pre-TRIPS era. Chapter seven focuses on the nature and scope of limitations and

exceptions under the TRIPS and the eighth chapter is on the destiny of limitations and exceptions in post-TRIPS era.

Chapter three is confined to the evolutionary analysis of limitations and exceptions to patents in the pre-Paris era. The role of limitations and exceptions in achieving the ends of the patent system or ends of social system from a wider spectrum is the concern of this chapter. Thus the study really aims to find out the true rationale behind the patent grants and the role of limitations and exceptions in meeting this objective from a historical perspective. The chapter then explores the flexibility enjoyed by the national jurisdictions in the pre-multilateral era. It is also aimed to explore the *raison d'être* in difference in approaches to limitations and exceptions by different legal systems, the importance of limitations and exceptions in meeting the domestic interests and also the general approach of nations to limitations and exceptions. Chapter five is also endeavored to solve the same issues from the perspective of copyright law. Here also the study is restricted to pre-Berne era.

Chapter four examines the status of limitations and exceptions in the international era of Paris Convention. The task is to find out the approach of Paris Convention towards limitations and exceptions. The study also focuses on the scope of flexibility enjoyed by countries in the post-Paris era in framing limitations and exceptions. To what extent limitations and exceptions changed in their nature and scope in accordance with the changing social and economic needs also forms a central concern of this chapter? The study is undertaken by a comparative analysis of patent legislations of selected developing and developed countries in the pre-TRIPS era. In the copyright arena, the international concern for limitations and exceptions was for the first time

manifested in the Berne Convention. Consequently, chapter six scrutinizes the impact of Berne on copyright limitations and exceptions. And it proceeds to the diversity and flexibility on limitations and exceptions in the pre-Berne era. Here also study is undertaken by a comparative analysis of copyright legislations of selected developing and developed countries in the pre-TRIPS era. Why and how countries use or how they understand the possibility of using the limitations and exceptions provided in their legislations and an investigation into what exceptions or limitations are effective to address development concerns and what are the conditions for their implementation is the crux of these two chapters. It is also undertaken to evaluate how national capacities affect the use of exceptions and limitations.

Chapter seven delves into the nature, scope and extent of limitations and exceptions in the context of TRIPS. Whether TRIPS have narrowed down the discretion states' enjoyed under the Berne and Paris Conventions to enact limitations and exceptions and would significantly constrain the ability of member countries to preserve balanced IP regimes tailored to local needs and conditions is the pivotal focus of this chapter. A detailed examination of the test is undertaken to find out how it is understood and interpreted to achieve the objectives for which it was included in TRIPS. It should be noted that in spite of a uniform international standard of limitations and exceptions TST is worded differently for patents and copyrights. This discrepancy between Article 13 and 30 is also a matter of serious analysis and all these issues are discussed in the light of WTO panel reports on US - Canada Copyright case and EC- US Patent case of 2000. It has been noted that TST is a double edged sword which if wisely interpreted can be a boon and at the same time bane. So how this was utilized in the post-TRIPS era is the concern in chapter eight.

Whether the flexibility enjoyed by the countries in the pre - TRIPS era was preserved in its serene nature or was actually squeezed and condensed is the question to be answered here. To what extent the inexorable international attempt to harmonize limitations and exceptions will also be revealed in course of the study. The puzzle is solved by a comparative analysis of post- TRIPS legislations and international developments including FTAs, WIPO Development Agenda etc.

However the next chapter concludes the thesis by pointing it out that, not at any single point in the post-TRIPS era the international arena was disturbed by the unbending and unyielding wordings of TST. On the other hand we can see that, let it be at the time of Doha development agenda, FTAs or WIPO Development Agenda, the policy makers were confronted with the proper utilization of the flexibilities of TRIPS. Thus the international initiatives in the post-TRIPS era were smart shots to smash the ‘policy space’. In conclusion, despite an unmistakable “ratcheting up” of levels of intellectual property protection at the international, regional and bilateral levels, enough “wobble room” appears to be left to the parties. But the real task is to augment the bargaining and technological capacity of developing countries. Here comes the relevance of an international instrument on limitations and exceptions. An international mandate with minimum user rights which each and every country has to enforce in spite of their diverse social, economic, technological and cultural ideologies is an ideal solution. It is high time to eliminate the inconsistency and unpredictability of limitations and exceptions across the borders. It is also submitted to restructure the provisions on limitations and exceptions retaining the age old philosophical and pragmatic noble rationale. They should be elevated to the primary status of user rights.

## **PHILOSOPHICAL JUSTIFICATION FOR LIMITATIONS AND EXCEPTIONS**

**2.1 Origin of Property– A Theoretical Overview**

**2.2 Theoretical Basis for Restrictions to Proprietary Rights**

**2.3 Philosophical Discourse into Intellectual Property Rights**

**2.4 Theoretical Underpinnings of Limitations and Exceptions to IP Rights**

**2.6 Conclusion**

Intellectual property is really a mysterious concept. From the initial days of development of intellectual property one could notice the attempt of jurists to relate it with the traditional jurisprudence of property. With its ever widening horizons and addition of new rights it is really interesting to observe that this concept with its traditional jurisprudence survives. It is really astounding that it survived as a form of property even though strong and legally enforceable exceptions and limitations are placed on its fundamental characteristic nature of property. So our task is to find out the jurisprudential basis for justifying limitations and exceptions to intellectual property within the same conceptual context in which we justify the property rights. To achieve this task it is fruitful to

find out whether limitations to rights are incidental to all forms of property or peculiar to intellectual property alone. The enquiry is significant in the context of the origin of intellectual property as a state assured and regulated monopoly for attaining the larger public interest of access to information and industrial growth. So before turning to intellectual property in precise, it is important to ascertain the real nature of origin of 'property' as a legal phenomenon. Whether it originated simply as a natural phenomenon to meet individual interest or as a legal concept to meet the requirements of society? Or in turn our question will be the true rationale of private property rights and its basic features. The role of law and state in molding private property rights as part of states instrumentalist policy will be the concern, because very often intellectual property is criticized for its state assured and regulated monopoly. These issues are analyzed in this chapter taking recourse to the contributions made by the philosophers justifying private property in general and intellectual property in particular.

## **2.1 Origin of Property– A Theoretical Overview**

Origin of property and private property in particular, as a legal phenomenon was always a matter of curious philosophical enquiry.<sup>1</sup> The

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1 Concept of property evolved over time in a dynamic, flexible manner, and has been construed in diverse manners across the societies, legal systems and periods in time. Even within the same society and legal system it has varied significantly. Man in his primitive state had no place for either law or property. The construction of the word "property" depends on the context with which it is used. Commonly, the word "property" is used in two different senses. First, it is applied to external things that are the objects of rights or estates; that is, things that are the object of ownership. Second, it is applied to the rights or estates that a person may acquire in or to things. In strict legal parlance, "property" is used to designate a right of ownership, or an aggregate of rights that are guaranteed and protected by the government. The word property may mean either the object of right of ownership or something proper to person or it may mean the right of ownership itself. Proprietary rights are extensions of the power of persons over the physical world. The essence of all such rights lay not so much in the enjoyment of the thing, but in the nature of relationship between the owner of the rights and other



centrality of private property in the evolution of social and political institution has, inevitably encouraged a wide variety of philosophical discourse.<sup>2</sup> Irrespective of the conflicts on fundamental tenets among the various philosophies and philosophers, all of them unanimously agree on the origin of private property from a common pool. On a deeper scrutiny we can see that the basic elements of origin of property as per these theories are occupation, labor, and contract. The point of divergence of these theories is the way in which each of these theories rationalizes the basic element into property. While the natural law school finds the justification of concretizing the grund norms into property on the basis of innate human reason,<sup>3</sup> the philosophical school emphasize on the human

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people whom he excludes from the thing. Whatever technical definition of property we may prefer, we must recognize that property right is a relation not between an owner and a thing, but between the owner and other individuals in reference to things. As a legal term property denotes not material things but bundle of rights. For a detailed study see; Lord Llyod of Hampstead (1985) *Lloyds Introduction to Jurisprudence*, Stevens and Sons, London, p. 436; Fitzgerald, P. J. (1964) *Salmond On Jurisprudence*, 12th edition, Sweet & Maxwell, London, p. 216; Menon, K. (1985) *Outlines Of Jurisprudence*, 3rd edition, Cambridge Law Publishers, Delhi, p. 57; Vecchio, D.G. (1969) *The Formal Basis Of Law*, Augustus M. Kelley Publishers, New York, p. 183; Wortley, B.A. (1967) *Jurisprudence*, Manchester University Press, New York, p. 303; Holland (1932) *Jurisprudence*, 13th edition Oxford University Press, London, p. 193; Pound, R. (1959) *Jurisprudence*, West Publishing Co., St.Paul, Minn, p. 56.

- 2 Most of these discussions reflect the prevailing social or political structure in existence at the time that they were written. Hepburn, S. (2001) *Principle of Property Law*, 3rd edition, Cavendish, London, p. 7.
- 3 Among the natural law theorists, Roman lawyers proceed on the conception of principles of natural reason derived from the nature of things, while others on the conception of human nature as the basis for origin of property rights. Grotius and Pufendorf are the older proponents of the natural law theory. According to Grotius, all things originally were *res nullis*. But men in society came to division of things by agreement. Things not so divided were afterward discovered by individuals and reduced to possession. Thus things came to individual control. Absolute power of acquisition and disposition was a characteristic feature of these things. Pufendorf rests his theory upon an original pact. He argues that there was in the beginning a negative community. That is all things were *res communes*. No one owned them. They were subject to use by all. Men abolished the negative community by mutual agreement and thus established private ownership. Thus even in the most primitive social system the concept owes its origin through some

personality or in individual will.<sup>4</sup> Similarly while the positivists presumes a well organized political authority and well refined legal

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primordial rules either established by individuals themselves or by the society. When we peep into the classical theory of property by John Locke in his “*Two treatises on government*, he tries to give a solution to the problem of God-given commons and private proprietarianism by the principle of labor that is “every man has property in his own person”. So whatsoever man removes out from the state of nature that God provided by applying his labor is his property. In Lockean philosophy, even in state of nature there exists some kind of moral norms to regulate appropriation of property and it is when men enters into civil society through the compact that property as a legal phenomenon comes into existence. With the revival of natural law in recent years a justification based on man’s economic nature has arisen. According to them property arose from the necessity of economic life of the individual in society. For a detailed study on natural law theory read; Lord Llyod of Hampstead (1985) *Lloyds Introduction to Jurisprudence*, Stevens and Sons, London, 5th edition, p. 436; Fitzgerald, P. J (1964) *Salmond On Jurisprudence*, 12th edition, Sweet Maxwell, London, p. 216; Vecchio, G.D. (1969) *The Formal Basis Of Law*, Augustus M. Kelley Publishers, New York, p. 183; Wortley, B.A. (1967) *Jurisprudence*, Manchester University Press, New York, p. 303; Holland, B.A. (1932) *Jurisprudence*, 13th edition, Oxford University Press, London, p. 193; George, R. P. (1992) *Natural Law Theory: Contemporary Essays*, Clarendon Press, London; Hart, H.L.A. (1996) *The Concept of Law*, 2nd edition, Clarendon Press, London; Murphy, M.C. (2006) *Natural law in jurisprudence and politics*, Cambridge University Press, London; Finnis, J. (2001) ‘*Natural Law Theories*’, *Stanford Encyclopedia of Philosophy* [online]. Available at <http://plato.stanford.edu/entries/natural-law-theories/> [Accessed on July 2010].

- 4 Metaphysical theories emphasis on the abstract nature of man or an assumed compact for the justification of property. Pioneer in this field Kant, begins with idea of inviolability of the individual human personality. A thing is ones, when he has got actual physical possession of the thing and aggression of the thing will constitute a wrong to that person or aggression of his personality. He also justifies the origin of private property from the commons by occupation and civil compact. Occupation as per Kant is a legal transaction involving a unilateral pact not to disturb others in respect of their occupation of things. The efficacy of the pact does not depend on the inherent moral force of a promise or on the nature of man but in a principle of reconciling wills by the universal law. He also preconceives the need of a civil society for the recognition and enforcement of civil law society. Hegel denies the idea of occupation of property and treats property as a realization of the idea of liberty. Property, Hegel says, “makes objective my personal, individual will”. In order to reach the complete liberty involved in the idea of liberty, one must gave his liberty an external sphere. Hence a person has right to direct his will upon an external object and an object on which it is so directed becomes his. It is not an end in itself but gets the whole rational significance from his will and its recognition by the legal system. For a detailed study on these theories read: Fitzgerald, P. J. (1964) *Salmond On Jurisprudence*, 12th edition, Sweet & Maxwell, London, p. 216; Vecchio, G.D. (1969) *The Formal Basis Of Law*, 12th edition, Augustus M. Kelley Publishers, New York, p. 183; B.A, Wortley. (1967) *Jurisprudence*, Manchester University Press,

norms for origin and development of property,<sup>5</sup> the sociological school emphasize the social element or social necessity<sup>6</sup> and historical school emphasize the group element and evolutionary aspect.<sup>7</sup>

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New York, p. 303; Holland (1932) *Jurisprudence*, 13th edition, Oxford University Press, p. 193; Paton, H.J. (1946) *The Categorical Imperative*, University of Pennsylvania Press, London, pp. 146-157, *Immanuel Kant* in Stanford Encyclopedia of Law [online]. Available at <http://plato.stanford.edu/entries/kant/> [Accessed on March 2011]; Allen, W. (1999) *Kant's Ethical Thought*, Cambridge University Press, New York; Hegel, G.W.F. (1952) (trans.T.M.Knox), *Philosophy of Right* (1987), 1st edition, Oxford Publications, London [online]. Available at [www.googlebooksresults.com](http://www.googlebooksresults.com) [Accessed on November 2010].

- 5 The positivist's school of thought denies absolutely the occupational and labor theory of property. For them property was born with laws and will die with laws. For them the distinguishing character of property is not the relation between the individual and the object, but the right of the individual to exclude others from his physical relation with the object, or indeed from the object itself and this right has validity only in a legal platform recognized by a sovereign. For a detailed study on these theories read: Fitzgerald, P. G. (1964) *Salmond On Jurisprudence*, 12th edition, Sweet & Maxwell, London, p. 216; Vecchio, G.D. (1969) *The Formal Basis Of Law*, Augustus M. Kelley Publishers, New York, p. 183; B.A.Wortley. (1967) *Jurisprudence*, Manchester University Press, New York; Austin, J. (2008) *The Province of Jurisprudence Determined and The Uses of Study of Jurisprudence*, Universal Law Publishing Co., New Delhi, p. 123.
- 6 The basic proposition of historical jurists with respect to private property was that the concept had slow but steady development from the past and individual ownership has grown out from the group rights. For a detailed study on these theories read: Fitzgerald, P. G. (1964) *Salmond On Jurisprudence*, Sweet & Maxwell, London, p. 216; Vecchio, G. D. (1969) *The Formal Basis Of Law*, Augustus M. Kelley Publishers, New York, p. 183; Wortley, B.A. (1967) *Jurisprudence* Manchester University Press, New York, p. 56; Allen, C. K. (1964) *Law in the Making*, 7th edition, Oxford Clarendon Press, London, pp. 34-85; Friedmann, and Wolfgang (1953) *Legal Theory*, 3rd edition, Oxford Clarendon Press, London, pp. 674-689; Friedrich, C. J. (1963) *The Philosophy of Law in Historical Perspective*, 2nd edition, University of Chicago Press, New York, Ch. 15; Jones, J. W. *Historical Introduction to Theory of Law* (1940) Oxford University Press, London, Ch. 2; Vinogradoff, P. (1920) *Outlines of Historical Jurisprudence*, vol.1, Oxford University Press, London; Walton, F. P. (1927) 'Historical School of Jurisprudence and Transplantations of Law', *Journal of Comparative Legislation & International Law*, (3rd series), p. 183; Stone, J. (1950) *The Province and Function of Law* Harvard University Press, Cambridge University Press, London, Ch. 18.
- 7 The sociological school emphasize the societal element in development of property or for them property arose to meet the societal demands and the values and interests of each of the societies exercised great influence on property norms. For a detailed study on these theories read: . Fitzgerald, P. G. (1964) *Salmond On Jurisprudence*, 12th edition, Sweet & Maxwell, London, p. 216; Vecchio, G.D.

Further we can see that the major constituent elements of the concept are the 'thing', a 'person who possess the thing', a 'civil society' recognizing that relationship and a well organized 'political authority or system of laws' to enforce and safeguard that relationship. On a close perusal of the history we can also see that wherever we find human beings living together, there we observe law and government existing, in however rudimentary form it may be. Some authority superior to the individual controlling his actions is always apparent among the savages and the civilized alike. The beginning of law can be seen in the dim past. Formal legal systems evolved long before the invention of art of writing.<sup>8</sup> Informal controls was sufficient in a social setup when the members of the group agreed about the rules and their duties to follow them and when they share common views about their authority and when they are in a face to face contact. It was when the members of the group cannot agree on essentials or if they cannot or do not trust each other they put their rules and relationships in writing and make formal institutions for them.

Thus whether 'property' was appropriated by the act of first occupancy or by the employment of labour or even if it was divided by a set of contracts between the fellow beings, the concept was there in human life and society even before the dawn of civilization. However miserable and precarious was the notion of possession; it was there in the primitive society. When man began to think in terms of certain 'rights attached to the thing' rather than as 'things' only, we can see the need for

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(1969) *The Formal Basis Of Law*, Augustus M. Kelley Publishers, New York, p. 183; Wortley, B.A (1967) *Jurisprudence*, Manchester University Press, New York; Pound, R. (1923) *Interpretations of Legal History* Macmillan, New York; Pound, R. (1959) *Jurisprudence*. vol.1, Harvard University Press, London.

8 Dias, R.V.M. (1995) *Jurisprudence*, 5th edition, Aditya Books Private limited, New Delhi, p. 396; Rudolf,S. (1923) 'Fundamental Tendencies in Modern Jurisprudence', *Michigan Law Review*, 21 (4), 623.

law to regulate the property. This seems to be the reason for Bentham to observe that property, men and laws were born together and will die together and not merely property and laws.<sup>9</sup> Thus at the end of the analysis it comes out that property is essentially a relation created by law and the proprietary norms are molded in accordance with the social system in which the legal system operates and are aimed towards the norms and values of the social system. It is also evident that all private property philosophies espouse a particular rationale for the continued existence of private ownership. And these defenses vary according to the period in which they are discussed and the perspective of the individual philosopher.

## 2.2 Theoretical Basis for Restrictions to Proprietary Rights

The above philosophical discourse has plainly established that the institution of 'property' was always a social phenomenon and was never an individual event. Consequently it is to be presumed that any rights attached to this social institution will also be a limited right. As one could not own earth, open space, or a planet our concept of 'property' inherently carries with itself the notion of 'limitation' i.e. for us objects with definite limits alone could be owned as property. Limitations and exceptions to absolute rights were present in our society from very primitive days. Before the dawn of any religion or social institutions i.e. from the moment man began to live together he was conscious of the needs of his brother and shared those which he found in excess. Thus an inner-consciousness to look into his fellow being was there from very initial days. This inner-consciousness grew from self without any institutional support. This care for the fellows can be taken as primitive

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9 Bentham, J. (1876) (trans. R. Hildreth), *Theory of legislation*, Trubner & co, London, p. 113.

form of public interest concern.<sup>10</sup> Another pre legal existence of limitations and exceptions can be seen in our religious wordings. Let it be Quran or Bhagawat Geeta or Bible all impose a noble duty on those who have property in excess to satisfy his needs to give a part of it for his fellow beings who are in need. This moral duty backed by a moral sin on its violation is a good example of limitations to property rights in the present legal frame work. Thus we can see that the limitations and exceptions were there from the moment of birth of property itself.

It is a usual absurdity that, natural law school based on human reason and individualism is often perceived as one that supports absolute rights and individual interests. Blackstone hailed as one of the exponents of absolutism realized that, absolute characterization of property is extravagant and untenable; he qualifies his despotism by making it

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10 A very interesting analysis of this concept has been made by Frederick Engels in his book *Origins of the Family, Private Property, and the State*. The book is Available at, <http://www.marxists.org/archive/marx/works/1884/origin-family/index.htm> [Accessed on June 2010]. Engels opinions that, “thus in the Greek constitution of the heroic age we see the old gentile order as still a living force. But we also see the beginnings of its disintegration: father-right, with transmission of the property to the children, by which accumulation of wealth within the family was favored and the family itself became a power as against the gens; reaction of the inequality of wealth on the constitution by the formation of the first rudiments of hereditary nobility and monarchy; slavery, at first only of prisoners of war, but already preparing the way for the enslavement of fellow-members of the tribe and even of the gens; the old wars between tribe and tribe already degenerating into systematic pillage by land and sea for the acquisition of cattle, slaves and treasure, and becoming a regular source of wealth; in short, riches praised and respected as the highest good and the old gentile order misused to justify the violent seizure of riches. Only one thing was wanting: an institution which not only secured the newly acquired riches of individuals against the communistic traditions of the gentile order, which not only sanctified the private property formerly so little valued, and declared this sanctification to be the highest purpose of all human society; but an institution which set the seal of general social recognition on each new method of acquiring property and thus amassing wealth at continually increasing speed; an institution which perpetuated, not only this growing cleavage of society into classes, but also the right of the possessing class to exploit the non-possessing, and the rule of the former over the latter”.

subject to the control and diminution by the laws of the land.<sup>11</sup> John Locke while emphasizing the natural right of human beings to acquire and possess property; qualifies the acquisition by the principles of spoilage limitation and sufficiency limitation.<sup>12</sup>

For positivists like Bentham and Austin law is highly imperative or mandatory.<sup>13</sup> They are issued by a sovereign whose power is indefinite, unless limited by express convention or by religious or political motivation. So individual rights and interests have no place in that community.<sup>14</sup> Law is the will of the sovereign. He makes law for the entire community and is very cautious that no one else is enjoying any unlimited or indefinite powers and right. In that society power of each is limited by the other and each has a power to prescribe for the other. Similarly Professor H.L.A. Hart says that every legal phenomenon at the

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11 For details see Chapter 1 of Book 2 of *Commentaries on Laws of England (1765-1769)* Available at <http://www.lonang.com/exlibris/blackstone/> [Accessed on July 2011]. Chapter 1 is exclusively on the property rights of the individuals in which he explicitly deals with evolution of property. Also see Chapter 16 of *William Blackstone's Commentaries* available at <http://press-pubs.uchicago.edu/founders/documents/v1ch16s5.html> [online]. [Accessed on June 2010].

12 This will be discussed in detail later when we deal specifically with 'Locke on intellectual property rights'.

13 For them law is based upon the idea of commands. Imperative nature of law implies that they are normative statements laying down rules to guide human conduct as distinguished from statements of facts. Both stress the subjection of persons by the sovereign to his power. For a detailed study see, Austin, J. (1954) *The Province Of Jurisprudence Determined And The Uses of The Study of Jurisprudence*, H.L.A. Hart (ed.) George Weidenfeld & Nicolson Ltd., London and Bentham, J. (1970) *An Introduction to the Principles of Morals and Legislation*, J.H Buns and H.L.A Hart (eds.) The Athlone Press, University of London, London.

14 Austin sees law as a technical instrument of government or administration, which should however be efficient and aimed at the common good as determined by utility. All laws, rights and duties are created by positioning rules, the laying down of rules as an act of government. Consequently there can be nothing inherently sacred about civil or political liberties. To the extent that they are valuable they are the by-product of effective government in the common interest. For a detailed study see, Austin, J. (1954) *The Province Of Jurisprudence Determined And The Uses Of The Study Of Jurisprudence*, H.L.A. Hart., George Weidenfeld and Nicolson Ltd (eds), London, p. 294.



time of its formation have built-in limitations established by social and moral considerations.<sup>15</sup> He is of the opinion that for the existence of any society there needs certain ‘minimum morality’ and limited resources is one of the basic elements of that minimum requirement.<sup>16</sup>

Coming to the historical school, let it be the Savigny’s concept of ‘volkgeist’<sup>17</sup> or Gierks philosophy of ‘association’<sup>18</sup> or Hegel’s ‘will’<sup>19</sup> they viewed property as a societal or collective necessity. They allowed the continuance of the institution of property only for the satisfaction of societal or collective needs and wants and not at all for the satisfaction of

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15 Hart, H. L. A. (1994) *The concept of Law*, 2nd edition, Oxford Clarendon Press, London, p. 250.

16 *Ibid.* According to Hart, human beings exhibits fundamental characteristics like vulnerability, approximate equality, limited altruism, limited resources and limited understanding of strength and will. Limited resources means food, clothes and shelter which are limited. Because of these limitations there is a necessity for rules which protect persons and property. So the rules regulating private property rights will always be aiming at the larger social interest or in turn it says that property rights will be always subjugated for larger social interests.

17 His fundamental belief was that the law is located in the spirit of the people-volksgeist. The nature of any particular system of law, he said was a reflection of the spirit of people who evolved it. All law is the manifestation of this common consciousness. Consequently any legal phenomenon like language materializes spontaneously form its way of life, culture, traditions and customs. So private property rights are also an integral part of this social fabric. For a detailed See, Wacks, R. (2009) *Understanding Jurisprudence: An Introduction to Legal Theory*, 2nd edition, Oxford University Press, London, p. 238.

18 Associations has significance in law, and is sometimes treated as persons. The reality of social control lies in the way in which autonomous groups within society organize themselves. In his view legal and social history is most accurately portrayed as a perpetual struggle between associations. Lord Llyod of Hampstead (1985) *Lloyds Introduction to Jurisprudence*, 5th edition, Stevens and Sons, London, p. 436.

19 Law and other social institutions are the result of free subjective will endeavoring to realize freedom objectively. In this development starting point is the idea of freedom, which implies will. Freedom and will are complementary. Property is the first manifestation of will. It is not merely the will of one person; other persons will also come into purview. Individual will and social will is regulated by means of contract. Hegel, G.W.F (1952) *Philosophy of Right*, (trans. T.M.Knox), 1st edition , Oxford Publications, London, Para 46 [online]. Available at [www.googlebooksresults.com](http://www.googlebooksresults.com) [Accessed on March 2010]..



any individual interests. Incidentally proprietary monopoly has no role to play unless it was properly and carefully regulated for the national existence. According to the Sociological school, law does not exist for the individual as an end in himself, but serves his interest with the good of the society.<sup>20</sup> For example for Ihering, property is both a social and individual institution, which justifies expropriation and limitation of the individual's rights.<sup>21</sup> Standing with the Historical school, Sociological school also regulated the institution of property for serving the larger interest of society. In case of conflict between individual and social interest, it was always the societal interest that dominated.<sup>22</sup>

Similar is the view of Karl Marx who developed an economic approach to property. Marx viewed private property as a form of alienation.<sup>23</sup> He said private property is a class instrument and ruling idea. For him private property entrenches inequality.<sup>24</sup> The primitive

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20 For a detailed study of sociological theories of law See, Rokumoto, K. (1994) *Sociological Theories of Law*, New York University Press, New York.

21 Freeman, M.D.A. (2008) *Lloyds Introduction to Jurisprudence*, 8th edition, Sweet & Maxwell, London, p. 840

22 For example see the philosophy of social engineering by Roscoe Pound. For Pound the task of lawyers and legislators is 'social engineering'. The law by identifying and protecting certain 'interests', ensures social cohesion. An interest is defined as a demand as a 'demand or desire which human beings either individually or through groups or associations or in relations seek to satisfy'. It is legally protected by attributing the status of right. The purpose of social engineering is to construct as efficient a society as possible, one which ensures the satisfaction of the maximum of interests and minimal friction and waste of resources. He argues that when private interests conflict with public and social interests, the latter has to prevail. For a detailed study see, Pound, R. (1954) *Outlines of Jurisprudence*, Harvard University Press, London, Chapter 2,3&4; Pound, R. (1963) *Philosophy of Law*, Yale University Press, London, chapter 1&2.

23 Marx, K. (1954) S.T. Possony (ed), *The Communist Manifesto*, Chicago University Press, Chicago, Part-II, p. 147.

24 Marx, K. *Economic and Philosophic Manuscripts of 1844* [online]. Available at <http://www.marxists.org/archive/marx/works/1844/manuscripts/comm.htm> [Accessed on September 2010]; Drahos, P. A (1996) *Philosophy of Intellectual Property*, Ashgate Publishing Company, New York, p. 97.

tribal society was within his view an Eden, since distribution of resources was equal.<sup>25</sup> So he was of the opinion that, the society will witness communal harmony only if we return to the primitive stage of communal ownership of property. He had strong faith in his philosophy that out of conflict between capitalists and proletariats communism will emerge. Domination and inequality will be absent in such society and resources of the state will be owned and distributed according to the needs of the people.<sup>26</sup> Thus Marxian philosophy was against the monopolistic privileges to property and allowed only the communal ownership of property.

Utilitarian principle of Bentham insisted that the function of laws should be the promotion of greatest happiness to the greatest number.<sup>27</sup> The sovereign power for making laws should be wielded, not to guarantee the selfish desires of individuals but consciously to secure the common good.<sup>28</sup> The 'public good' ought to be the object of legislator. For this legislator has to make an intelligent balancing of individual interests and communal interest. Similarly the proprietorial laws should also conform to this basic principle of utility. Individual ownership and monopoly was allowed provided it satisfied the basic principle of utility. Hence restrictions to individual rights and monopoly were a common feature of property laws to ensure happiness to the maximum number.

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25 For a detailed study read, Marx, K. and Frederick Engels, *Manifesto of the Communist Party – 1848*, [online]. Available at <http://www.anu.edu.au/polsci/marx/classics/manifesto.html>.

26 For a detailed study read, Marx, K. and Engels, F. *Manifesto of the Communist Party – 1848* [online]. Available at <http://www.anu.edu.au/polsci/marx/classics/manifesto.html> [Accessed on January 2010].

27 Bentham, J. (1970) Buns J.H and Hart, H.L.A (ed.) *An Introduction to the Principles of Morals and Legislation*, The Athlone Press, University of London, pp. 30-45.

28 *Ibid.*

Apart from the general principles regulating private property rights, these theories also offers a philosophical perspective into the evolution of these limitations to property rights. According to Julius Stone even the right of a man to neglect his own land is disappearing.<sup>29</sup> He says that the right of property from being the mere subjective right of the proprietor had turned into the means whereby its holder fulfilled the social function, and property itself into something to be used conformably with social purpose.<sup>30</sup> Some sociological jurists have also pointed the evolution of property rights. According Hobhouse property has undergone three phases; the first in which there is little social differentiation, little inequality, and in which economic resources are in common or are strictly controlled by the community, the second in which wealth increases, great inequalities appears, and individual or collective ownership escapes from community control, and a third in which a conscious attempt is made to diminish inequality and to restore community control.<sup>31</sup> This scheme has resemblances to the Marxist distinction into three stages; that of primitive classless society, followed by class differentiation and the growth of inequality, and the final stage of a classless society at a higher level.<sup>32</sup> Vinogradoff distinguished four principal stages; the establishment of property rights in tribal and communal context, the application of notion of tenure to land, the development of individual appropriation; and finally the

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29 Stone, J. (1966) *Social Dimensions of Law and Justice*, Stanford University Press, London, pp. 86-118. Also read Stone, J. (1950) *The Province and Function of Law*, Harvard University Press, London, Ch. 18.

30 Julius, S. (1950) *The Province and Function of Law*, Harvard University Press, New York, Ch. 18.

31 For a detailed study see, Hobhouse, L.T. (1922) *The Elements of Social Justice*, Harvard University Press, New York, pp. 112-115.

32 For a detailed study read, Marx, K. and Engels, F. Manifesto of the Communist Party – 1848 [online] Available at <http://www.anu.edu.au/polsci/marx/classics/manifesto.html>[Accessed on February 2009].

imposition of restrictions under the modern collectivist ideas.<sup>33</sup> Roscoe Pound points out the differences in the definitions of property in the eighteenth century and the nineteenth centuries and those of the present century, in that the former make no reservations from the power and control of the owner over the thing owned, whereas the latter recognize legal limitations of the owners powers.<sup>34</sup> As to the restrictions upon or limitations of the liberties and powers of an owner which stand out in the twentieth-codes, they are not a new phenomenon in law.

Thus the philosophical enquiry establishes that, in course of evolution of society from a subsistence level to a settled and industrialized stage the social norms are also progressing to regulate proprietary norms. Based on the above philosophies we can see that property generally goes through three evolutionary stages. Starting from 'common ownership' to 'communal ownership' and ending with 'individual ownership'. It is to be noted that, even in the stage of common ownership human behavior towards property was molded by social norms of acquisition and disposition originating from natural law principles. In the next stage of communal ownership, the norms of acquisition and disposition will have sanction from the community as the case. And in the final stage of individual ownership, state through its well refined legal norms will be regulating the vesting and divesting of property rights. Thus in every stages of social life, all societies civilized or not have imposed restrictions upon property rights through custom or law.

Thus however individualistic and egocentric a philosophy appears to be, we can see that each of these philosophies and their propounders were conscious of the needs of their societies and was very cautious to make an

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33 Sirohi, A. (2007) *Fundamentals of sociology*, 1st edition, Dominant Publishers and Distributors, New Delhi, p. 235.

34 Pound, R. (1959) *Jurisprudence*, vol.5, West Publishing Co., London, p. 123.

intelligent balancing of the claims of individual and society. So each time when they assert the need of property as an institution for the development and nurturing of the self, they also emphasized the need for controlling that phenomenon for the wider perspective of the society. Only those philosophies and legal regimes, which made this intelligent balancing of individual rights with social interest survived. Very often it happens that either the societal interest or the individual interest dominates the scenario. History has given us ample evidence of the down fall and decay of those regimes which failed to do this. That is the reason why Hitler's despotism failed on the one hand and the experiment of the communism of Marx failed on the other end. So while we recognize and accept the fact that property as an individual institution is a concomitant factor for human development, it is also a vital organ of the society for its survival and continuance.

### 2.3 Philosophical Discourse into Intellectual Property Rights

Intellectual property is a relatively new term<sup>35</sup> that means different things to different people.<sup>36</sup> In literal sense intellectual property refers to

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35 Modern usage of the term *intellectual property* began with the 1967 establishment of the World Intellectual Property Organization (WIPO). It did not enter popular usage however until passage of the Bayh-Dole Act in 1980. The concept appears to have made its first appearance after the French revolution. In an 1818 collection of his writings, the French liberal theorist, Benjamin Constant, argued against the recently-introduced idea of "property which has been called intellectual." The term *intellectual property* can be found used in an October 1845 Massachusetts Circuit Court ruling in the patent case *Davoll et al. v Brown.*, in which Justice Charles L. Woodbury wrote that "only in this way can we protect intellectual property, the labors of the mind, productions and interests are as much a man's own...as the wheat he cultivates, or the flocks he rears." ( *Woodb. & M. 53, 3 West. L. J. 151, 7 F. Cas. 197, No. 3662, 2 Robb. Pat. Cas. 303, Merw. Pat. Inv. 414*). The statement that "discoveries are...property" goes back earlier. Section 1 of the French law of 1791 stated, "All new discoveries are the property of the author; to assure the inventor the property and temporary enjoyment of his discovery, there shall be delivered to him a patent for five, ten or fifteen years." In Europe, French author A. Nion mentioned *propriété intellectuelle* in his *Droits civils des auteurs, artistes et inventeurs*, published in 1846. The concept's origins can potentially be traced back further. Jewish law includes several considerations whose effects are similar to those of modern intellectual property laws, though the notion of intellectual creations as property does not seem to exist – notably the principle of *Hasagat Ge'vul* (unfair encroachment) was used to

all those proprietary creation of human intellect. It ranges from all those rights relating to literary, artistic and scientific works; performances of performing artists, phonograms, and broadcasts; inventions in all fields of human endeavor; scientific discoveries; industrial designs; trade marks, service marks and commercial names and designations; protection against unfair competition.<sup>37</sup> Intellectual property protects the application of ideas and information that are of commercial value.<sup>38</sup> So intellectual property law is that area of law which concerns legal rights associated with creative effort or commercial reputation and goodwill.<sup>39</sup> In legal sense, intellectual property is an umbrella term for various legal entitlements which attach to certain names, written and recorded media, and inventions. The holders of these legal entitlements may exercise various exclusive rights in relation to the subject matter of the IP. The adjective "intellectual" reflects the fact that this term concerns a process of the mind. The noun "property" implies that ideation is analogous to the construction of tangible objects. Basically we can say that all intellectual property rights are property rights.<sup>40</sup> The monopoly conferred on the holder of intellectual property has all the attributes of monopoly

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justify limited-term publisher (but not author) copyright in the 16th century. The Talmud contains the prohibitions against certain mental crimes (further elaborated in the Shulchan Aruch), notably Geneivat da'at (literally "mind theft"), which some have interpreted as prohibiting theft of ideas, though the doctrine is principally concerned with fraud and deception, not property.

36 Gollin, M.A. (2008) *Driving Innovation: Intellectual Property Strategies for a Dynamic World*, Cambridge University Press, New York, p. 12.

37 Article 2 (viii) of the Convention Establishing World Intellectual Property Organization, July 14, 1967, Stockholm.

38 Cornish, W.R. (1996) *Intellectual Property*, 3rd edition, Sweet & Maxwell, London, p. 5.

39 Bainbridge, D. (1999) *Intellectual property*, 4th edition, Pitman Publishing, London, p. 3.

40 Gopalakrishnan, N.S. and Ajitha, T.G. (eds), (2009) *Principles of Intellectual Property*, Eastern Book Company, Lucknow, p. 2.

appended to the owner of other proprietary interests like exclusive use, possession, alienation etc. except in the case that these monopolies are limited in point of use<sup>41</sup> and duration.<sup>42</sup>

However the intangibility of subject matter and limited nature of monopoly usually pulled out intellectual property from the general cannons of property. From the above philosophical discussion with respect to the nature of property, it is established that the existence of absolute property rights is really a fairy tale. At no point of time any kind of property rights was free from restrictions. It was restricted by the principle of “eminent domain”, or by the taxation laws or by anticompetitive laws. And even the power of alienation was regulated by the personal and general laws of the land or by the principles of “rule against perpetuity” or by principles of vesting and divesting of estates.

The issue of ‘abstractness’ of subject is also frivolous. All property rights are a bundle of rights recognized by an established legal framework. It is really interesting that we used to say intellectual property rights as intangible rights and other property rights as tangible. All rights are abstract whether appended to property or humans or animals or inanimate objects.<sup>43</sup> Therefore ‘abstractness’ of rights is not unique to intellectual property; it is common to all properties. All property rights place the right holder in a juridical relation with others. Property describes the relationship between an individual and an object or

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41 The exclusive right is limited by permissible uses like personal use, research use, government use, social and cultural exceptions, compulsory licenses etc.

42 Patent is granted for only twenty years and copyright is restricted to life plus sixty years.

43 For a detailed study on ‘rights’ read, Eleftheriadis, P. (2008) *Legal Rights*, Oxford University Press, New York.

resource; it does not refer to the object itself.<sup>44</sup> The property relationship confers a legally enforceable right or, more accurately a bundle of rights entitling the holder to control an object or resource.<sup>45</sup>

Adhering to these basic assumptions we can justify intellectual property by any theories of private property. However the philosophical development of intellectual property rights began during the European Enlightenment of the 17th and 18th centuries. Two British authors, John Locke and Edward Young were particularly influential in nurturing this concept.<sup>46</sup> Locke's theory of property<sup>47</sup> can be regarded as a union of two basic theses. The first is that everyone has a property right in the labor of his own body.<sup>48</sup> The second thesis is that the appropriation of an unowned object arises out of the application of human labor to that object.<sup>49</sup> The idea is that mixing one's own labour with an unowned thing confers upon one a property right in the whole thing. Applying this theory to intangible property does not appear to be farfetched. The notion of body as used in the first thesis, according to which everyone has a property right in his own body, clearly embraces the mind or the human genius or his personal skills. The second thesis according to which the mixing of labour with an unowned object creates a property right in the whole object, must extend to his intellectual labour. No labour is purely physical. Locke

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44 Hepburn, S. (2001) *Principle of Property Law*, 3rd edition, Cavendish Publishers, London, p. 3

45 *Ibid.*

46 See, Locke, J. (1967) Peter Laslett, (ed.) *Two Treatises of Government – Second Treatise*, 2nd edition, Cambridge University Press, London, Para's 25-51 at pp. 302-351 [herein after Locke, *Two Treatises of Government*].

47 *Ibid.*

48 *Ibid.*

49 Locke, *Two Treatises of Government* at pp. 305-306



has not stressed on the nature of labour that is to be blended with the unowned object. It seems plain that the notion of mixing relevant here is not material but legal economic: human labour is mixed with an unowned object, be it abstract or material, in the sense that it becomes an essential factor in raising its economic value, either by changing the conditions of availability or by changing its nature.<sup>50</sup>

In addition to these basic principles of property we can see a lot of theoretical underpinnings in his theory to support intellectual property and on comprehensive analysis of his writing we can see that it will be really fallacy to say that Locke does not think of intellectual property. When he speaks on labour, he speaks not simply about manual labour to improve land, but labour based on human reason to improve the amenities of life.<sup>51</sup> He speaks about the labour of rational and industrious man, unlike an ordinary man's labour. Further he defines property in a very wide sense as "*lives, liberties, and estates which I call by the general name, property.*"<sup>52</sup> This wide connotation of the term property includes in its ambit intellectual property rights also.<sup>53</sup> Further when he says that "for that he leaves as much as another can make use of does as good as take nothing at all",<sup>54</sup> is best suited to the non-rivalrousness of intellectual property.<sup>55</sup> Apart from all this general principles, his statement that "through arts and inventions on commons men can improve the conveniences of life" definitely conceives the notion of

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50 *Ibid.*

51 *Ibid.*

52 Locke, *Two Treatises of Government* at Para.123.

53 *Ibid.*

54 Locke, *Two Treatises of Government* at Para.124.

55 *Ibid.*

intellectual property.<sup>56</sup> Thus Locke's philosophy offers an influential justification for intellectual property rights. The power of Locke's thesis is evidenced by its eventual assimilation into English legal thought and practice from the time of Blackstone down to the beginning of the 20<sup>th</sup> century.<sup>57</sup> Locke's philosophy made a powerful influence in judicial process also.<sup>58</sup>

Another major philosophy extended towards intellectual property is the personality theory of Hegel. Hegelian philosophy offers a strong justification for intellectual property in two levels.<sup>59</sup> In the first level we

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56 Locke, *Two Treatises of Government* at Para. 44.

57 Anderson, D.A. (1993) 'The Criminalization Of Confidentiality: The Limits Of Judicial Legislation', *I.P. J.*, 7 (1), 1.

58 *Sawin v Guild, Millar v Taylor, Ruckelshaus v Monsanto Co.*, 467 U.S. 986, 1002-03 (1984) (citing Locke's *Second Treatise*, among other sources, in holding that trade-secret rights can be "property" under Fifth Amendment). See, e.g., *Harper & Row, Publishers v Nation Enterprises*, 471 U.S. 539, 546 (1985) (suggesting that authors deserve "fair return" for labor); *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1002-03 (1984) (noting that treating trade secrets as "property" is consistent with labor theories of property); *Whelan Assocs. v Jaslow Dental Lab.*, 797 F.2d, 1222, 1235 11.27 (3d Cir. 1986) (noting copyright's longstanding concern for "just merits" as well as for public benefit); see also Denicola, R.C. (1981) 'Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works', *COLUM L. REV.*, 81 (4), 519-20, 528, 530 (suggesting that "the act of aggregating isolated pieces of information" should be grounds for copyright protection, in part because of considerations of "natural right to the fruits of one's labor" and unjust enrichment); Ladd, D. (1983) 'The Harm of the Concept of Harm in Copyright', *J. Copyright soc'y*, 30 (4), 421, 426 For many years courts addressing the copyrightability of compilations stretched the constitutional and statutory schemes in order to provide reward and incentives for labor. See, e.g., *Nat'l Bus. Lists v Dun & Bradstreet, Inc.*, 552 F. Supp. 89, 92 (N.D. Ill. 1982). This line of precedent was discussed and repudiated by the Supreme Court in *Feist Publications v Rural Tel. Serv. Co.*, 111 S. Ct. 1282, 1287-89 (1991) (denying copyright in telephone book white pages on the ground that such an uncreative compilation, no matter how laboriously generated, contained no authorship).

59 Hegelian philosophy has extended to justify intellectual property by a series of scholars. For details see; Hughes, J. (1998) 'The Philosophy Of Intellectual Property', *Georgetown Law Journal*, 77 (2), 287; Radin, M.J. (1982) 'Property And Personhood', *Stanford Law Review*, 34 (8), 957; Schroeder, J. L. (2004) 'Unnatural Rights: Hegel and intellectual Property', *Cardozo Law, Legal Studies Research Paper*, 80; Nanovska, N. (1987) 'Hegel's Concept of Property',

can justify intellectual property relying on his general theory of property and at the second level he makes a very specific and genuine account of characteristics of intellectual property. For Hegel property is the external manifestation of human will<sup>60</sup> or it is the embodiment of human personality.<sup>61</sup> This seemed especially true with intellectual property rights that are draped over creations of the human mind.<sup>62</sup> Hegel's rationale suggests that the inventor has imbued the invention with his

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[online]. Available at <http://www.ethicalpolitics.org/seminars/neli.htm> [Accessed on April 2009].

- 60 Hegel believed that each person has both an internal and an external existence. One's internal existence is her will, and one's external existence is her sphere of freedom. Hegel stressed the importance of self-actualization, or the lack of dependence on another. However, self-actualization and the extension of one's sphere of freedom are achieved, in Hegel's view, not by withdrawing from the external world but rather by "overcoming it," or putting one's will into external objects - into property. Property, then, is central to Hegel's theory of the fully self-actualized free person; it is the essence of personality. For a detailed study on Hegelian Concept of Property See, Hegel, G.W.F. (1952) (trans.T.M.Knox), *Philosophy of Right*, 1st edition, Oxford Publications, London, [online]. Available at [www.googlebooksresults.com](http://www.googlebooksresults.com). [Accessed on March 2009] (herein after Hegel, *Philosophy of Right*).
- 61 Personhood theory is supported by another scholar Immanuel Kant. The premise underlying the personhood perspective of Kant is that to achieve proper development - to be a person - an individual needs some control over resources in the external environment. The necessary assurances of control take the form of property rights. The justification is strongest where an object or idea is closely intertwined with an individual's personal identity and weakest where the 'thing' is valued by the individual at its market worth. Such a justification posits that property provides a unique or especially suitable mechanism for self-actualization, for personal expression, and for dignity and recognition as an individual person. Kant's specific suggestion in relation to authors was that they enjoyed rights over their work by virtue of their personality. In his words "an authors right is an innate right, inherent in his own person". For details see: Drahos, P. (2005) *A Philosophy Of Intellectual Property*, Ashgate Publishing Limited, London, p.80; Shell, M. (Feb., 1978), 'Kant's Theory of Property', *Political Theory*, 6 (1), 75-90[online]; Available at <http://links.jstor.org/sici?sici=0090-917%28197802%296%3A1%3C75%3AKTOP%3E2.0.CO%3B2-Y> [Accessed on April 2009].
- 62 Priya, K. (2008), 'Intellectual property and Hegelian Justification', *NUJS L. Rev.* [online] Available at [http://www.nujslawreview.org/articles2008volno2/kanu\\_priya.pdf](http://www.nujslawreview.org/articles2008volno2/kanu_priya.pdf). [Accessed on April 2010].

personality or will, making the process of creation an intensely individualistic one.<sup>63</sup>

It is really interesting that at such a nascent stage of development of intellectual property he envisions a series of particular aspects of intellectual property. For Hegel writes:

“Mental aptitudes, erudition, artistic skill, even things ecclesiastical (like sermons, masses, prayers, consecration of votive objects), inventions, and so forth, become subjects of a contract, brought on to a parity, through being bought and sold, with things recognized as things. It may be asked whether the artist and scholar is from the legal point of view in possession of his art, erudition, ability to preach a sermon, sing a mass, etc., that is, whether such attainments are "things." We may hesitate to call such abilities, attainments, aptitudes, etc., "things," for while possession of these may be the subject of business dealings and contracts, as if they were things, there is also something inward and mental about it, and for this reason the understanding may be in perplexity about how to describe such possession in legal terms. Intellectual property provides a way out of this problem, by "materializing" these personal traits.”<sup>64</sup>

Hegel goes on to say that "attainments, eruditions, talents, and so forth, are, of course, owned by free mind and are something internal and not external to it, but even so, by expressing them it may embody them

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63 Hegel, *Philosophy of Right* at p. 68 .

64 Hegel, *Philosophy of Right* at p. 68 .

in something external and alienate them." Thus for Hegel, intellectual property need not be justified by analogy to physical property.

Again he makes an explicit reference to intellectual property when he says that, "the alienation of a single copy of a work need not entail the right to produce facsimiles because such reproduction is one of the "universal ways and means of expression which belong to the author."<sup>65</sup> Just as he does not sell himself into slavery, the author keeps the universal aspect of expression as his own. The copy sold is for the buyer's own consumption; its only purpose is to allow the buyer to incorporate these ideas into his "self."<sup>66</sup> Hegel says that an individual by coming into possession of externalized thoughts, whether in book or inventive form, comes into contact with universal methods of so expressing himself and producing numerous other things of the same sort.<sup>67</sup> Thus he justifies the absolute right of copyright holder to multiply the copies of his work or recognizes the established principle of 'every calf to the cow' and at the same time recognizes the interest of public in having access to those works for personal use and development of the self. Here we can see the reflection of the most fundamental tenets of intellectual property jurisprudence.<sup>68</sup> We can see that he is even conscious of the plagiarism that can arise in intellectual property scenario, which may adversely affect the economic benefit of the copyright owner. So he warns that due care should be given to process of

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65 Hegel, *Philosophy of Right* at p. 68.

66 *Ibid.*

67 Hegel, *Philosophy of Right* at p. 689.

68 If we look to intellectual property legislations starting from fifteenth century this is one of the most fundamental and absolute right available to an author from the moment of grant of that right.

extraction of expression from idea.<sup>69</sup> Thus we can see a robust footing for intellectual property grants in Hegelian philosophy.

Another principal philosophical theory applied to the protection of intellectual works has been utilitarianism.<sup>70</sup> The social value of utilitarian works lies principally if not exclusively in their ability to perform tasks or satisfy desires more effectively or at lower costs. Utilitarian theorists generally endorsed the creation of intellectual property rights as an appropriate means to foster innovation, subject to the caveat that such rights are limited in duration so as to balance the social welfare loss of monopoly exploitation.<sup>71</sup> According to Jeremy Bentham, “without the assistance of the laws, the inventor would almost always be driven out of the market by his rival, who finding himself, without any expense, in possession of a discovery which has cost the inventor much time and expense, would be able to deprive him of all his deserved advantages, by

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69 Hegel, *Philosophy of Right* at p. 68 . “Thus copyright legislation attains its end of securing the property rights of author and publisher only to a very restricted extent, though it does attain it within limits. The ease with which we may deliberately change something in the form of what we are expounding or invent a trifling modification in a large body of knowledge or a comprehensive theory which is another's work, and even the impossibility of sticking to the author's words in expounding something we have learnt, all lead of themselves (quite apart from the particular purposes for which such repetitions are required) to an endless multiplicity of alterations which more or less superficially stamp someone else's property as our own. For instance, the hundreds and hundreds of compendia, selections, anthologies, &c., arithmetic's, geometries, religious tracts, &c., show how every new idea in a review or annual or encyclopedia, &c., can be forthwith repeated over and over again under the same or a different title, and yet may be claimed as something peculiarly the writer's own. The result of this may easily be that the profit promised to the author, or the projector of the original undertaking, by his work or his original idea becomes negligible or reduced for both parties or lost to all concerned.”

70 Hart, H.L.A. (1979) ‘Between Utility and Rights,’ *Columbia Law Review*, 79 (7), 828.

71 Bentham, J. (1987) *The Principles Of Morals And Legislation*, Hafner Publishing Co, New York, p. 65; Mill, J.S. (1862) *Principles of Political Economy*, 5th edition, Appleton Publishers, New York, pp. 23-47 [online]. Available at [googlebooks.com](http://googlebooks.com) [Accessed on July 2009].

selling at a lower price”.<sup>72</sup> John Stuart Mill concurred that patent monopolies were justified, arguing that a temporary ‘exclusive privilege’ was preferable to general governmental awards on the ground that it avoided ‘discretion’ and ensure that the reward to the inventor was proportional to the ‘usefulness’ to consumers of the invention.<sup>73</sup> Even Adam Smith while generally critical of monopoly power as detrimental to the operation of the ‘invisible hand’, nonetheless justified the need for limited monopolies to promote innovation and commerce requiring substantial up-front investments and risk.<sup>74</sup> They used to justify their stand by resorting to two milestone documents of intellectual property: the statute of Anne<sup>75</sup> and the U.S Constitution.<sup>76</sup>

Thus while Locke and Hegel supports proprietary rewards from an individualistic angle, the utilitarianism justifies it because it is a social necessity. On a close perusal into the history of evolution of patent or copyright we can see that inevitability behind recognition of these privileges was of course a social stipulation, which could not have been accomplished without the risk of recognizing and rewarding the

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72 Bentham, J. (1987) *The Principles Of Morals And Legislation*, Hafner Publishing Co, New York, p. 65.

73 Mill, J.S. (1862) *Principles of Political Economy*, 5th edition, Appleton Publishers, New York, pp. 23-47 [online]. Available at [googlebooks.com](http://googlebooks.com) [Accessed on March 2009].

74 For a detailed study see, Chapter 2 of Book IV of Adam Smith’s *Wealth of Nation* [online]. Available at <http://www2.hn.psu.edu/faculty/jmanis/adam-smith/Wealth-Nations.pdf> [Accessed on March 2009].

75 The preamble of the Statute of Anne 1709, which is often hailed as the forefather of all intellectual property legislations, says: “*To promote the growth of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries ....*”

76 United States Constitution expressly conditions the grant of power to Congress to create patent and copyright laws upon a utilitarian foundation: ‘to promote the Progress of Science and useful Arts’. See the provision available at [http://press-pubs.uchicago.edu/founders/tocs/a1\\_8\\_8.html](http://press-pubs.uchicago.edu/founders/tocs/a1_8_8.html) [Accessed on January 2009].

individual labour or the individual personality behind that genuinity. However it should be remembered that their emphasis on individual effort has influenced the intellectual property framework to identify the true and genuine creator without which the balance of the system would have skewed.<sup>77</sup>

Apart from the extension of the traditional theories of private property, taking into account of the unique nature of intellectual property in particular a set of radical theories has also been developed in due course. One such view is the incentive justification.<sup>78</sup> The incentive theory holds that too few inventions or creativity will be made in the absence of patent protection because inventions once made are easily appropriated by competitors of the original inventor who have not shared in the costs of invention.<sup>79</sup> If successful inventions are quickly imitated by free riders, competition will drive prices down to a point where the inventor receives no return on the original investment in research and development. As a result, the original inventor may be unable to appropriate enough of the social value of the invention to justify the initial research and development expenditure.<sup>80</sup> Next opinion is that

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77 This influence showed its first expression in the statute of Anne. See *Statute of Anne* [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on January 2009].

78 For a detailed study on incentive theory See; Frederic. M. S. (1976) *Innovation and Growth: Schumpeterian Perspectives* [online]. Available at googlebooks.com [Accessed on June 2009]. Merges, R.P. (1995) 'The Economic Impact of Intellectual Property Rights: An Overview and Guide', *Journal of Cultural Economics*, 19 (1), 103-117.

79 Braga, C. A. P. and Fink, C. (1996) 'The Economic Justification for the Grant of Intellectual Property Rights: Patterns of Convergence and Conflict', *Chi.-Kent L. Rev.* 72, 439, 440.

80 Lemley, M. A. (1997) 'The Economics of Improvement in Intellectual Property Law' *Tex. L. Rev.* 75 (7), 989, 994-96.



intellectual property rights will *Optimize Patterns of Productivity*.<sup>81</sup> Another practical justification is that the system tries to eliminate or reduce the tendency of intellectual-property rights to foster duplicative or uncoordinated inventive activities.<sup>82</sup> Recently the post monopoly appended to intellectual grants has been supported by Joseph Schumpeter<sup>83</sup> and Edmund Kitch.<sup>84</sup> Competition from new commodities and new technologies is far more significant in this model than price competition among firms offering similar goods and services.<sup>85</sup> Protection from competition also allows firms "to gain the time and space for further development".<sup>86</sup> Finally, and perhaps most important, the prospect of earning more than an ordinary return permits innovators to secure the financial backing of capitalists and to bid productive resources away from their current use.<sup>87</sup> According to the prospect

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81 Grossman, S.J. (1990) 'Experimental Use or Fair Use as A Defense to Patent Infringement', *IDEA*, 30 (2), 243, 255; Dam, K.W. (1994) 'The Economic Underpinnings of Patent Law', *J. Legal Stud.*, 23 (2), 247, 253-54. The copyright and patent systems play the important roles of letting potential producers of intellectual products know what consumers want and thus channeling productive efforts in directions most likely to enhance consumer welfare.

82 Merges, R. P. & Nelson, R.R. (1990) 'On the Complex Economics of Patent Scope', *Colum. L. Rev.*, 90 (7), 839, 854.

83 The thesis that monopolies are conducive to innovation is generally associated with the work of Joseph Schumpeter. Innovation brings about incessant revolutionary changes in the economic system through what Schumpeter calls "a process of creative destruction. In this process, new firms continually arise to carry out new innovations, driving out old firms that provide obsolete goods and services. Schumpeter, J. (1950) *Capitalism, Socialism and Democracy*, 3rd edition, Harper and Row, London, pp. 81-110.

84 Kitch, E.W. (1977) 'The Nature And Function Of Patent System', *J.L & Econ*, 20 (2), 265-278

85 Carolyn, S. and Solo (1951) 'Innovation in the Capitalist Process, A Critique of Schumpeterian Theory', *Q.J.Econ*, 65 (3), 417.

86 Munson, F. G. (1917) 'Control of Patented and Copyrighted Articles after Sale', *The Yale Law Journal*, 26 (4), 270-290.

87 Chisum, D.S. (1986) 'The Patentability of Algorithms', *U. Pitt. L. Rev.*, 47 (8), 959, 1017.

theory<sup>88</sup> of Kitch intellectual property grants promote efficiency in the use of resources to develop further innovations and creativity by enabling subsequent research and development efforts. The patent owner is thus in a position to cause researchers to share information and thereby avoid duplicative research efforts.<sup>89</sup>

A recent group of theorists like Palmer, Barlow and Netanel constructs a libertarian argument against intellectual property rights by critiquing the dominant philosophical perspectives used to justify intellectual property protection.<sup>90</sup> They are of the opinion that intellectual

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88 For example, since the owner of a patent has the exclusive right to exploit the technology defined in the patent claims, no one else is likely to invest in developing this technology without first making arrangements with the patent owner; otherwise, the subsequent researchers might ultimately be unable to benefit from their own investment in development for lack of a license to the underlying patented technology. For a detailed analysis of prospect theory See: Stedman, J.C. (1947) 'Invention and Public Policy', *Law and Contemporary Problems*, 12 (4), 649-679; Lemley, M.A. (1997) 'The Economics of Improvement in Intellectual Property Law', *TEX. L. REV.* 75 (8), 989, 993-95; Smith, A.M. (1946) 'Recent Developments in Patent Law', *Michigan Law Review*, 44 (6), 899-932; Kahn, A.E. (1940) 'Fundamental Deficiencies of the American Patent Law', *The American Economic Review*, 30 (3), 475-491; Oddi, A.S. (1987) 'The International Patent System and Third World Development: Reality or Myth?' *Duke Law Journal*, 5 (6), 831-878; Turner (1969) 'The Patent System and Competitive Policy', *N.Y.U. L. REV.*, 4 (3), 453-55; Greer (1973) 'The Case Against Patent Systems in Less-Developed Countries', *J. INT'L. L. & ECON.*, 8 (2), 223.

89 In the absence of a patent, different investigators might try independently to develop the same invention in secrecy, each working without the benefit of the knowledge gained through the efforts of the others. Exclusive rights in technological prospects thus promote efficiency in research after the patent issues by putting the patent holder in a position to monitor and control such research.

90 Palmer, T.G. (1989) 'Intellectual Property: A Non-Posnerian Law and Economics Approach', *Hamline Law Review*, 12 (2), 261-304; Palmer, Tom G. (1990) "Are Patents and Copyrights Morally Justified? The Philosophy of Property Rights and Ideal Objects", *Harvard Journal of Law and Public Policy*, 13 (6), 817-865. Menell, Peter S. (1987) 'Tailoring Legal Protection for Computer Software', *Stanford Law Review*, 39 (8), 1329-1372; Menell, Peter S. (1989) 'An Analysis of the Scope of Copyright Protection for Application Programs', *Stanford Law Review*, 41 (7), 1045-1104; Merges, Robert P. (1992) 'Rent Control in the Patent District: Observations on the Grady-Alexander Thesis', *Virginia Law Review*, 78 (3), 359-381.

property rights threaten to undermine free exchange of ideas and enable corporate interests to exercise substantial control over cultural and political expression.<sup>91</sup> A radical critique of some basic assumptions underlying intellectual property - most notably, the romantic concepts of 'the author' and 'the inventor' - has developed in recent years, building upon the work of deconstructivists in the field of literary criticism. These scholars suggest that the concept of authorship and inventorship is so malleable, contingent and 'socially constructed'. According to this view, all creations are the product of communal forces to some extent.<sup>92</sup> These groups of modern philosophers are vehemently opposing the right centered approach and they justify intellectual property grants only if they are properly regulated and controlled for the larger public interest.

These radical theories on intellectual property justify monopoly from a purely economic angle. Or we can infer that they view the monopoly privileges as the chief apparatus in rapid economic development, vis a vis the larger social, political and technological development of a nation. For them these privileges are the manipulators of future social and economic development. However the history of

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91 Merges, R.P. (1994a) 'Intellectual Property Rights and Bargaining Breakdown: The Case of Blocking Patents', *Tennessee Law Review*, 62 (1), 75-106; Merges, R. P. (1994) 'Of Property Rules, Coase and Intellectual Property', *Columbia Law Review*, 94 (8), 2655-2673; Merges, Robert P. (1995) 'Expanding Boundaries of the Law: Intellectual Property and the Costs of Commercial Exchange: A Review Essay', *Michigan Law Review*, 93 (8), 1570-1615; Merges, Robert P. (1995b), 'The Economic Impact of Intellectual Property Rights: An Overview and Guide', *Journal of Cultural Economics*, 19 (1), 103-117, Merges, Robert P. (1996a) 'Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations', *California Law Review*, 84 (9), 1293-1393; Merges, Robert P. (1996b) 'Property Rights Theory and the Commons: The Case of Scientific Research', *Social Philosophy and Policy*, 13 (1), 144-16

92 Merges, Robert P. (1995b) 'The Economic Impact of Intellectual Property Rights: An Overview and Guide', *Journal of Cultural Economics*, 19 (1), 103-117, Merges, Robert P. (1996a) 'Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations', *California Law Review*, 84 (9), 1293-1393;

patents and copyrights clearly depicts that since thirteenth century onwards they were a tool in the armory of the sovereign to realize their vested social, political and economic interest. So these new theories are not radical in pure sense. They were inspired by the pragmatic history of intellectual property grants itself.

On a spiky scrutinization of the above philosophical justification we end up with two divergent and incompatible observations. On one pole the justification for IP grant is simply because it is the product of individual will and labour. The other theories support the grant because it is a social, economic and political compulsion. A modern justification for this grant found support in its capability to shore up and sustain economic development and technological innovation. Thus just like the practical difficulty in mending up the crusade of individualism and socialism, the philosophical discord or inconsistency is also unrelenting.

#### **2.4 Theoretical Underpinnings of Limitations and Exceptions to IP Rights**

From the above philosophical discourse into the origin of intellectual property, it is only in the theory of Locke and Hegel that there arises the real struggle to incorporate public interest justifications to the continuance of private property as legal phenomenon.<sup>93</sup>

In utilitarian perspective the social value of works lies principally if not exclusively in their ability to perform tasks or satisfy desires more effectively or at lower costs.<sup>94</sup> Utilitarian theorists generally endorsed the

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93 Gordon, W. (1993) 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property', *YALE L. J.*, 102 (9), 1533; Radin, M.J. (1982) 'Property and Personhood', *Stanford Law Review*, 34 (6), 957-1015

94 For a detailed study on utilitarianism read, Bentham, J. (1987) *The Principles Of Morals And Legislation*, Hafner Publishing Co, New York, p. 65; Mill, J.S.

creation of intellectual property rights as an appropriate means to foster innovation, subject to the caveat that such rights are limited in duration so as to balance the social welfare loss of monopoly exploitation.<sup>95</sup> Bentham<sup>96</sup> and John Stuart Mill<sup>97</sup> concurred that a temporary ‘exclusive privilege’ was preferable to general governmental awards on the ground that it avoided ‘discretion’ and ensure that the reward to the inventor was proportional to the ‘usefulness’ to consumers of the invention.

Limitations found a solid justification in the recent pragmatic theories also.<sup>98</sup> One such view is the incentive justification.<sup>99</sup> The incentive theory holds that too few inventions or creativity will be made in the absence of patent protection.<sup>100</sup> So this theory supports the

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(1862) *Principles of Political Economy*, 5th edition, Appleton Publishers, New York, pp. 23-47.

95 Bentham, J. (1987) *The Principles Of Morals And Legislation*, Hafner Publishing Co, New York, p. 65.

<sup>96</sup> Bentham, J. (1987) *The Principles Of Morals And Legislation*, Hafner Publishing Co, New York, p. 66.

<sup>97</sup> Mill, J.S. (1862) *Principles of Political Economy*, 5th edition, Appleton Publishing Co. New York, [online]. Available at [www.googlebooks.com](http://www.googlebooks.com). [Accessed on July 2010]. Also read Mill, J.S (1997) ‘Utilitarianism’ [online]. Available at <http://www.utilitarianism.com/mill1.htm> [Accessed on July 2010].

98 For a detailed study read, Fisher, W. (1988) ‘Theories of Intellectual Property’ [online]. Available at <http://www.law.harvard.edu/faculty/tfisher/iptheory.html> [Accessed on March 2009].

99 Wright, D.B. (1983) ‘The Economics of Invention Incentives: Patents, Prizes and Research Contracts’, *American Economic Review*, 73 (6), 691-707; Dam, K.W. (1994) ‘The Economic Underpinnings of Patent Law’, *J. Legal Stud.* 23 (2), 247, 253-54.

100 Merges, R.P. (1995) ‘The Economic Impact of Intellectual Property Rights: An Overview and Guide’, *Journal of Cultural Economics*, 19 (1), 103-117. Also read McFetridge, Donald G. and Douglas A. Smith (1980) ‘Patents, Prospects and Economic Surplus: A Comment’, *Journal of Law and Economics*, 23 (1), 197-207; G. C, Loury. (1979) ‘Market Structure and Innovation’, *Quarterly Journal of Economics*, 7 (1), 395-409; J, Lunn. (1985) ‘The Roles of Property Rights and Market Power in Appropriating Innovative Output’, *Journal of Legal Studies*, 14 (3), 423-433; Merges, Robert P. (1988) ‘Commercial Success and

instrumental justification for patents or copyright as the case may be. Objective of those grants are not mere reward of author, but they are for promoting innovations and inventions. Another justification is that intellectual property rights will *Optimize Patterns of Productivity*.<sup>101</sup> In line with this view, authors hold that copyright and patent systems play the important roles of letting potential producers of intellectual products know what consumers want and thus channeling productive efforts in directions most likely to enhance consumer welfare. Similarly a recent group of theorists like Palmer, Barlow and Netanel constructs a libertarian argument and are vehemently opposing the right centered approach and they justify intellectual property grants only if they are properly regulated and controlled for the larger public interest.<sup>102</sup>

But it is usually said that according to the natural law theorists property rights are inalienable and absolute rights and any limitation appended to it is a vindication of his natural right. But a properly conceived natural-rights theory of intellectual property would provide significant protection for public interest while protecting the natural right of the author. Gordon says that, natural rights theory, however, is necessarily concerned with the rights of the public as well as with the

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Patent Standards: Economic Perspectives on Innovation', *California Law Review* 76 (6), 803-876; Merges, Robert P. (1992) 'Rent Control in the Patent District: Observations on the Grady-Alexander Thesis', *Virginia Law Review*, 78 (3), 359-381.

101 For a detailed study of this read, Beck, R.L. (1983) 'The Prospect Theory of the Patent System and Unproductive Competition', *Research in Law and Economics*, 5 (1), 193-209; Grady., Mark, F. and J. I., Alexander. (1992) 'Patent Law and Rent Dissipation', *Virginia Law Review*, 78 (2), 305-350. Grossman, S.J. (1990) 'Experimental Use or Fair Use as A Defense to Patent Infringement', *IDEA* 30 (2), 243, 255; Dam, K.W. (1994) 'The Economic Underpinnings of Patent Law', *J. Legal Stud.*, 23 (2), 247, 253-54.

102 Krauss, M.I. (1989) 'Property, Monopoly and Intellectual Rights', *Hamline Law Review*, 12 (2), 305-320; 16, 525-540; Lehmann, M. (1989) 'Property and Intellectual Property - Property Rights as Restrictions on Competition in Furtherance of Competition', *IIC*, 16 (1), 1-15.

rights of those whose labors create intellectual products.<sup>103</sup> He is of the opinion that, when the limitations in natural law's premises are taken seriously, natural rights not only cease to be a weapon against free expression; they also become a source of affirmative protection for free speech interests.<sup>104</sup>

Theory of Locke and Hegel starts from the premise of a common stock which is inevitable for potential creativity and appropriation.<sup>105</sup> To justify the origin of private property or acquisition in general both philosophers begins there postulate from a state of 'commons' which by its nomenclature itself designates something diametrically opposite to individualism inherent in these theories. Though both of them stress absolute right of an individual to appropriate from this common stock, it should be remembered that this right is available to each and every individual in the society. Thus this individual right of appropriation is something which is socially recognised and regulated. Thus it is really interesting to examine whether limitations and restrictions exist even at the preliminary stage of acquisition. For example while Locke begins his philosophy from the concept of 'commons', he says that, "first law of nature imposes a natural duty on mankind: everyone is bound to preserve

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103 Gordon, W. J. (1993) 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property', *The Yale Law Journal*, 102 (7), 1533-1609.

104 Gordon, W. J. (1993) 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property', *YALE L.J.*, 102 (7), 1533.

105 Locke, *Two Treatises on Government*, Chapter V, Of Property, Para 24: "God, has given the earth to the children of men, given it to mankind in common". Similarly in Hegelian philosophy the human will is left free to dominate over the entire things in common. This is from this basic proposition the Hegelian concept of property starts. "everyone has the right to make his will the thing or to make the thing his will, or in other words to destroy the thing and transform it into his own; for the thing, as externality, has no end in itself; it is not infinite self-relation but something external to itself"- Hegel, *Philosophy of Right* - Para 44.



himself and, other things being equal, to preserve the rest of the mankind.”<sup>106</sup> Here we can identify two sets of duties. Firstly, it pertains to a duty to utilise the commons for self preservation and secondly a duty to ensure that he is contributing to the preservation of mankind in common.<sup>107</sup> Locke never perceives the acquisition from commons and creation of property as an individual right, on the other hand it is a divine duty dictated by divine reason.<sup>108</sup> Mathew Kramer commenting on Locke rightly points out that any pattern of individualistic entitlements in state of nature would directly flow from that prime communitarian mandate.<sup>109</sup> Similarly Hegel’s philosophy also does not entail rights of absolute appropriation.<sup>110</sup> Hegel posits the case of the ‘extremely needy

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106 Locke, *Two Treatises on Government*, Chapter V, Of Property, Para 25.

107 But the question is whether these duties can also have a corresponding set of rights also. Then, his theory can be interpreted as to confer on each and every individual the natural right of appropriation. Here starts the conflict between individual right of appropriation and the interest of community in maintaining themselves. Locke never perceived this problem in his state of nature, because he envisioned that all these privileges and duties as divinely built and consequently human reason will adhere to it because these all are finally controlled by God.

108 "The State of Nature has a Law of Nature to govern it, which obliges every one: And Reason, which is that Law, teaches all Mankind, who will but consult it. Locke, *Two Treatises of Government*, p. 271.

109 Kramer, M. H. (2004) *John Locke and the Origins of Private Property*, Cambridge University Press, London, at p. 246. He says that prerogatives of ownership that encouraged rapacity and harsh self-concern were nothing but vehicles for the implementation of communal objectives. Hence, no matter how individualistic were the rules in state of nature that defined any entitlements to resources they were pure functions of collective needs and constraints? He argues that when individualism surfaced, it surfaced as a mode and a product of communitarians.

110 For a detailed study on Hegelian view of IP read, Damich, E.J. (1988) ‘The Right of Personality: A Common-Law Basis for the Protection of the Moral Rights of Authors’, *GA. L. REV.*, 23 (1), 1; Hughes, J. (1988) ‘The Philosophy of Intellectual Property’, *GEO. L. REV.*, 77 (2), 287; Netanel, N. (1992) ‘Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law’, *CARDOZO ARTS & ENT. L. J.*, 12 (1), 1 ; Jacobson, A. (1989) ‘Hegel’s Legal Plenum’, *CARDOZO L. REV.*, 10 (6), 877; David Gray Carlson, D.G. (2000) ‘How to Do Things with Hegel’, *TEX. L. REV.*, 78 (8), 1372.



individual' and 'the rightful property of someone else' in his philosophy.<sup>111</sup> There is in this situation 'right of distresses'.<sup>112</sup> The needy individual is entitled to take those resources he requires for survival.<sup>113</sup> For them it is only through and by the commons that creativity can be ensured.<sup>114</sup> So maintenance of this common stock in a way providing equitable access is the first and of course most important task of any system.<sup>115</sup> Thus this grund norm from which their private property originates itself negates the very individualistic character of the natural law theory.

Many a scholars are of the opinion that this concept of creative commons is more apt in the case of intellectual property rights.<sup>116</sup> It is

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111 Hegel, *Philosophy of Right* at Para 67.

112 Hegel, *Philosophy of Right* at Para 68.

113 See Jeanne, S.L. (2004) *Unnatural Rights: Hegel and Intellectual Property* (March 1, 2004). Cardozo Law, Legal Studies Research Paper No. 80.[online]. Available at SSRN: <http://ssrn.com/abstract=518182> or doi:10.2139/ssrn.518182 [Accessed on May 2010]; Nanovska, N. *Hegel's Concept of Property*, [online]. Available at <http://www.ethicalpolitics.org/seminars/neli.htm>. [Accessed on March 2010].

114 Locke, *Two Treatises of Government* at Para 27, "We see in commons, which remain so by compact, that it is the taking any part of what is common, and removing it out of the state Nature leaves it in, which begins the property, without which the common is of no use".

115 Radin, M. J. (1987) 'Market-Inalienability', *HARV. L. REV.*, 100 (8), 1849, 1903-1907 (discussing relationship between property and human flourishing).

116 Gordon, W.J. (1993) 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property', *Yale L.J.*, 102 (8), 1533; Moore, A.D. (1997) *Toward a Lockean Theory of Intellectual Property*, in *Intellectual Property: Moral, Legal and International Dilemmas*, Lanham, Md.: Rowman & Littlefield Publishers, Inc., London, p. 84; Waldron, J. (1993) 'From Authors to Copiers: Individual Rights and Social Values in Intellectual Property' *Chicago-Kent L. Rev.*, 68 (6), 841; Craig, C.J. (2002) 'Locke, Labor and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright Law', *QUEEN'S L.J.*, 28 (1), 1; Gordon, W.J. (2004) 'Render Copyright unto Caesar: On Taking Incentives Seriously', *U. CHI. L. REV.* 71 (1), 75 ; Damstedt, B.G. (2003) 'Limiting Locke: A Natural Law Justification for the Fair Use Doctrine', *Yale L.J.*, 112 (8), 1179 ; Hughes, J. (1988) 'The Philosophy of Intellectual Property', *GEO. L.J.*, 77 (2), 287.

argued that the concept of commons is well-built in intellectual property arena, when the patent law requires novelty and copyright law follows the principles of originality and idea expression dichotomy. They justify the pre-grant restrictions to patent as an extension of this general principle of commons in the context of intellectual property reflecting the principle of intergenerational equity. But there exists much absurdity in the concept of 'commons' intended by Locke and Hegel. Neither Locke nor Hegel defines the concept in relative, quantitative or qualitative terms. From a common prudence in the case of physical objects we perceive commons as the vast un-owned, inexhaustible, boundless and infinite group of land, water and air which are left open for the continuance of the humanity that are collectively owned or shared between or among communities. If by 'commons' they mean this vast array of unowned land, air and water, there restriction to appropriation and their call for preservation of mankind is really inane. Because by application of common sense itself, one can ask the question, 'how can these commons be appropriated by an individual in whole?' So here it is really doubtful whether they are limiting the right of acquisition or justifying an absolute right of appropriation? This restriction is absolutely pointless when it comes to the abstract realm of physically inexhaustible nature of commons in intellectual property arena. It will create the impression that once a patent or copyright as the case may be, successfully proves 'creativity and novelty' leaving the abstract inexhaustible realm of ideas they will become absolute individual property rights. So the question here is, once a laborer has satisfied the preliminary substantive tests of novelty or originality whether he becomes an absolute despot in his realm of acquired rights?

Equally apprehending is their philosophy restricting the power of acquisition. After the presumption of existence of commons the natural

law theory precedes to the right of appropriation from this common stock. It is really interesting that at this juncture they foresees the intricate task of legal system in balancing two sharply conflicting interests, the absolute right of an individual on the common and an equitable right of public in having access to it. Locke tries to solve this crisis by his principles of spoilage limitation<sup>117</sup> and sufficiency limitation<sup>118</sup> in addition to his first principle of no-harm. In case of conflict between individual interest and public interest no natural right to property could exist where a laborer's claims would conflict with the public's claim in the common. According to Locke, the law of nature<sup>119</sup> is that all persons have a duty to refrain from causing harm.<sup>120</sup> All persons

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117 “As much as any one can make use of to any advantage of life before it spoils, so much he may by his labour fix a property in. Whatever is beyond this is more than his share, and belongs to others”. Nothing was made by God for man to spoil or destroy. Locke recognised that this condition would not serve in a money economy, to limit large property holdings because men could through process of exchange amass non- perishable wealth. Locke, *Two Treatises of Government* at p. 117, Para 30.

118 “Nor was this appropriation of any parcel of land, by improving it, any prejudice to any other man, since there was still enough and as good left, and more than the yet unprovided could use. So that, in effect, there was never the less left for others because of his enclosure for himself. For he that leaves as much as another can make use of does as good as take nothing at all. Nobody could think himself injured by the drinking of another man, though he took a good draught, who had a whole river of the same water left him to quench his thirst. And the case of land and water, where there is enough of both, is perfectly the same”. Locke, *Two Treatises of Government* at Para 32.

119 On a close perusal of his philosophy it is evident that even when men enters civil society he is governed by the moral percepts of state of nature or he says that in civil society the moral rules of state of nature is converted into legal norms. See for detailed study: Locke, *Two Treatises of Government* at pp. 138 – 146.

120 Locke, *Two Treatises on Government* at Para-27; Yolton, J.W. (1958) ‘Locke on the Law of Nature’ *PHIL. REV.*, 67 (3), 483 ; Goldwin, R.A. (1976) ‘Locke’s State of Nature in Political Society’, *W. POL.Q.*, 29 (1), 126, 126-28 Locke tells us that in the even in state of nature there exists moral duties that constrain persons' behavior toward each other. Locke argues that these duties are imposed by God and are discernable by reason. Since all humanity is equal in the state of nature, the duties we owe others are also the duties they owe us, and the rights I have against others they have against me. One can discern in Locke's theory two general classes of rights: liberty rights (areas free of duty) and claim rights

have two central duties in regard to their resources. Each person has a duty to let others share in her resources other than her body in times of great need, so long as the sharer's own survival is not imperiled by such charity, and each has a duty to share any of her non-bodily resources which would otherwise spoil or go to waste.<sup>121</sup>

With the proviso on sufficiency limitation Locke argues that one person's joining of her labor with resources that God gave mankind "appropriation" should not give that individual a right to exclude others from the resulting product, unless the exclusion will leave these other people with as much opportunity to use the common as they otherwise

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(areas where the right- holder is owed a duty by other). First and foremost, all persons have a duty not to harm others, except in some cases of extreme need. This right not to be harmed is lexically prior to the other natural rights; thus, except in cases of extreme need, the no harm duty would prevail in any conflict arising between the no-harm duty and the other natural laws mentioned below. Second, there are two key liberty rights: 1) all persons have a liberty right to dispose of their efforts as they see fit and 2) all persons have a liberty right to use the common- "the earth and all its fruits-which God gave to humankind. These two liberty rights mean that, at least in the absence of extreme need, the law of nature gives no one a claim right over any other person's non harmful use of her own efforts, or her non harmful use of the common. Third, all persons have a duty not to interfere with the resources others have appropriated or produced by laboring on the common. This duty is conditional, and is a keystone in the moral justification for property rights. Taken together, these duties and liberties generate moral claims and entitlements. Of these, some we possess by virtue of what we do, and some we possess by virtue of our humanity. Of the humanity-based entitlements, three are most important: our claim right to be free from harm, our claim right to have a share of others' plenty in times of our great need, and our liberty right to use the common. We might call these three unearned rights "fundamental human entitlement.

121 In the *First Treatise*, Locke writes: But we know God hath not left one Man so to the Mercy of another, that he may starve him if he please . . . he has given his needy Brother a Right to the Surplus Usage of his Goods . . . so *Charity* gives every Man a Title to so much out of another's Plenty, as will keep him from extreme want, where he has no means to subsist otherwise. Locke, *Two Treatises of Government* at p. 170; Locke, *Two Treatises of Government*, pp. 270-71. Thus Locke writes that one can "acquire a Propriety" in wild fruits or beasts, But if they perished, in his Possession, without their due use; if the Fruits rotted, or the Venison putrified. Before he could spend it, he offended against the common law of Nature, and was liable to be punished; he invaded his Neighbor's share, for he had *no Right, farther than his Use . . .*; see Locke, *Two Treatises of Government* at p. 295

would have had.<sup>122</sup> A person who wants access is entitled to complain only if he is worse off in regard to the common when he is denied access than he would have been if the item had never come into existence. Thus the enough and as good condition protects Locke's labor justification from any attacks asserting that property introduces immoral inequalities. Thus it has been argued that, essentially the enough and as good condition is an equal opportunity provision leading to a desert-based, but *noncompetitive* allocation of goods: each person can get as much as he is willing to work for without creating meritocratic competition against others.<sup>123</sup> However it is also criticized that the proviso was relevant in the age of scarcity and claims that the “enough and as good” requirement is merely “a fact about acquisition in the early ages of man”.<sup>124</sup>

As per this proviso, when extended to intellectual property creators should have property in their original works, only provided that such grant of property does no harm to other persons' equal abilities to create or to draw upon the preexisting cultural matrix and scientific heritage.<sup>125</sup> Here again the principles of novelty and originality was extended to justify acquisition of intellectual property rights from commons. Once a legal regime can successfully filter idea from expression and novelty from prior-art the commons is left in its full virginity for future creations. It has been argued that meaningful satisfaction of the proviso's ‘enough

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122 Locke states the proviso thus: "Labor being the unquestionable Property of the Laborer, no Man but he can have a right to what that is once joined to, at least where there is enough and as good left in common for others". See John Locke, *Two Treatises of Government* at pp. 287-288, Para 27.

123 Hughes, J. (1988) 'The Philosophy of Intellectual Property', *GEO. L.J.*, 77 (2), 287.

124 Waldron, J. (1979) 'Enough and as Good Left for Others', *PHIL. Q.* 319 (29), 322.

125 Hughes, J. (1988) 'The Philosophy of Intellectual Property', *GEO. L.J.*, 77 (2), 287.

and as good' component may preclude substantive amounts of appropriation when real property is scarce. Shiffrin points it out that this problem appears less formidable for intellectual property because the terrain of intellectual works for acquisition or creation does not seem at risk of depletion.<sup>126</sup> On some views, it can be regenerated or expanded through our efforts.<sup>127</sup> Hughes is of the opinion that, the "enough and as good" condition seems to hold true *only* in intellectual property systems because creating property rights in an idea never completely excludes others from using idea. Under Nozick's reconstruction, the public would be better off even if an intellectual property owner could completely exclude others from his idea because it could still buy the goods and services developed from that idea.<sup>128</sup> But it has been argued that, if an intellectual labourer is only rewarded with property rights in his product—the *expression*—and not some part of the common—the *ideas*—then the common is never depleted either quantitatively or qualitatively.<sup>129</sup> The creation and appropriation of an intellectual product can add to but not take away from the intellectual common, so the "enough and as good proviso" does nothing to limit intellectual property rights.<sup>130</sup> Thus the efficiency of the proviso is really cynical in the context of intellectual property.

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126 Shiffrin, S.V. (2001) 'Lockean Arguments for Private Intellectual Property', in *New Essays In The Legal And Political Theory of Property*, Munzer, S.R. (ed.) Cambridge University Press, London, p. 138.

127 Similarly, Moore remarks, "The individual who takes a good drink from a river does as much as to take nothing at all. The same may be said of those who acquire intellectual property". See, Moore, A.D. (1997) 'A Lockean Theory of Intellectual Property', *HAMLIN L. REV.*, 21 (1), 65

128 Hamilton, (1932) 'Property -- According to Locke', *YALE L.J.*, 41 (6), 867-68.

129 Horowitz, S.J. (2008) 'Rethinking Lockean Copyright and Fair Use', *DEAKIN LAW REVIEW*, 10 (2), 225.

130 *Ibid.*

Apart from that, we have to appreciate the other side of the proviso. One can agree with Gordon, when he rightly points it out that the proviso offers only limited protection for members of the public.<sup>131</sup> Persons whose rights in the common are not adversely affected by the creator's property right would have no ground of complaint, and the creator could assert property rights against them unimpeded.<sup>132</sup> Further, even as to the individuals whose freedom from property-based restraints may be guaranteed by the proviso, the proviso gives such individuals no entitlement to affirmative societal intervention on their behalf. This condition was sound in his primitive society were the limited capacities of humans put a natural ceiling on how much each individual may appropriate through labor. But how far this is appropriate in the modern money and technological market is really perplexing. Especially when it comes to intellectual property the doubt is that, as long as there is an ever-growing common of ideas available for everyone's unlimited use, every person has at least as much opportunity to appropriate ideas as had the first man in the wilderness.<sup>133</sup> Thus this proviso also finally cast doubt on its efficacy in enhancing public interest by restricting the power of acquisition. In a way it is enhancing the rights of owners of property and is justifying any kind of aggressive acquisition. Going literally by the proviso, the situation will be really intricate when it comes to the non-rivalrous and imperishable nature of 'commons' in intellectual property arena. Apart from that, the unique feature of intellectual creativity needs backward looking and forward seeing. So the commons

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131 Gordon, W.J. (1993) 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property', *Yale L.J.*, 102 (8), 1021, 533.

132 *Ibid.*

133 Craig, C. J. (2002) 'Locke, Labor and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright Law', *QUEEN'S L.J.*, 28 (1), 1.

in intellectual property includes actual and potential creative commons. Consequently if the objective of sufficiency limitation is to ensure a robust public domain it has to be verified that whether Lockean proviso can be extended to ensure the availability of intellectual property rights even after their acquisition from intellectual commons.

The second limit on acquisitiveness, the spoilage limitation, is derived by Locke from God's purposes. God has made goods to enjoy and not to spoil or destroy. The spoilage proviso thus puts limits on the level of appropriation. This proviso thus usefully limits the amount of property that can be claimed by an individual. Locke maintains that a laborer who, for instance, appropriates more apples than he can use and allows them to perish commits an injury against others and violates the "the common Law of Nature."<sup>134</sup> He is "liable to be punished; he invaded his Neighbour's share, for he had no Right, farther than his use called for any of them."<sup>135</sup> This law of nature, the no spoliation proviso, is an absolute condition set on appropriation and ensures that "Nothing" was made by God to spoil or be destroyed.<sup>136</sup>

Some scholars are of the opinion that, unlike the sufficiency limitation the spoilage limitation is an absolute limitation. It cannot be overridden even by consent.<sup>137</sup> In the logic of Gopal Sreenivasan, the spoilage condition actually imposes a due-use condition on nonmonetary goods; in addition to the requirement that one not allow one's

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134 Locke, *Two Treatises of Government* at Para 31-37.

135 Locke, *Two Treatises of Government* at Para 35.

136 Locke, J. *Two Treatises of Government* at Para 32.

137 Sreenivasan, G. (1995) *The Limits of Lockean Rights in Property*, Oxford University Press, New York, p. 101.



possessions to spoil.<sup>138</sup> Similarly Damstedt also gives a progressive interpretation for the proviso that, “the waste prohibition requires that each unit be put to some use or sold to retain a property right in the good.”<sup>139</sup> His reading is not simply that individuals must not appropriate more than they can before spoilage, but that any good must be put to some fully effective use and continuous use if property rights are to be justifiably maintained. Thus this proviso can be constructed as obliging not only actual effective use but also cautions as of any potential non-use which is hailed as an instance of spoilage. The proviso is thus capable of two kind of interpretation. On a restrictive interpretation we can take for granted that, Locke presumed the application of the proviso to only perishable goods. On a progressive interpretation we can assume that Locke foresee the extension of the proviso to non-perishable goods and by spoilage he meant the actual and potential instances of non-use and waste of goods. The first interpretation is meaningless from the example of apples itself, through which he is justifying his proviso. There is no need for a philosophical justification for acquisition of such trivial. So it is explicit that he was building up a superior and refined theory of property itself. So we can go by the second interpretation which commands that no property should be left idle and ravage. Since his philosophy is concentrated on the notion of ‘human labor’ this proviso should also be interpreted in that context. Then we can presume that by this proviso he obliged the acquirer of property from commons to continuously compulsory labor upon for further advances. When this proviso is extended to any property in general or intellectual property in

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138 *Ibid.* He gives the homestead system in North America, which required a homesteader to work his property for five continuous years in order to gain title as an illustration of the application of this proviso in practice.

139 Damstedt, B.G. (2003) ‘Limiting Locke: A Natural Law Justification for the Fair Use Doctrine’, *YALE L.J.*, 112 (8), 1179.

particular we can see that any kind of post grant intervention in the monopoly of the property owner to ensure non-waste is justified. Consequently as per this proviso, failure to publish a creative work or withholding it from public or failure to work an invention is a waste. Thus the instances of post grant restrictions like permissible uses or compulsory licensing mechanism under patent and copyright regime are absolutely justified from the Lockean perspective.<sup>140</sup>

But again just as in the case of sufficiency limitation the application of the proviso will create confusion in the intellectual property framework due to the unique nature of non-rivalrous and imperishable nature of creative commons. Some criticize it as not applicable to intellectual property rights.<sup>141</sup> As per this opinion, the non-spoilation proviso leaves the allocation of strong private intellectual property rights intact. In and of themselves, ideas are non-rivalrous: they do not perish, and the law allows us to consume as many ideas as we wish. Even if we consume more than we can use, we cannot prevent anyone else from doing the same—ideas are free as the air.<sup>142</sup> Drahos, for example, observes that “ideas can spoil in the sense that once appropriated, their time span of useful application in many cases is limited. Those who appropriate ideas

<sup>140</sup> A deep analysis of pre-grant and post grant limitations to patent and copyright will be done in the subsequent chapters.

<sup>141</sup> Justin Hughes for example says that, “While the social value of an idea may decline below an optimal point, the value of the idea, apart from its value to society, may remain constant. An unpublished story may still give an author joy when shared with intimates. The secret recipe for Kentucky Fried Chicken will taste as good to the creator whether or not it is shared with Madison Avenue. With intellectual property, there is no waste to the *individual* because the act of “consumption” is inseparable from the act of production. Intellectual property holds value derived solely from the act of creation”. He further substantiates the argument by saying that, “for example, new technical improvements in equestrian equipment and train engines can still be very profitable despite the appearance of automobiles and Boeing 757s. Hughes, J. (1988) *The Philosophy of Intellectual Property*, *GEO. L.J.*, 77 (2),287.

<sup>142</sup> *Ibid.*

with a view to do nothing with them arguably infringe Locke's spoilage proviso."<sup>143</sup> Craig illustrates a situation where "the intellectual property owner wasted the idea by preventing its communication and development".<sup>144</sup> However Justin Hughes defends the situation by arguing that, "even though the value lost by hoarding an idea until it becomes obsolete is a very different kind of loss than food spoilage. There is no internal deterioration in the idea and the loss in value is seen only against a social backdrop. The loss is speculative and may be reversible."<sup>145</sup> Thus just like in the case of sufficiency limitation the doubt is on its extension to advanced economic systems in general and intellectual property rights in particular.

However scholars criticize Locke by arguing that his provisos are not applicable to intellectual property and his theory is not applicable to the advanced social and economic systems. It is to be appreciated that while writing about state of nature and on origin of property, Locke was not in state of nature. On the other hand he was in a society with all the features of the contemporary market economy and was writing from his personal experiences with the social and economic systems prevalent in that society. This is quite evident from his 'liberty of the Press',<sup>146</sup>

143 Drahos, P. (1996) *A Philosophy of Intellectual Property*, Ashgate Publications, London, 154, pp. 41–72.

144 Craig, C. J. (2002) 'Locke, Labor and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright Law', *QUEEN'S L.J.*, 28 (1), 1.

145 Hughes, J. (1988) 'The Philosophy of Intellectual Property', *GEO. L.J.*, 77 (2), 287.

146 *Liberty of the Press* is a letter opposing the renewal of the Licensing Act of 1662. it is composed of three papers: Locke's criticism of the Licensing Act of 1662; a draft Bill for Regulating Printing;<sup>30</sup> and Locke's comments on the bill. Locke's critique of the 1662 Act is an attack on the monopoly of the "dull wretches" of the Stationers' Company, and on pre – publication censorship and licensing policy. For details See, Locke, J. (1695) *Liberty of the Press Locke: Political Essays* Goldie, M. (ed.) (1997) [online]. Available at [www.googlebooks.com](http://www.googlebooks.com) [Accessed on 20 May 2011].

which Zemer quotes in his writing to justify fair use in Lockean theory.<sup>147</sup> In his letter, Locke combines arguments for freedom of expression and social exchange, economic equality, common equity, and recognition of authors' rights.<sup>148</sup> The idea of a limited in time property right in authorial works has a central part in Locke's vision of authorial rights.<sup>149</sup> His argument for a limited authorial right though arose from his personal concern is a reflection of his concern for availability of knowledge for future creativity and research. He was also concerned with giving copies of printed books to libraries for disseminating information and enhancing education. Thus Locke's philosophy can be rightly extended to intellectual property. Gordon argues that the proviso limits intellectual property rights as follows: "Creators should have property in their original works, only provided that such grant of property does no harm to other persons' equal abilities to create or to draw upon the pre-existing cultural matrix and scientific heritage".<sup>150</sup> Intellectual property rights are justified only if they do not harm other persons' access to the common. One might object that new expressions never hinder access to the common. But Gordon responds that in order to contribute to one's culture, one needs access to the ever advancing intellectual resources of that culture.<sup>151</sup>

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147 Zemer, L. (2008) 'The Making of a New Copyright Lockean', *Harvard Journal of Law & Public Policy*, 29 (7), 891-947.

148 *Ibid.*

149 Locke himself had a personal interest in scrapping the 1662 Act. His project to publish a new edition of *Aesop's Fables* as a Latin English primer was rejected by the Company. The project was not published until 1703, although Locke worked on it during 1693.

150 Gordon, W.J. (2005) 'Render Copyright unto Caesar: On Taking Incentives Seriously', *U. CHI. L. REV.* (71)75, 1563-1564.

151 *Ibid.*

In fact, Locke developed his property theory to refute Sir Robert Filmer's argument that God gave the world to Adam—an argument that was ultimately used to support the unlimited authority of monarchs.<sup>152</sup> Locke's purpose was to show how a common donation could be individuated. With this purpose as a starting point, Barbara Friedman argues that Locke was willing to (and indeed intended to) undo the power of private property rights after they had served this polemical purpose.<sup>153</sup> According to Friedman's interpretation of Locke, absolute property rights acquired through labor do not survive the transition to civil society. According to Locke "Every Man, when he at first incorporates himself into any Commonwealth, he, by his uniting himself thereunto, annexes also, and submits to the Community, those Possessions which he has or shall acquire."<sup>154</sup> Having entered civil society, property acquired in the state of nature "which was before free," is now "to be regulated by the Laws of Society".<sup>155</sup> In civil society, the government is responsible for "the regulating of Property between the Subjects one amongst another," and such government authority is to be exercised "as the good of Society shall require".<sup>156</sup> The departure from the state of nature might therefore mark the end of the role of deontological private property in Lockean theory.<sup>157</sup> Thus it is proved beyond doubt that Locke's no harm principle together with the sufficiency limitation when extended to intellectual property regime

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152 Olivecrona, K. (2002) 'Locke's Theory of Appropriation', *Queen's L.J.* 48 (1), 28.

153 See Friedman, B. (1994) 'From Deontology to Dialogue: The Cultural Consequences of Copyright', *Cardozo Arts & Ent. L. J.*, 13 (1), 164.

154 *Ibid.*, at 163.

155 *Ibid.*, at 163.

156 Locke, *Two Treatises of Government* in Chapter – 7.

157 *Ibid.*

tremendously and incredibly supports the limitations both at the pre grant and post grant stage or in turn we can say that Locke's philosophy exercised tremendous influence on IP limitations. The proviso protects peoples' liberty to use what has already been created and is in the public domain. Nothing can be taken from the public domain unless "enough and as good" is left. It is the proviso therefore that gives Locke's theory much of its moral force.<sup>158</sup> Locke here takes a step that helps to justify an exclusion right, for, with the proviso satisfied, the public's fundamental entitlements will not be impaired if the owner excludes it from the owned resource.<sup>159</sup> The exclusion of idea from copyright protection and novelty requirement coupled with stipulation of an obvious and apparent specification under patent tries to achieve this task of maintaining the common pool. The post grant limitations like research use and educational exceptions are also contributing to this objective by releasing newly created knowledge elements into the existing stock and thereby maintain the stream of knowledge flowing in full vigor. If we look to certain post grant limitations like compulsory licensing we can see that they are an untainted reflection of Locke's spoilage limitation. The intellectual property regime ensures that no copyright owner or a patent holder will keep their right being unexploited and spoiled, because the primary reason for the grant of that monopoly is its social utility. Thus we can conclude that Locke's philosophy is a double edged sword,

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158 See. Gordon, W. J. (1989) 'An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory', *STAN. L. REV.*, 41 (8), 1343, 1435-65; See also Gordon, W.J. (1992) 'On Owning Information: Intellectual Property and the Restitutionary Impulse', *VA. L. REV.* 78 (1),149.

159 Gordon, W. J. (1993) 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property Authors', *Yale Law Journal*, 102 (8), 1533-1609.

supporting natural right of the author on the one hand and offers a very strapping and brawny justification for public interest on the other hand.

Unlike Locke, Hegel is more individualistic.<sup>160</sup> However Hegel's philosophy does not entail rights of absolute appropriation.<sup>161</sup> Like others before him, Hegel posits the case of the 'extremely needy individual' and 'the rightful property of some one else'. There is in this situation 'right of distresses'. The needy individual is entitled to take those resources he requires for survival.<sup>162</sup> Just like Locke he is also of the opinion that in case of conflict between individual interest and social interest, the specific characteristics pertaining to private property may have to be subordinated to a higher sphere of right (e.g. to a society or the state).<sup>163</sup> While the state may cancel private ownership in exceptional cases, it is

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160 In his view "the general principle that underlies Plato's ideal state violates the right of personality by forbidding the holding of private property. The idea of a pious or friendly and even a compulsory brotherhood of men holding their goods in common and rejecting the principle of private property may readily present itself to the disposition which mistakes the true nature of the freedom of mind and right and fails to apprehend it in its determinate moments. As for the moral or religious view behind this idea, when Epicurus's friends proposed to form such an association holding goods in common, he forbade them, precisely on the ground that their proposal betrayed distrust and that those who distrusted each other were not friends"- Hegel, *Philosophy of Right* at Para 46.

161 For a detailed study on Hegelian view of IP read, Damich, E. J. (1988) 'The Right of Personality: A Common-Law Basis for the Protection of the Moral Rights of Authors', *GA. L. REV.*, 1 (1), 23; Hughes, J. (1988) 'The Philosophy of Intellectual Property', *GEO. L. REV.*, 77 (2), 287 ; Netanel, N. (1992) 'Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law', *CARDOZO ARTS & ENT. L. J.*, 1 (1), 12; Jacobson, A. (1989) 'Hegel's Legal Plenum', *CARDOZO L. REV.*, 10 (7), 877; Carlson, D.G. (2000) 'How to Do Things with Hegel', *TEX. L. REV.* 78 (8), 1372.

162 See Schroeder, J. L. (2004) 'Unnatural Rights: Hegel and Intellectual Property Cardozo Law' Legal Studies Research Paper No. 80. [online]. Available at SSRN: <http://ssrn.com/abstract=518182> or doi:10.2139/ssrn.518182 [Accessed on June 2011].; Nanovska, N. Hegel's Concept of Property, [online]. Available at <http://www.ethicalpolitics.org/seminars/neli.htm> [Accessed on June 2011].

163 Hegel, *Philosophy of Right* at Para 46.

nevertheless only the state that can do this.<sup>164</sup> He acknowledges that property can exist only through contract, and at that moment individual will is merged with or subjugates to common will.<sup>165</sup>

According to Hegel the demand sometimes made for an equal division of land, and other available resources too, is an intellectualism all the more empty and superficial in that at the heart of particular differences there lies not only the external contingency of nature but also the whole compass of mind, endlessly particularised and differentiated, and the rationality of mind developed into an organism.<sup>166</sup> So the only attempt that can be made for equality is that every one ought to have subsistence enough for his needs.<sup>167</sup> Apart from this general propositions which can be extend for justifying natural right of owner on property we can see that Hegel has more clear perceptions when it comes to intellectual property. He says that works of art and products of genius

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164 *Ibid.*

165 “One aspect of property is that it is an existent as an external thing, and in this respect property exists for other external things and is connected with their necessity and contingency. But it is also an existent as an embodiment of the will, and from this point of view the 'other' for which it exists can only be the will of another person. This relation of will to will is the true and proper ground in which freedom is existent. — The sphere of contract is made up of this mediation whereby I hold property not merely by means of a thing and my subjective will, but by means of another person's will as well and so hold it in virtue of my participation in a common will”. Hegel, *Philosophy of Right* at Para 71.

166 Hegel, *Philosophy of Right* at Para 49 : The equality which might be set up, e.g. in connection with the distribution of goods, would all the same soon be destroyed again, because wealth depends on diligence. But if a project cannot be executed, it ought not to be executed. Of course men are equal, but only qua persons, that is, with respect only to the source from which possession springs; the inference from this is that everyone must have property. Hence, if you wish to talk of equality, it is this equality which you must have in view. But this equality is something apart from the fixing of particular amounts, from the question of how much I own. From this point of view it is false to maintain that justice requires everyone's property to be equal, since it requires only that everyone shall own property. Hegel, *Philosophy of Right* at Para 49.

167 *Ibid.*



should be left to the enjoyment of the public at large, since potential creativity demands it.<sup>168</sup> Hegel admits that protecting intellectual property is "the purely negative, though the primary, means of advancing the sciences and arts."<sup>169</sup> Here also we can see one of the cardinal principle of intellectual property policy; the attainment of larger public interest by the award of individual monopolies. Thus he cannot be simply hailed as an ardent supporter of individualism; he was concerned about the public interest also.

However egocentric the natural law theory of Locke and Hegel appears to be, their stress on maintenance of a common stock and achievement of equality taking into account the principles of intergenerational equity and equitable access to natural resources makes the theory public oriented also. Both of them are very adamant on the requirement of the common pool in future creativity and also acknowledge the need of private property in fulfilling individual and social aspirations. Thus it is really admirable that there theory gets a mirror reflection in the intellectual property policy frame work. Even though they stressed the requirement of common stock and private

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168 Hegel, *Philosophy of Right* at Para 64 : "Public memorials are national property, or, more precisely, like works of art in general so far as their enjoyment is concerned, they have life and count as ends in themselves so long as they enshrine the spirit of remembrance and honour. If they lose this spirit, they become in this respect *res nullius* in the eyes of a nation and the private possession of the first comer, like e.g. the Greek and Egyptian works of art in Turkey. The right of private property which the family of an author has in his publications dies out for a similar reason; such publications become *res nullius* in the sense that like public memorials, though in an opposite way, they become public property, and, by having their special handling of their topic copied, the private property of anyone".

169 Hegel, *Philosophy of Right* at Para 69: "The purely negative, though the primary, means of advancing the sciences and arts is to guarantee scientists and artists against theft and to enable them to benefit from the protection of their property, just as it :was the primary and most important means of advancing trade and industry to guarantee it against highway robbery".

property, how to ensure the balance was really a perplexing question which they left to the legal and political frame work.

Thus the philosophical discourse gives a strong foundation for both post grant and pre-grant limitations to patents and copyrights. But our final task is to elucidate the basic nature of these restrictions to property rights. Whether they are built up as absolute duty on the right holder with a corresponding right to the members of the society or as mere legal restrictions or as relative duties? This question has great relevance in the context of intellectual property rights arena, since we have to check whether the post grant limitations to copyrights and patents are user rights or simply 'limitations and exceptions'. When J.S Mill, Bentham and Adam Smith spoke specifically on patent grants, they justified the monopoly enjoyed by the patent holder only because of its inevitability in promoting the larger social and economic interest. So in their philosophy rights owed their origin from a social and economic necessity and not from the individual instinctive. Consequently rights are something subordinate to the social commitments they have to fulfill and the rights are diametrically correlated to the duties for their existence, recognition and even for survival. So it appears that sometimes rights are inferior to duties appended to them. An equally interesting posture has evolved from the egotist and individualistic philosophy of Locke and Hegel. While in state of nature Lockean provisos and principles of charity was a matter of divine reason, which he put up as an absolute divine duty which each and every individual has to obey, when it comes to the civil society it is the duty of the state to regulate these duties and enforce the property norms. Thus be it in state of nature or civil society these provisos and principles of charity operate as mandatory duties which each and every individual has to follow at the time of acquisition. While in his 'liberty of the press' he was criticizing the Licensing Act

and the printing policy of government and was supporting for limited duration of author right through the statute and was insisting for a mandatory library deposit provision, it is obvious that he intended positive legal intervention in post and pre grant stage to ensure the compliance of the provisos. The fulfillment of provisos were not left to the discretion of the individuals, but was mandatory duties which they have to comply at the stage of acquisition. Otherwise their acquisitions are not justified. Thus each and every individual was assured with the right of equitable access to the commons and this right was protected with the duty appended to each and every individual to comply the provisos. Thus while the laborer had a right over his product of labor, the society was also assured with their equitable right over commons which was maintained through the duties appended on the laborer. So when we extend these provisos to intellectual property rights and justify the limitations appended to the rights of the patent and copyright owner, it is quite evident that these provisos should operate as absolute duty on the right holder or it should be incorporated as the fundamental user rights, otherwise the whole balance of acquisition and intergenerational equity which the proviso is trying to achieve will be meaningless. In Hegelian philosophy of right also, it is evident that all individual rights have their correlated duties and is subordinate to the larger social interest. He views the right ensured by intellectual property system as a negative phenomenon which is justified only because of its larger positive social benefit. Thus his individualistic theory also built up rights with their concomitant social duties. Thus when it comes to the end of our analysis, even the most individualistic theories create rights as a social phenomenon subject to the larger social interest and with a mandatory duty to ensure the fulfillment of the objectives for which they have been recognised. This proper balance between property rights and duties forms

a central feature of these theories. To achieve the accurate balance between proprietary rewards and social interest, they have the uniform approach of upholding duties appended to property rights on an equal parlance and survival of rights is proportionate to the extent to which they are successful in fulfilling the noble duties.

## **2.6 Conclusion**

From the above philosophical analysis with respect to the nature of property and intellectual property in particular, it is established that the existence of absolute property rights is really a fairy tale. At no point of time any kind of property rights was free from restrictions. It was restricted by the principle of “eminent domain”, or by the taxation laws or by anticompetitive laws. And even the power of alienation was regulated by the personal and general laws of the land like the principles of “rule against perpetuity” or by principles of vesting and divesting of estates. Even in primitive societies we observe law and government existing, in however rudimentary form it may be. Some authority superior to the individual controlling his actions is always apparent among the savages and the civilized alike. Informal controls was sufficient in a social setup when the members of the group agreed about the rules and their duties to follow them and when they share common views about their authority and when they are in a face to face contact. It was when the members of the group cannot agree on essentials or if they cannot or do not trust each other they put their rules and relationships in writing and make formal institutions for them. So whether “property” was appropriated by the act of first occupancy or by labor or through contracts between the fellow beings, it was considered as one of the strong pillars of society and was regulated and directed towards social good. Philosophy clearly substantiated that proprietary rights were

always adorned with corresponding duties depending upon the social, economic and political needs of the society. And it is really evident that rights and duties enjoyed an equivalent status. Duties appended to the property rights were not subservient to the rights and they owed their origin from a common source. It is also clear that without the existence and exercise of those duties the property rewards is irrational. However the philosophical discourse ends up in the adequacy of the concept of 'limitations and exceptions' in the context of intellectual property rights. It should have been assigned the status of 'user rights'. So the real nature and scope of 'limitations and exceptions' appended to intellectual property from a pragmatic perspective forms the chore of upcoming chapters.

## LIMITATIONS AND EXCEPTIONS TO PATENTS – PRE – PARIS SCENARIO

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<i>Contents</i>	3.1 Evolution of Limitations and Exceptions to Patent Rights (1300 – 1880)
	3.2 Conclusion

Philosophical analysis of the concept of property clearly establishes that property rights are never absolute in nature. We have seen that the concept of property originates from social inevitabilities and so cannot ignore any social implications. In this chapter a pragmatic approach to this philosophical perspective with reference to evolution of patents is attempted. Our study examines the role of limitations and exceptions in achieving the ends of the patent system or ends of social system from a wider spectrum. When we analyze the evolution of patents, it is interesting that the system very sneakily adapted itself to changing social ends by artfully designing the means to the end. In this evolutionary process, not only newer and newer limitations and exceptions were molded but existing ones changed their characteristics. Apart from this national jurisdictions also followed varied policy approaches in accordance with their assorted social, cultural and economic interests. Till the end of 19<sup>th</sup> century the international regime remained silent allowing the national system to develop its own norms.

### 3.1 Evolution of Limitations and Exceptions to Patent Rights (1300-1880)

It is a fallacy and misnomer to make the statement ‘evolution of limitations and exceptions to patent rights’, because it is an established principle of jurisprudence that rights and appended duties to the rights were born together.<sup>1</sup> The existence of absolute individual monopoly was always a myth. The foremost practice resembling patent privileges of the fourteenth and fifteenth centuries is attributed to the Greek city of Sybaris (located in what is now Southern Italy).<sup>2</sup> In Sybaris encouragement was held out to all who should discover any new refinement in luxury, the profits arising from which were secured to the inventor by patent for the space of a year.<sup>3</sup> Here we have the cardinal features of the patent system like inducement of the innovation, exclusive commercial right and limited monopolistic duration. Thus even in this foremost privilege system, the privilege was for a short duration

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- 1 For a detailed study on the jurisprudence of rights and duties see: Pound, R. (1959) *Jurisprudence*, West Publishing Co., London, p. 56; Del Vecchio, G. (1969) *The Formal Basis Of Law*, Augustus M. Kelley Publishers, New York, p. 183; Lord Llyod of Hampstead (1985) *Lloyds Introduction to Jurisprudence*, 5th edition, Stevens and Sons, London, p. 436; Fitzgerald, P.J. (1969) *Salmond On Jurisprudence*, 12th edition, Sweet Maxwell, London, p. 216, K.Menon, K. (1985) *Outlines of Jurisprudence*, 3rd edition, Cambridge Law Publishers, New Delhi, p. 57.
  - 2 See generally: Pohlman, H. (1961) ‘The Inventors Right In Early German Law’, *J.P.O.S.*, 43 (1), 121; Mandich, G. (1960) ‘Venetian Origins Of Inventors Rights’, *J.P.O.S.*, 42 (3), 378; Klitzke, R.A. (1959) ‘Historical Background of the English Patent Law’, *J.P.O.S.*, 41 (1), 65; Prager, F.D. (1952) ‘The Early Growth And Influence of Intellectual Property’, *J.P.O.S.*, 34 (1) 28; G. Mandich, (1948) ‘Venetian Patents (1450-1550)’, *J.P.O.S.*, 30 (2), 166; Frunkfin, M. (1945) ‘The Origin Of Patents’, *J.P.O.S.*, 27 (2), 143; Prager, F.D. (1944) ‘A History Of Intellectual Property From 1545 To 1787’, *J.P.O.S.*, 26 (7), 711; Hulme, E.W. (1900) ‘The History Of Patent System Under the Prerogative And at Common Law’, *L.Q.R.*, 17 (1), 44.
  - 3 Federico, p. J. (1929) ‘Origin and Early History of Patents’, *J.P.O.S.*, 11 (2), 292.

of one year to accomplish the social objective of refinement of luxury.<sup>4</sup> This was perhaps the champion of limitations to monopoly. Thus among the various limitations developed in the course of time it was this principle of limited duration of monopoly which remained evergreen since the dawn of the privilege system.

The next stage in the evolution of limitation to privileges can be seen in the guild practices of the middle ages. There, the enjoyment of guild monopoly over trades and industries was subject to the close scrutiny of the rulers. These guilds were bound to provide good quality provisions to the City States at reasonable price.<sup>5</sup> Sometimes they were bound to perform public services as a mandatory duty. Associations (now called *corpora*) were charged with increasingly onerous obligations, failure of which resulted in the confiscation of individual members' property.<sup>6</sup> Apart from these extrinsic controls, there were intrinsic regulations as to working days, apprenticeship, technical specifications, quality of the glass, ingredients to be used etc., to maintain the quality of the goods.<sup>7</sup> The aim of the sovereign at this time while conferring monopoly privileges to guilds was to make available in his kingdom provisions of good quality at lower costs.<sup>8</sup> The privilege at this time was carefully tuned to attain this objective. Thus if guild marks were the prototypes of modern intellectual property rights, this kind of

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4 R.A, Klitzke. (1959 ) 'Historical Background Of The English Patent Law', *J.P.O.S.*, 41 (1), 48.

5 May, C. (2006 ) *Intellectual Property Rights- a Critical History*, Lynne Rienner Publishers, London, p. 206.

6 *Ibid.*

7 Klitzke, R.A. (1959 ) 'Historical Background Of The English Patent Law', *J.P.O.S.*, 41 (1), 65; Prager, F.D. (1952 ) 'The Early Growth And Influence of Intellectual Property', *J.P.O.S.*, 34 (1), 28.

8 Prager, F.D. (1952 ) 'The Early Growth And Influence of Intellectual Property', *J.P.O.S.*, 34 (1), 28.



State control on guild monopolies is the earliest instance of limitations and regulation on monopolies by the State to accomplish a larger public interest.

However the genesis of the patent system and patent laws showed their origin in Venice or Florence.<sup>9</sup> While analysing the Venetian history, it was amazing to notice a the regulation of 1297 passed by the Great Council of Venice.<sup>10</sup> The Venetian law was concerned the manufacture and sale of medicines. They could be sold only in shops organized as public firms that were subject to the strict supervision and control of the officers of the State. Yet the invention of new medicines was encouraged by the following provision: "And if any physician wishes to make any of his own medicine in secret, he may be empowered to make it, if only, of course, of the best materials, and all may hold in confidence, and all guild members may swear not to interject themselves into the above mentioned matter."<sup>11</sup> In effect, the council gave the physician monopoly rights over his own invention assuring secrecy and ensuring commercial exploitation. The object behind the regulation was to ensure the availability of high quality medicines at low cost since history shows that it was a time of several epidemics.<sup>12</sup> This was a noticeable event in patent history which showed a fine-tuning of a privilege to accomplish a well articulated public interest.

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9 Mandich, C. ( 1948 ) ‘ Venetian Patents (1450-1550 ) ’, *Journal of the Patent Office Society*, 30 (3), 166-224.

10 For a detailed history see: Macleod, C. (1988 ) *Inventing The Industrial Revolution: The English Patent System 1660-1800*, Cambridge University Press, Cambridge [online]. Available at <http://books.google.co.in/books?id> [Accessed on May 2009].

11 *Ibid.*, p. 39.

12 See Klitzke, R.A. (1959 ) ‘Historical Background of The English Patent Law’, *J.P.O.S.*, 41 (1), 65.

Prior to the legal formalization of intellectual property laws in Europe, rulers often utilized grants for the exclusive exploitation of new or previously unknown practices. It was by the end of the so called Dark Ages, sovereigns offered patent like privileges to introduce new processes or practices into their own territory.<sup>13</sup> The first of this kind noted in history is a letters patent issued by King Edward 111 to the Flemish weavers, John Kempe and his company. In this royal grant it was clearly stipulated that the privilegee should bring in his servants and apprentices to England and should teach the art of weaving to the local citizens.<sup>14</sup> Similarly, a letters patent was granted in 1440 to John Scheidame on the condition that he will introduce into England a newly invented process of manufacturing salt.<sup>15</sup> Again in 1449, a letters patent was issued to John Utynam for a new method of producing coloured glass on the promise that he will instruct this art to others, so that once his grant expired the process would be readily available for others in the trade.<sup>16</sup>

These letters patent did not simply formed the undoubted progenitor of modern patent system, but also played a very important role in the development of limitations appended to these patent monopolies. It was incumbent on the patent holder to locally work the invention and also to teach the craft to the local artisans. The requirement of teaching and apprenticeship could be considered as the foundation of the modern teaching, research and experimental exceptions in the patent

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13 Oppenheim (1964) 'The Public Interest in Legal Protection of Industrial and Intellectual Property', *J. Pat. Off. Soc'y*, 46 (3), 226.

14 Prager, F.D. (1952) 'The Early Growth and Influence of Intellectual Property', *J. Pat. Off. Soc'y*, 34 (2), 106.

15 May, C. and Sell, S.K. (2006) *Intellectual Property Rights - A Critical History*, Lynne Rienner Publishers, London, p. 5.

16 *Ibid.*

system. Further monopoly was subject to a short duration and in cases of abuses the monopoly stand revoked. They were subject to the suspicious and cautious eyes of the crown. Thus during this period of open letters, the patents were available to the public for non commercial use, teaching purposes and there was no restriction on any kind of non commercial working on patents.<sup>17</sup> The infringement was calculated purely on the basis of commercial exploitation and non commercial activities were not expressly prohibited. The origin of various non-commercial exceptions in modern patent laws could be traced from these provisions. The local working together with teaching of the invention made the invention available even in the streets of England.<sup>18</sup> Further we can presume that the seeds of compulsory licensing were sown here. When the privilege holders failed in the working requirement or in any of the conditions of the grant, the privilege was revoked and the crown had the power to practice the invention under its supervision for the larger interest of the State.<sup>19</sup> Unlike the modern system where the State has negligible role after the grant of patent, the early monarchs were keen in enforcing the national interest even in the post-grant stage. Thus the fundamental principle of the intellectual property system that, Intellectual Property is the catalyst of innovation and creativity, by supporting creativity and enabling access, got a solid footing at this time. However unlike in modern Statutes which manipulates these restriction as ‘user rights’ (available to a third party), in these letters patent it was imposed as a duty on the patent holder.

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17 Federico, p. J. (1929) ‘Origin and Early History of Patents’, *J.Pat.Off.Soc’y*, 11 (3), 292.

18 *Ibid.*

19 May, C. and Sell, S.K. (2006) *Intellectual Property Rights - A Critical History*, Lynne Rienner Publishers, London, p. 53.

These open letters very evidently demarcated the scope of individual monopoly and the vast ocean of public interest.<sup>20</sup> The neglect of ‘inventiveness and the inventor’ in these patent grants obviously pointed out that they were not at all an attempt to reward the inventor. On the other hand, it is a gadget in the hands of the sovereign for attainment of his vested social interests. Technology transfer was at the heart of the desire to establish patent, driven by the desire to reduce imports and expand exports.<sup>21</sup> At this time England was lagging behind some of the continental economies, and the King was interested in how craftsman and merchants could borrow more advanced industrial practices.<sup>22</sup> These earlier patents were a method for encouraging the migration of skilled artisans into the territory concerned. The limitations inside these open letters were drafted in a scientific manner to achieve these goals. The local working requirement, coupled with the mandatory obligation on the patent holder to teach the craft to local artisans was the means by which the availability of a cohort of adept practitioners together with technology transfers was accomplished. Short durations of monopoly combined with the iron hands of the King in cases of abuses, served the purpose.

Thus in the pre-statutory period we established four phases of evolution of limitations to privileges conferred by the State. In its nascent stage the limitation of commercial monopoly was for a very short span of one year and its object was to serve the interest of the well-to-do upper class (goods of luxury). It was not an attempt to ensure a larger public interest. However the concept of regulating the monopoly for attainment of a particular purpose owed its origin there. The regulation of monopoly

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20 Frumkin, M. (1945) ‘The Origin Of Patents’, *J.Pat.Off.Soc’y*, 27 (2), 145

21 *Ibid.*

22 Federico, p. J. (1929) ‘Origin and Early History of Patents’, *J.Pat.Off.Soc’y* 11 (3), 292, 296.

conferred to the guilds of Middle Ages to maintain the quality of goods, clearly depicted the evolution of a government controlled legal mechanism for attainment of the larger interests of the State. Here, the monopoly was not individualistic and the limitation conferred was also collective in nature. It is incredible and staggering that in as early as the beginning of the thirteenth century that the privilege mechanism was molded in response to the cry of public health, a policy objective of the present patent system. The open letters of privileges however laid the foundation of modern limitations and exceptions in a very lucid and explicit manner. The letters patent very productively and fruitfully imposed a set of social obligations as a prerequisite of obtaining and continuing patent monopoly. These obligations truly paved the way for modern free user rights. The Venetians were successful in developing a practical view regarding the balancing of public interest and private benefits from the ownership of knowledge. Although as yet not a fully fledged public interest in innovation, a preliminary version of the central balance between public benefits of innovation and the private rewards required to encourage intellectual activity, is evident. This approach was hardly alien to the legislators when they were confronted with the task of drafting a Statute.

Thus when the Venetian patent Statute was enacted in 1474, it was an untainted reflection of existing practices. In other words, the patent practices of the medieval age culminated in the codification of the Statute.<sup>23</sup> Key components of the Statute included a balance of knowledge available through a State sanctioned public realm, the rights of inventors to benefit from their intellectual endeavor, and the notion of

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23 Prager, F.D (1952 ) ‘The Early Growth and Influence of Intellectual Property’, *J.Pat.Off.Soc’y*, 34 (2 ), 106.

reward of inventor.<sup>24</sup> Thus all the principal features of the modern patent system owed its origin here. The Venetian Statute begins by declaring patents as a social end. In the first paragraph of the Statute the legislative intent has been expressed in a lucid and apparent manner as that of attracting men of genius and ingenuity from neighborhoods for the long-term benefit and development of the State.<sup>25</sup> As a foremost attempt, following the earlier practices, the individual monopoly was limited for a period of ten years and the patent holder was obliged ‘to make’ the invention within the republic.<sup>26</sup> Thus instead of stipulating the working requirements and apprenticeships, it was sufficient that the patentee should make the invention in the realm. The history of patents for the first time witnessed the manipulation of the policy behind limitations to patent rights in accomplishing the changed patent objectives structured by the changed social, economic and political requirements.<sup>27</sup> This was of course a successful attempt and a pace-setter for the future, since Venice became a hub of technological innovation within a short span of time and continued as such for the next two centuries.

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24 Prager, F. D. (1961) ‘Historic Background and Foundation American Patent Law’, *Am. J. Leg. Hist.*, 5 (3), 309; Anon, S. (1940) ‘Proceedings in Congress Relating to The First Patent and Copyright Laws’, *J. P. O. S.*, (22) 243; Federico, P. J. (1932) ‘The First Patent Act’, *J.P.O.S.*, 14 (2), 237.

25 “There are in this city, and also there come temporarily by reason of its greatness and goodness, *men* from different places and most clever minds, capable of devising and inventing all manner of ingenious contrivances. And should it be provided, that the works and contrivances invented by them, others having seen them could not make them and take their honor, *men* of such kind would exert their minds, invent and make things which would be of no small utility and benefit to our State”.

26 Klitzke, R.A. (1959) ‘Historical Background of The English Patent Law’, *J.P.O.S.*, 41 (6), 615, 616; Hill, T.A. (1924) ‘Origin And Development Of Letters Patent For Invention’, *J.P.O.S.*, 6 (4), 405.

27 In addition to this; recognizing the negative impact of copying and infringements on future creativity and innovation individual labour was rewarded for the first moment in time and a mechanism for enforcement was also envisaged with penal sanctions.

The Venetian Statute thus played a very remarkable and incredible task in evolution of limitations to patent rights. The cardinal features of limitations appended to patent monopoly got a very lucid and cogent foothold here. The two distinguished limitations to patent rights - limited duration of patent monopoly and governmental use - developed in all its full vigor from here. In addition to this, manipulation of limitations to patent rights to accomplish changed perceptions of public interest also developed as a policy strategy as early as fifteenth century. It is the failure of craft guilds existing at that time in bringing technology transfer together with the insecure enforcement of rights of foreign inventors in the realm, that forced the Venetian legislator to draft such a decree emphasizing the rights of inventors. Indeed, as Venice's domination of trade with the east weakened, it adopted a number of measures to establish and maintain supremacy in manufacturing.<sup>28</sup> But it should be presumed that the teaching and working requirement should not have vanished from the realm instantly. It might have existed as before, because these practices were not expressly prohibited by the decree.

Venetians were known as prolific travelers and it seems likely that Venetian craftsmen were largely responsible for the spread of the patent system into France, Germany and various other countries in the sixteenth century.<sup>29</sup> Until the Statute of Monopolies was enacted by the British

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28 Richard, W. (2006) '*Patent Law Harmonization*', [online] Available at [http://www.ladas.com/Patents/Harmonization/Patent\\_Law\\_Harmonization01.html#fnB4](http://www.ladas.com/Patents/Harmonization/Patent_Law_Harmonization01.html#fnB4) [Accessed on December 2010].

29 Klitzke, A. (1959) 'Historical Background Of The English Patent Law', *J.P.O.S.* 41 (6), 615, 616; Hill, T.A. (1924) 'Origin And Development Of Letters Patent For Invention', *J.P.O.S.*, 6 (4), 405; Oppenheim, (1964) 'The Public Interest in Legal Protection of Industrial and Intellectual Property', *J. Pat. Off. Soc'y*, 46 (2), 226.; Prager, F. D. (1952) 'The Early Growth and Influence of Intellectual Property', *J.Pat.Off.Soc'y*, 34 (1), 106; May, C. and Sell, S.K. (2006) *Intellectual Property Rights- A Critical History*, Lynne

parliament in the year 1624, it was this Venetian practice which prevailed among the countries.<sup>30</sup> Until the early seventeenth century, in many European countries, grants of patents were subject to the vagaries of political power and personal relationships.<sup>31</sup> Although there had been moves towards a more formalized system of granting patents across Europe, the UK was the first State to establish a relatively modern legislation to govern intellectual property, utilizing a systematic method of granting patents.<sup>32</sup> This legislation reflected the practice and policy of the judicial and administrative authorities during the previous hundred years, during which the importation of technologies and the notion of mercantilism continued as the central elements of crown policy.<sup>33</sup> After the Statute of Venice, the sole responsibility to address the public interest of the realm was on the sovereign, because the individual patent privileges and the apprenticeship clauses were overshadowed by the Statute.<sup>34</sup> Thus the success of the patent system in fostering economic

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Rienner Publishers, London, p. 51; Federico, P. J. (1929) 'Origin and Early History of Patents', *J.Pat.Off.Soc'y*, 11 (1), 292.

30 *Ibid.*

31 Rich, G.S. (1942) 'The Relation between Patent Practices and the Anti-Monopoly Laws', *Western England Law Review*, 32 (1), 159; Federico, P. J. (1929) 'Origin and Early History of Patents', *J.Pat.Off.Soc'y*, 11 (3), 292.

32 *Ibid.*

33 Prager, F.D. (1952) 'The Early Growth and Influence of Intellectual Property', *J.Pat.Off.Soc'y*, 34 (1), 106.

34 But it should be remembered that the Venetian Statute was a double edged sword. While on the one hand it appears to be an inventor friendly Statute, on the other side a clever fox was sleeping under the guise of the eminent domain clause. It reserved absolute and unqualified power to the government to acquire the invention in case of any needs<sup>34</sup>. The terms 'power of the government' and 'needs of the kingdom' was undefined leaving enormous discretion to the state in acquiring and working the invention. Thus it was taking away with left arms, all that it gave to the inventors with the right arms. This inclusive power left in the hands of the sovereign if untainted with corruption is an effective tool in ensuring the public interest by preventing misuse of monopolies and ensuring the intended purpose. This was a trump card in the hands of the sovereign to pull off of his vested interests, together with the domestic needs. Thus whether the patent



development facilitating technological innovation was at the mercy of the King because all the other control mechanisms were slackened. But selfish and egocentric rulers easily overlooked their noble task, resulting in sweeping and far-reaching patent abuses. The letters patents issued during this period seemed more like monopoly grants rather than privilege grants. Although monopoly was generally abhorred, it was not regarded as illegal if the good to the realm could be demonstrated. The crown slowly seemed to shirk the responsibility of introducing new trade by shifting it upon the recipient of the letters patent.<sup>35</sup> Prior to this, the crown was responsible for the administration of the patents and consequently the new industry was subject to the strict control of the crown.

Relaxation of local working and apprenticeship clauses brought in large scale unemployment within the kingdom. Further patent privileges over existing industries paved the rise of strong monopolies resulting in price rise and utter social and economic confusion. The socio-economic milieu that compelled the enactment of the Statute of Monopolies of 1624 was a pure victim of the adverse impacts of the hasty privilege system administered by the crown in its excitement to be more wealthy and powerful.<sup>36</sup> The Statute was structured to find a solution to these

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grants satisfied the intended purpose was under the strict surveillance of the sovereign, subject to any time revocation and government acquisition. The seeds of a new category of limitations which remained a central feature of modern patent system, owed its origin here.

35 See Deviah, V (2008) 'A History of Patent Law' [online]. Available at <http://www.altlawforum.org/intellectual-property/publications/a-history-of-patent-law> [Accessed on August 2011].

36 The matter was brought before the judiciary also, which resulted in two landmark judgments in history. Once such grant over playing cards set the momentum against odious monopolies which ultimately lead to the Statute of Monopolies of 1624 during the reign of James I. The case of *Darcy v Allen I W.P.C 1*: Moore K.B.671., popularly known as the Case of Monopolies is regarded as the first case wherein patents were viewed as a legal right of the inventor rather than the

miserable conditions of the realm, rather than with the objective of attracting foreign inventors like its predecessor. A clear shift in nature of public interest was evident. The parliament was on the edge to prevent monopolistic abuses and its outcomes like price rise and unemployment.<sup>37</sup> Consequently the Statute came with provisions addressing patent abuses and price control mechanisms. Out of the bitter experience from the monopolies, the Statute begins by declaring all monopolies utterly void and contrary to the laws of the realm.<sup>38</sup> But it did

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royal prerogative. Even though the suit was filed for the abolition of the odious monopoly enjoyed Darcy, it substantially failed in upholding the public interest. In spite of strong words that monopoly is prima facie against the common law, the Statute law, and the liberty of the subject because it damages not only those working in the trade but all other subjects of the realm as well by raising prices, reducing merchantability, and reducing employment, the court took a deaf and dumb attitude. Going in tune with the tide of fascination at superior continental technologies the court also took a liberal attitude favoring monopolies. Thus the odious monopolies and their abuses continued without any interruption. In response to this in 1606, King James I issued a declaration known as Book of Bounty which stated that monopolies were against the law of the land but the crown reserved the right to reward new inventions and the discretion to withdraw them in case of rise in prices due to such grant. The Cloth workers of Ipswich Case in 1615 marked the beginning of the end of royal prerogatives as it ultimately led to the Statute being enacted against monopolies. This judgment also like its precursor justified the issuance of monopoly because it enables the introduction of the new industry in the realm and trains the Englishmen in the trade.

37 See for details: Macleod, C. (1992) 'Strategies for Innovation: The diffusion of new technology in Nineteenth century British industry', *The Economic History Review*, 45 (2), 285-307.

38 English Statute of Monopolies (1623) Para 1: "all grants of monopolies, and of the benefit of any penal laws, or of power to dispense with the law, or to compound for the forfeiture, are contrary to your majesty's laws, which your majesty's declaration is truly consonant, and agreeable to the ancient and fundamental laws of this your realm: and whereas your majesty was further graciously pleased expressly to command that no suitor should presume to move your majesty for matters of that nature; yet, nevertheless, upon misinformation's and untrue pretences of public good many such grants have been unduly obtained and unlawfully put in execution, to the great grievance and inconvenience of your majesty's subjects, contrary to the laws of this your realm, and contrary to your majesty's royal and blessed intention, so published as aforesaid:" for avoiding whereof and preventing of the like in time to come, BE IT ENACTED, that all monopolies and all commissions, grants, licenses, charters, and letters patents heretofore made or granted, or hereafter to be made

not neglect the importance of patents in technological development and renovated the patent policy in a unique manner upholding the public interest attributes. So it validated patent privileges subject to the legal controls of limited duration, working or making clauses and it was clearly stipulated that patent privileges would in no way be harmful or detrimental to the realm. Further, the economic exploitation was conditioned by price control mechanisms and it was obligatory on the patentee that working of patent should not hurt the ordinary course of trade and should in no way be inconvenient to the realm.<sup>39</sup> This shows the beginning of a new era of limitations to the patent system.

The period from Venetian patent decree to the Statute of Monopolies was a clear experience of the defect and failure of patent system to incorporate and establish suitable limitations to patent monopoly for addressing the public interest. At the outset while the Venetian decree

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or granted to any person or persons, bodies politic or corporate whatsoever, of or for the sole buying, selling, making, working, or using of anything within this realm or the dominion of Wales, or of any other monopolies, or of power, liberty, or faculty, to dispense with any others, or to give licence or toleration to do, use, or exercise anything against the tenor or purport of any law or Statute; or to give or make any warrant for any such dispensation, licence, or toleration to be had or made; or to agree or compound with any others for any penalty or forfeitures limited by any Statute; or of any grant or promise of the benefit, profit, or commodity of any forfeiture, penalty, or sum of money that is or shall be due by any Statute before judgment thereupon had; and all proclamations, inhibitions, restraints, warrants of assistance, and all other matters and things whatsoever, any way tending to the instituting, erecting, strengthening, furthering, or countenancing of the same, or any of them, are altogether contrary to the laws of this realm, and so are and shall be utterly void and of none effect, and in no wise to be put in use or execution”.

39 *Ibid.*, at Para 6 (a) : Provided also, that any declaration before mentioned shall not extend to any letters patents (b) and grants of privilege for the term of fourteen years or under, hereafter to be made, of the sole working or making of any manner of new manufactures within this realm (c) to the true and first inventor (d) and inventors of such manufactures, which others at the time of making such letters patents and grants shall not use (e), so as also they be not contrary to the law nor mischievous to the state by raising prices of commodities at home, or hurt of trade, or generally inconvenient

appears to be fascinated towards patent privileges, Statute of Monopolies shows bitterness to the patent monopolies and a cherished concern for public interest. In the Statute of Monopolies, the recognition of patents was an exceptional compromise, not a general allowance of monopolies. It emphasized the limitations to patent monopolies; rather the patent privileges itself like the Venetian Statute.<sup>40</sup> Thus well articulated patent limitations, both pre-grant and post-grant got a strong legal foundation. Utility and novelty were insisted upon at the pre-grant stage to control and prevent the issuance of fake and fraudulent privileges.<sup>41</sup> Similarly, post-grant limitations like shorter duration, working requirement and price control were imposed to ensure the smooth working of the system. The compulsory working requirement and short duration of monopoly again got engraved in golden words. Limitations were framed to address the existing evils in the contemporary society. However, it is interesting that ‘governmental use’ the core of Venetian Statute and the ‘apprentice clauses’ the corner stone of royal patent grants, lacks mention here. On the ‘governmental use’ two interpretations are possible. It must be because of the proven failure of the Crown in ensuring public interest or it must be because of the fact that the King’s superior hegemony over the patent privileges was an established one. We can presume this to be a combination of both factors. But the working of the patents at that time lucidly establishes a superior control on patents by the government.<sup>42</sup> Thus the

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40 The Venetian Statute recognizes the natural right of author on the invention and also provides the mechanism for enforcement.

41 Although many terms may indicate a significant continuity with modern law, we should be careful to recognise the divergence of meaning over time. Novelty should be presumed to be mere importation into the UK, rather than actual novelty itself. Utility should be interpreted to mean something not contrary to the law and something not hurting trade.

42 We can see that this governmental control was evident from the nature of patent grants and persons holding patents. Patents were issued most commonly to courtiers’ and friends of the crown. Further most common grants were for

governmental use was exercised as a control mechanism on patents both at the post-grant and pre-grant stage. Similarly the apprentice clauses lacked mention because it was an established practice there. Since technology transfer was the mainstay behind the grants, any failure from it was met with the iron hands of the King. Further the common law decisions in *Darcy and Cloth Workers of Ipswich*,<sup>43</sup> has solidly established the existence of a robust patent limitation on apprenticeships.<sup>44</sup> Similarly the fourteen year period of patent was not fixed in an arbitrary manner. It was made in the sense that it would allow at least two apprentices to have been trained in the new industry. As the duration of apprenticeship lasted for seven years, fourteen years would enable two generation of artisans to be trained in the new art. The working requirement together with other post-grant limitations was however successful in ensuring technology transfer. This is

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inventions related to currency and military supplies. Although other inventions were not often protected by patents, anything that involved the conduct of warfare was easily granted protection to enhance the country's security and power projection capabilities. Thus crowns control was thoroughly established on patents. The patent grants also always allowed the crown and military authorities to conduct security-related affairs without respect for any rights thereby awarded, a compromise which was hardly novel to the country.

- 43 For details see, Deazley, R. (2008) 'Commentary on the Statute of Monopolies 1624', in *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer, [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on May 2010].
- 44 While upholding patent monopoly for the larger interest of the kingdom, the court emphasised the need of working and apprenticeships. Thus the common law jurisprudence of sound balancing between the competing claims of public interest and private monopoly got a tough footing as early as the beginning of seventeenth century. These judicial responses were of course a reflection of the existing socio-economic scenario. Further the water tight division of organs of state was not established at that time and the courts might have been strong instruments in the hands of the king to promote his interest. In spite of their adherence to crowns policy, the court was successful in laying down a concrete principle of public welfare for the issuance of patent grants without which the monopolies will be void. The teaching requirement and the apprentice clauses thus got a well established common law appreciation spaced out from being a fraction of royal proclamations or in turn we can presume that this was a pioneer attempt in recognizing the modern research use and compulsory working requirements by the common law.

evident from the fact that England remained the home of industrial revolution.<sup>45</sup> Further it is really noticeable that even when the statute evidently lays down the limitations to patent monopolies or when it allows patents subjected to certain well articulated conditions, there is not a single provision in the Statute addressing the right of inventor. Similarly there are no express or implied provisions on patent infringement also. So it was an eloquent attempt to reiterate the limitations to patent grant.

The Statute of Monopolies was rightly called the first germ of patent law, springing forth from the destruction of despotic privilege, like a young tree from the ruined feudal castle.<sup>46</sup> The Statute succeeded in reiterating the common law principles in the statutory form<sup>47</sup> and also it was a condensed and of course an imperfect summary of existing practices. If we analyze the patent grants immediately prior to the Statute, we can see that it was an attempt to recapitulate the existing limitations.<sup>48</sup> A wholesome endeavor to recall patent down to the streets

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45 Bloxam, A. (1957) 'Letters patent for inventions: Their use and misuse', *The Journal of Industrial Economics*, 5 (3), 157-179; Rich, G.S. (1993) 'Are letters patent grants of Monopoly?', *Western England Law Review*, 8 (1), 239; Burchfiel, K.J. (1989) 'Revising The "Original" Patent Clause: Pseudo history in Constitutional Construction', *Harvard Journal of Law & Technology*, 155; Hunt, P.A. and Brien, P.O. (1992) 'Inventive Activity in the British Textile Industry (1700-1800)', *The Journal of Economic History*, 52 (6), 881-906.

46 Dutton, H.I (2009) 'The patent system and inventive activity during the industrial revolution', [online]. Available at <http://books.google.co.in/books?id=bnq7AAAAIAAJ&pg=PA17&lpg=PA17&dq> [Accessed on October 2010].

47 Walterscheid, E.C. (1995) 'Patents and the Jeffersonian Mythology', *John Marshall Law Review*, 29 (2), 269.

48 The grant to Stephen Groyett and Anthony Le Leurye to make white soap of Castile stipulates that two at the least of the servants of the patentees shall be of native birth, and that the soap should be of very fine and good variety (1561). License to Philip Cockerman and John Barnes to make saltpetre stipulated that the secrets of manufacture should be reduced in writing before the award of reward (1561). The license to George Gylpin and Peter Stoughberken to make ovens

enabling widespread diffusion of knowledge coupled with ensuring access was thus made. The incredible and astonishing development of the UK within a short span of time as the world's most technology producing and supplying country, established the success of the patent system.<sup>49</sup> The rapid technological advancement depicted that technology was freely available for future research and development and there was no blockage in access to information. This might be the reason why there was no need of express provision for research and experimental use. The absolute autonomy of the king coupled with direct control on the patents

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and furnaces for ten years was conditioned that it will be void if not put into practice within two months. License to Roger Heuxtenbury and Bartholomew Verbrick for Spanish Leather insisted on the employment of one English apprentice for every foreigner employed (1564). License to Anthony Beckuand John Carre to make window glass insisted on the instruction of the English as a condition of the validity of the grant (1567). In a grant to Goldinge for an engine for land drainage and water supply in 1571, it was stipulated that the grant is void if the engine be not erected within two years or fails to work efficiently as set forth. In the grant to John Synertson to put into practice an instrument for land drainage a term of two years was fixed for introducing the industry, after the lapse of it the grant will be void (1573). In license to John collins to make brode clothes for twenty one years, the grant recites that the art had been introduced and apprentices educated therein (1574). In the grant to Jeremy Nenner and George Zolcher for a method of sparing fuel for seven years, the grantees are bound to erect within one year a trial installation and to prove its efficacy (1574). The in grant to James Verselyn for making drinking glasses (1574), importation of foreign glass is prohibited and the relations between the retail trade and the grantee regulated. In grant for making white salt to Rd Spence two years was fixed for introducing the industry and to supply a better salt at cheaper rates (1582). The grant to Harebrowne was granted subject to the condition that it is revocable if found inconvenient to the town or commonweal (1582) and the grant would be declared void if the manufacture be discontinued for a minimum of six months.

- 49 We can have a detailed analysis of evolution of patent law and its social and economic consequences from: Waltersfield, E.C. (1994) 'The Early Evolution of the United States Patent Law: Antecedents', *J. Pat. Trademark Off. Soc'y*, 76 (7), 715; Walterscheid, E.C. (1994) 'The early evolution of the united states patent law: antecedents', *J. Pat. Trademark Off. Soc'y*, 76 (3), 876; Walterscheid, E.C. (1994) 'The early evolution of the United States patent law: antecedents', *J. Pat. Trademark Off. Soc'y*, 76 (4), 913; Walterscheid, E.C. (1997) 'Charting a Novel Course for the creation of the Patents act of 1790', *AIPLA Quarterly Journal*, 49 (3), 445; Machulp, F. (1950) 'Edith Penrose The patent controversy in the Nineteenth Century', *The Journal of Economic History*, 10 (1), 1-29.



was very much successful in accomplishing the desired goals of patent privileges.<sup>50</sup> Christopher May and Susan K Sell point out that as early as 1640's the Royal Society of the King worked as the State sponsored research institute with the objective of frequent and speedy development of useful innovations and technologies.<sup>51</sup> Thus the role of patents in technological development was realized and the patent policy was meticulously and scrupulously driven to that end.

An examination of the Records of the Privy Council during these periods also substantially establishes that this was a golden period of patent limitations and the vigorous enforcement of patent limitations in achieving the larger public interest was scientifically proven.<sup>52</sup> There were series of instances where King revoked the patents on grounds like non working, hurting trade and causing inconvenience to the realm.<sup>53</sup> Eighteenth century witnessed a new paradigm in the evolution of limitations to patent rights. Till the beginning of this century we identified a common thread in patent objectives and also in the patent tactics. But by the end of 18<sup>th</sup> century and the early decades of 19<sup>th</sup>

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50 *Ibid.*

51 May, C. and Sell, S.K. (2006) *Intellectual Property Rights- A Critical History*, Lynne Rienner Publishers, London, p. 51.

52 For details see Privy Council Records[online]. Available at <http://www.nas.gov.uk/guides/privyCouncil.asp> [Accessed on June 2010].

53 For a detailed study see: H.E, Wyndham. (1917) 'Privy Council Law and Practice of Letters Patent for Invention from the Restoration To 1794', *Law Quarterly Review*, 50 (1), 63-75. A patent to company of Perruque-makers was declared void by the Privy Council on the ground of non use in 1673. In 1677 patent granted to Bayly's was revoked on the ground of deceiving the king because of prior use. In 1675 a patent on the invention for the Dutch method of making stone blue was revoked on the ground that it caused trouble to the trade. In 1683 Walcott's patent for distillation of sea water was declared void by the king for keeping the invention idle and a patent for similar invention was issued by the same order to one Fitzgerald. On 12th may 1678 Hutchinson's patent for smelting malleable lead and other metals with coal was declared void on the ground that during the first ten years of his grant the patentee had made no manner of use of it.



century the patent scenario was influenced by two divergent philosophical approaches and also differing socio-economic objectives of the countries which resulted in obvious and sharp ramifications in patent policy. The limitations appended to the patent rights, which remained the tool of accomplishing the social aspirations underwent systematic and logical modifications. The philosophical challenge came from romantic notions of author inspired by the natural law on the one hand, and the utilitarian conceptions on the other hand. As a matter of public policy, utilitarian notions are designed to reward creation and diffusion, whereas natural rights or romantic notions privilege the goal of stewardship or the right to manage. Countries like the UK always emphasized the public interest concerns of the patent system. In such legal regimes watchful eye was kept on the role of inventions in furthering utility and in case of conflict between author right and user right, it was the user right that prevailed. But the countries like France and Germany influenced by natural philosophy stressed universal moral and economic right enabling authors to exercise control over their creations and inventions and to receive remuneration. Even then working requirement and apprentice clauses formed a sacrosanct feature of patent grants here, but gradually diminished their earlier vigor and dynamism. In case of inconsistency between the two competing interests it was the author's interest that prevailed over the user rights.

Spaced out from this philosophical contradiction, the changing social and economic objectives and political cataclysms also contributed to this divergent attitude. Countries like the US who just freed from the iron hands of their colonial masters, wanted the available competing technologies and in furtherance of this objective retained the right to appropriate the ideas, scientific inventions, and literary creations of the leading countries. So in these developing countries patent privileges were

at the mercy of the State who manipulated it according to their domestic needs to further utility to the State, rather than to reward the inventor. So the user rights like local working of the invention or the eminent domain power of the State to acquire the invention when it becomes a menace to public policy enjoyed a privileged position rather than the individual rights. The inventiveness and utility was stipulated in these countries with much vitality, with an intention to become much superior to their previous masters. On the other hand the net exporters such as France, Germany and England stressed the economic rights of their authors and inventors in exploiting their inventions and receiving remuneration. Comparatively developed and technologically sufficient, these countries do not stress the local working and compulsory acquisition as a public policy. The earlier semblance in the patent policy and patent tactics thus began to vanish and an international conflict of opinion developed in course of time. The countries began to frame patent policy in accordance with their changed social, political and economic state of affairs

A glance at the premiere legislations of these countries is a perceptible portrayal of these assorted postures. For example while preamble to the US Patent Act of 1790 declares the objective of patent grant as the advancement of useful arts and science for the larger interest of the realm,<sup>54</sup> the French Patent Act of 1791 declares the objective behind the grant as the reward and recognition of natural rights of the author.<sup>55</sup> The emphasis in French Law was on the inventor having

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54 The Constitutional basis for federal patent and copyright systems is to be found in the Constitution of the United States Article 1, Section 8, clause 8 which states: Congress shall have power ... to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries. USA Constitution is available online, at [http://www.usconstitution.net/xconst\\_A1Sec8.html](http://www.usconstitution.net/xconst_A1Sec8.html) [Accessed on March 2010].

55 Section 1 of the French law of 1791 took a somewhat different approach: "All new discoveries are the property of the author; to assure the inventor the property

property in his discovery - an emphasis on the rights in the invention rather than on the benefits to society as in the UK or the US. However divergent the systems were, we can see a common thread running in between when it came to the matter of restrictions to the patent rights. All these premiere Statutes have incorporated provisions to make patent more useful or less detrimental to the society. But these practices were very often a replica of established usages left by common law modeled by the Statutes of Monopolies and finally by the individual grants. Thus these were either fixed duration of monopoly period and local working requirement. Thus all legal regimes whether imperial or colonial was motivated to ensure utmost technology transfer. The local working requirement allied with revocation clause was sufficient to assure this noble quest. Thus even without well embossed and imprinted limitations to patent rights, the patented technology and knowhow was available for future ingenuity and resourcefulness without any formal hindrances and impediments.

But in course of time technology became more complex and intricate. The local working requirement and the formal disclosure methods were in practice found to be quite inadequate to meet the growing quest of scientific enquiry.<sup>56</sup> The practical implementation of patents also proved that the apprentice clauses, working prerequisites and disclosure requirements were in vain.<sup>57</sup> However the socio-

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and temporary enjoyment of his discovery, there shall be delivered to him a patent for five, ten or fifteen years". For details see, Richards, J. (2006) '*Patent Law Harmonization - A Historical Perspective*' - PART I [online]. Available at <http://www.cafazine.com/depts/article.asp?id=23206&deptid=6> [Accessed on November 2009].

56 Waltersfield, Edward C. (1994) 'The Early Evolution of the United States Patent Law: Antecedents', *J. Pat. Trademark Off. Soc'y*, 76 (1), 715

57 Walterscheid, E.C. (1997) 'Charting a Novel Course for the creation of the Patents act of 1790', *AIPLA Quarterly Journal*, 49 (3), 445.

economic scenario, coupled with the technological flare-up demanded access to existing knowledge as a prior art to start up the technological blaze. Thus just like any legal phenomenon, it was judiciary who came up with a radical solution to the burning scenario by developing a novel concept – ‘the experimental use exception’. As early as the beginning of nineteenth century we witness the development of this concept through a couple of judgments by Justice Story of the US Supreme Court.

The origin of the common law experimental use exemption to patent infringement is universally attributed to Justice Story's opinion in *Whittemore v Cutter*.<sup>58</sup> In *Whittemore*, Justice Story opined thus:

"it could never have been the intention of the legislature to punish a man, who constructed such a patented machine merely for philosophical experiments, or for the purpose of ascertaining the sufficiency of the machine to produce its described effects."<sup>59</sup>

At the time Justice Story wrote these words in 1813, "philosophical" referred to the field of "natural philosophy" or what we call today "science."<sup>60</sup> Properly interpreted, Justice Story's statement contained two distinct experimental use exemptions to patent infringement: (1) an exemption for using patented subject matter in order to perform scientific experiments and (2) an exemption for using patented subject matter in order to test its claimed utility. Further Justice Story made it clear that in order

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58 29 F. Cas. 1120 (C.C.D. Mass. 1813) (No. 17, 600). In this case, the defendant appealed a jury instruction, which stated in part that the "making of a machine with a design to use it for profit" constituted infringement.

59 *Whittemore v Curtis*, 29 F. Cas. at 1121.

60 *Ibid.*, at 1122.

to constitute patent infringement, there is no requirement of damages.<sup>61</sup> Thus to claim the defence of experimental use, neither the intention nor the proof of damages was necessary. On the other hand it should be proved beyond doubt that the infringing act was not purely for a scientific or philosophical purpose. Thus a very lucid expression of a new principle incorporating the core of patent grant (advancement of useful arts and sciences) got solid footing.

Justice Story further elaborated on his observations in *Whittemore* in the case of *Sawin v Guild*,<sup>62</sup> decided in the same year. In *Sawin*, Justice Story contrasted the making of a patented machine with an intent to use it for profit, which would be an act of infringement, and the making of a patented machine for the purpose of a scientific experiment or to ascertain the "verity and exactness of the patent specification," which would not be an act of infringement.<sup>63</sup> Justice Story did not fully explain what he meant by using patented technology for the purpose of profit. His "for profit" test, however, can be interpreted in two ways. One interpretation of the "for profit" test would eliminate the experimental use exemption for all business organizations engaged in furtherance of their legitimate business.<sup>64</sup> The rationale for this interpretation would be

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61 In Justice Story's opinion, "where the law gives an action for a particular act, the doing of that act imports of itself a damage to the party. Every violation of a right imports some damage, and if none other be proved, the law allows a nominal damage." *Whittemore*, 29 F. Cas. at 1121.

62 21 F. Cas. 554 (C.C.D. Mass. 1813) (No. 12, 391). *Sawin* involved the interesting question of whether the seizure and sale of patented machines by a sheriff pursuant to the execution of a judgment on a debt would be an infringement of the machine patent. *Id.* Justice Story held that this was not an act of infringement, reasoning that to hold otherwise would allow debtors to place property beyond the "grasp" of creditors by investing their property in patented machines. *Ibid.*, at 554-55.

63 *Ibid.*, at 555.

64 See Parker, D.L. (1994) 'Patent Infringement Exemptions for Life Science Research', *Hous.J.Int'lL.* (16) 615, 627 *Sawin* can "readily be

that the goal of all business organizations is profit and therefore all of the activities of business organizations, including experimentation, are in pursuit of that profit. A second interpretation of the "for profit" test would allow business organizations to experiment with patented technology where the immediate goal was to obtain scientific knowledge or to test patent claims, but disallow the use of patented technology for its intended purpose in direct revenue-generating activities. It is not clear which of these two interpretations Justice Story had in mind, nor is it clear how Justice Story viewed the absence of profit intent. Would a nonprofit organization always be entitled to an experimental use exemption for the use of patented subject matter in scientific research and testing? Would the lack of a profit motive exempt a nonprofit organization from patent infringement if it used patented subject matter outside of the realm of scientific research and testing? These questions raised by Justice Story's seminal pronouncements on experimental use were slowly, and somewhat erratically, answered over the next two centuries.

Thus for the first time in patent history a full fledged user right to defend the aristocratic rights of the patent holder got a solid snatch. But the true rationale behind this exception was really mystifying. The requirement that there be an intent to use for profit or an intent to infringe the patent rights is rather confusing in view of the fact that the Statutes did not require any such intent. It may be that Justice Story was influenced by the fact that at that time remedy for patent infringement

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interpreted to mean that any use that is not itself a use for profit is not an infringement, with 'philosophical experiment' and 'determining the adequacy of the disclosure' merely two examples of uses that are not considered 'for profit.'" Id. at 627 (Quoting Sawin, 21 F. Cas. at 555).

was by an action for trespass on the case which, in the normal situation required either a wrongful intent or an act of negligence. However patent infringement was not a common law tort, but a creature of Statute and should be governed by the Statute. The Statutes had been repeatedly held that purpose and intent of the infringer are immaterial in determining the question of infringement. Another possible theory explaining Justice Story's experimental use is that such use causes no damage to the patentee and hence in accordance with the common law principle *injuria absque damno*, no action would lie.<sup>65</sup> But this actual damage theory is negated by Justice Story's statement that "where the law gives an action for a particular act, the doing of that act itself imports of damages."<sup>66</sup> Thus these two hypotheses to test the obscurity of experimental use exception creates a legal anomaly. And finally the whole discussion establishes the fact that Justice Story was really motivated by the paramount objective of patent law that, in order to promote technological innovation, one must be allowed to advance over the disclosed prior art, utilizing the prior art as a starting point.<sup>67</sup> Thus

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65 As a matter of fact more than nominal damages may occur when an experimental use takes place. This is because the patentee may be substantially injured in that he has failed to acquire a just and deserved gain namely, that is the collection of reasonable royalty from the experimental user.

66 See Parker, D. L. (1994) 'Patent Infringement Exemptions for Life Science Research', *Hous. J. Int'l L.*, 16 (4), 615, 627.

67 Bee, R.E. (1957) 'Experimental Use as an Act of Patent Infringement', *J. Pat. Off. Soc'y*, (39 (3) ), 357-367. Donald Chisum has indicated that the phrase "philosophical inquiry probably had a different meaning when Justice Story created the experimental use exception than it carries today. In his view, philosophical inquiry was likely to have meant research directed at developing new technologies. Chisum, supra note 5, at 1019 n.203. Chisum does not elaborate on this, and we are left to wonder from what sources he draws such a conclusion. Rebecca Eisenberg has interpreted Justice Story's "philosophical experiments" differently, writing, "the first prong of Justice Story's experimental use privilege, permitting 'philosophical experiments,' is not well defined in the cases, but it seems to permit subsequent researchers to use the patented invention at least in traditional basic research with no commercial implications."

the Byzantine nature of technological discoveries acquired a primary judicial recognition.<sup>68</sup>

At this point it would be well to consider carefully the exceptions actually set forth by Justice Story.<sup>69</sup> A couple of case laws from the US judiciary and a landmark judgment from English court of law in the nineteenth century are the real authorities to identify the exact length and breadth of this novel phenomenon. Analysis of the case laws in which experimental use is claimed as defense shows a two stage filtration process. In the first stage attempt is made to ascertain whether the use is one permitted under Justice Story's policy. If the first stage filtration is answered positively, the second stage begins to identify the true motive behind the use; i.e. whether commercial or philosophical. The case laws points out that subsequent interpretations and application of the concept both practically and theoretically was much more restricted than that propounded by Justice Story. His philosophy appears to be more utilitarian and rational than subsequent developments. It is better to analyze them in chronological order.

It was established fairly early by the case of *Poppenhusen v New York Gutta Percha Comb Co.*,<sup>70</sup> that where the making or using is done as a matter of business, that is in connection with the operation of a business then the experimental use exemption is not applicable and such making or using will render a party liable for patent infringement.<sup>71</sup> This

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68 Devlin, A. (2009) 'Restricting Experimental Use', *Harv J.L. & Pub. Pol'y*, 32 (4), 599.

69 From the earlier analysis it is clear that he stated only two very limited exceptions, first philosophical experiments and second a use for the purpose of ascertaining the verity and exactness of the patent specification or disclosure.

70 *19 Fed.Cas.1059.No.11, 283 (C.C.S.D.N.Y 1858)*.

71 In that particular case the defendant was using a patented process for shaping articles made of vulcanized rubber and had actually placed quantities of such



literal application of Justice Story's philosophy was followed by the court in subsequent cases also. In *Poppenhusen v Falke et al*,<sup>72</sup> wherein the scope of the philosophical experiments exception was stated in its more familiar present-day form namely "an experiment with a patented article for the sole purpose of gratifying a philosophical taste or curiosity or for mere amusement is not an infringement."<sup>73</sup> To illustrate the true narrowness of the exception the case of *Beadle v Bennet*<sup>74</sup> should be considered. In the *Beadle case*, it was held that the use of a patented invention solely for personal; convenience was an act of patent infringement.<sup>75</sup> The court even failed to appreciate a pure personal use of a patented invention. The next two cases to consider the experimental use exception actually rejected the proposition that such an exception even exists. In *Albright v Celluloid Harness- Trimming co.*<sup>76</sup> the defendant in the course of perfecting the manufacture of metal harness trimmings coated with celluloid, experimented with dies or molds of the same construction as covered by plaintiff's patent. The experiments were unsuccessful and were shortly abandoned. The court held this to constitute a technical infringement. The second case is *Palmer v United*

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articles on the commercial market. The defendant tried to escape the charge of patent infringement by pleading that the use was only experimental.

72 *19 Fed.Cas.1048.No.11, 279 (C.C.S.D.N.Y 1861)* .

73 *Ibid.*, at 1049. The exact activities of the defendant were not reported in that case, but it was indicated that defendant's purpose was in fact not experimental but commercial. The defendants were rivals of plaintiff in the very same business to which his patent relates and the former employees of the plaintiff in manufacturing of articles under the patent.

74 *122 USA 71 (1887)* .

75 *Id.* at 73.To support this holding the Supreme Court cited the case where the patented invention was a well for drawing water from the earth. The well without the consent of the patentee had been installed in a house. Sometimes later, the defendant rented the house and used the patented well solely to obtain a supply of water for the sole purpose of his family.

76 *1 Fed. Cas. 320, No. 147 (C.C.N.J.1877)* .

*States*,<sup>77</sup> wherein the court held that an experimental use by the army of a certain type of patented knapsack was practical and an act of patent infringement.

The next four cases chronologically speaking recognized the existence of the experimental use exemption but reaffirmed the limited nature of the experimental use. The first case was *Bonsack Machine Co. v Underwood*,<sup>78</sup> wherein the defendant constructed the patented machine and then used it to demonstrate the usefulness of his own patented improvement for the purpose of selling his patent. The court held that this represented a use for profit and hence did not come within the experimental use exception. In *Clerke v Tannage Patent Co.*<sup>79</sup> wherein the court held that even the expression of a willingness by the patent owner to sell a license under the patent did not in the absence of actual permission confer the privilege to use the specialty of patent to experimentally test its desirability or utility. By emphasizing the requirement of express permission for experimental purpose, the court flouted even the fundamental tenets of experimental use. A similar result was found in *Cimiotti Unhairing Co. v Derboklow*.<sup>80</sup> The defendant had been using the infringing machine in its business for nearly three years. The "experiments" consisted of running customers' pelts through the infringing machine in the ordinary course of the business. However the defendant's experiments consisted of dehairing pelts for customers who gave them to the defendant to dehair in the ordinary course of business. The court noted that the use "is not fairly within any legitimate use for

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77 20 Ct.Cl. 432 (1885).

78 73 Fed. 206 (C.C.N.C 1896).

79 84 Fed. 643 (3d Cir. 1898).

80 87 Fed. 997 (C.C.E.D.N.Y.1898).

experimental purposes only."<sup>81</sup> Such use was plainly "using" the patented machine as the commercial method for processing the pelts rather than any legitimate study of the patented machine. Thus every time the judiciary was vigilant in making an intelligent balance between rights of patent owners and that of third parties. This was followed by the case of *United States Mitis Co. v Carnegie steel Co.*<sup>82</sup> wherein the act of infringement was a use by the defendant for a period of about three or four months of the patented steel making process.<sup>83</sup> The court said that the use of aluminum while the defendant was engaged in the practice of the so called armor plate process was merely experimental cannot be accepted.<sup>84</sup> Court considered it as a commercial use, extending over a period of several months and involved a very large product. The judicial interpretations reflect the strategic US policy<sup>85</sup> of protecting and enforcing the noble rights

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81 *Ibid.*

82 *89 Fed. 343 (C.C.W.D Penn. 1898)*.

83 The defendant made 2769 tons of armor plate from ingots that were cast according to the patented process.

84 *Id.*, at 351.

85 When we analyse the evolution of the US patent laws, it is really interesting that even while influenced and coerced by the English statutory and common law, the country took a very different patent policy. While English recognised the utmost public interest and very often neglected the inventor for the sake of the kingdom, the US took a policy of developing patent by rewarding and recognizing the inventor as the champion. There is lot of writings on the issue. One view is that till the middle of eighteenth century America was an agrarian economy and in its transition to an industrialized country it needed strong technological base. In that attempt it tried to attract more inventors and thus framed a patent policy favoring the individual inventors. It has also been stated that, it was at the time when the constitutional debates were going for the adoption of patent system in America the patents loose themselves from the status of 'privilege' to a 'property right' of the inventor. And this individualism behind patents which sprang up as fire and influenced by French revolution have also left its own mark on the US patent policy. For details see; Waltersfield, E.C. (1994) 'The Early Evolution of the United States Patent Law: Antecedents', *J. Pat. Trademark Off. Soc'y*, 76 (6), 715; Prager, F. D. (1961) 'Historic Background and Foundation American Patent Law', *Am. J. Leg. Hist.*, 5 (4), 309; Anon, S. (1940) 'Proceedings in Congress Relating to The First Patent and Copyright

of the inventor more vigorously than that of the rights and needs of the public. The dynamic and vibrant utilitarian philosophy propounded by Justice Story thus end up as a sluggish and lethargic phenomenon. Instead of defending public interest, in course of time it became a margin to uphold the rights of inventor. Pure experimental uses were disallowed even in the absence of profit motive or actual commercial exploitation as technological infringement. Similarly it is really surprising that an infringement for a personal convenience was disallowed in *Beadle* case. This makes one to wonder while the satisfying of a philosophical thirst is not an act of patent infringement, the act of satisfying pure personal physiological thirst is an act of patent infringement. The cases support the position that courts were skeptical and unconvinced about actual experimental uses and were very cautious towards its extension to commercial purposes. Consequently the line between commercial and noncommercial uses became very thin. Even though experiments for developing new uses and improved technology without actual commercial use was the need of the time, it should be appreciated that a very broad experimental use exception at such a nascent stage might have the chance of obliterating the very objective and balance of the patent system.

However the English jurisprudence on the concept was quite different. They took a liberal approach by allowing experiments to improve upon the invention. In *Freason v Loe*<sup>86</sup> the court held that if a patented product was made only for bona fide experiment, without the intention to sell it or use it but with the view to improving upon the invention or seeing whether an improvement can be made or not, would

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Laws', *J.P.O. S.*, 22 (2), 243, Federico, P. J. (1932) 'The First Patent Act', *J.P.O.S.*, 14 (2), 237.

86 (1878) 9 CH. D 48.

not infringe.<sup>87</sup> Thus even if the ultima behind a bona fide experiment was commercial, the defense was allowed on the proof of absence of actual commercial exploitation. Thus a splendid balance between the monopoly of the right holder and demand of science in access to information was established in a more vigorous manner.

This divergence on experimental use was not a mere conceptual asymmetry existed among the countries but of course a matter of sovereign political strategy, which manifested in all fields of patent policy. The attitude of countries towards compulsory licensing and local working is also a clear manifestation of this social and political maneuvering. The only jurisdiction in the early nineteenth century not compelling native patentees to work their inventions was United States.<sup>88</sup> In the UK the nonworking of a patent is an offence against the conception underlying the grant.<sup>89</sup> Even the French law carried with it the restrictions to patent rights like fixed duration and revocation in case of non working.<sup>90</sup> The French law of 1844 also embrace the revocation clause on failure of nonworking by justifying that ‘it would be injurious

87 N, Aditya. (2004 ) ‘Experimental use exception: an international comparative view with a possible answer to the forthcoming Indian patent legislation’, *J.I.P.R.*, 9 (6), 549-556.

88 B. Oliver (2007 ) ‘The dawn of compulsory patent licensing’, *I.P.Q.*, 48 (1 ), 216. In 1846 the picture had changed radically: Hindmarch could recall “no instance in modern times” of a revocation of patent for non-working. Cited in Hulme (1902 ) ‘On the History of Patent Law in the Seventeenth and Eighteenth Centuries’, *L.Q.R.*, 18 (2 ), 280 - 283; Ramsey (1936 ) ‘The Historical Background of Patents’, *J. Pat. Off. Soc’y*, 18 (3 ), 10.

89 L Getz (1950 ) ‘History of the Patentees Obligation In Great Britain’, *J. Pat. Off. Soc’y*, 18 (2 ), 903, 980

90 The French patent law of 1791 included revocation in case the patentee imported the product. For details see: Guellec, D. and de la Potterie, B. P. (2006 ) *The economics of the European patent system: Intellectual Property policy for innovation* [online]. Available at: <http://books.google.co.in/books?id=uiQYrveWzP8C&pg=PT48&lpg=PT48&dq=french+patent+law+of+1791&source> [Accessed on 30 March 2010].

to the society at large to allow any one individual to cramp the efforts and attempts of more industrious by obtaining a patent which he did not intend to work.<sup>91</sup> In the German law of 1877 a patent could be revoked after the first three years if it was not effectively put in use, if the owner refused to grant licenses or if the invention was primarily exploited outside Germany.<sup>92</sup> In the US (1836 law), foreigners had to exploit their patented invention within eighteen months.<sup>93</sup> In Japan (1888), there was a local working requirement of three years.<sup>94</sup> But the US law doesn't permit compulsory licensing under any patent, no matter how vital the invention to public welfare.<sup>95</sup> In the UK any one may apply for compulsory license under a patent on an invention relating to food or medicine without having to establish non-use.<sup>96</sup> It is interesting that, Japanese follow a very exciting patent policy to foster their industry and economy.<sup>97</sup> The Japanese has an eighteen month publication provision so that soon after filing, the new technology will be made available to industry.<sup>98</sup> This publication permits industry to make slight modifications of the published invention to super invent, to come with improvements and generally to stimulate innovation by avoiding infringement. Deferred examination system and pre-grant oppositions increases this delay.<sup>99</sup>

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91 *Ibid.*

92 New York Times (June 9, 1877) "The New German Patent Law".

93 Section 15 of the US Patent Act of 1836.

94 New York Times (June 9, 1877) "The New German Patent Law".

95 The US Patent Law of 1836.

96 Getz, L. (1950) 'History Of The Patentees Obligation In Great Britain', *J. Pat. Off. Soc'y*, 32 (9), 903, p. 980.

97 Japanese Patent Act, 1888.

98 Japanese Patent Act, 1888.

99 Japanese Patent Act, 1888.

There was strapping inspirations behind this maneuvering of patent policy. For example while the goal of Japanese patent system is to teach their industry new inventions,<sup>100</sup> in the US essential purpose of patent is to protect the patentee.<sup>101</sup> At this nascent stage of development from an agrarian economy to an industrialized economy, the US solely directed their patent to stimulate invention in a competitive environment.<sup>102</sup> Thus

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100 Helfgott, S. (1990) 'Cultural Difference Between US and Japanese Patent System', *J. Pat. & Trademark Off. Soc'y*, 72 (1), 231.

101 Not only is the actual patent system designed to benefit industry at the expense of the patentee, but implementation of the system both within the industry and by the patent office further promotes such objectives. Patent examiners tend to interpret the claims in the narrowest sense. Aware that the grant of a claim will serve to prevent the competitors from practicing the claim, they have a tendency to narrowly limit the claims. Further the Japanese industry uses the patent system for defensive purposes. Idea behind filing patent application is not to gain broad protection for that innovation to stop others, but just to cover the species so they can to continue to practice the invention themselves. The majority of application filed by industry are not even examined but permitted to be abandoned after the seven year deferral period. Most of the applications are filed not show others what a particular company is doing so others can design around it without and avoid direct infringement while providing variations of their own. This effectively permits industries to use new innovations but have each develop a particular variation of its own. Thus the purpose of Japanese patent system is not to maintain exclusivity, but to each others what a particular industry is doing and encourage others to innovate. See for details Supra note: 87.

102 America was predominantly an agrarian economy with never more than ten percent of the population engaged in any kind of manufacturing. Such manufacturing was for local consumption and directed to supplying the essentials require for the maintenance of the community. There was no wide industrial base nor any extended markets over which the patent monopoly could be enforced. See: Walterscheid, E.C. (1997) 'To Promote the Progress of Useful Arts: American Patent Law and Administration', *J. Pat. & Trademark Off. Soc'y*, 79 (1), 74; Prager, F.D. (1961) 'Historic Background and Foundation of American Patent Law', *Am. J. Leg.List.* 5 (3), 309; F.D Prager (1962) 'A History of Intellectual Property From 1545 To 1787', *J.P.Q.S.*, 26 (5), 711, 756-757; Prager, F.D (1961) 'The Influence of Mr. Justice Story on American Patent Law', *Am. J. Leg. Hist.*, 5 (2), 254; Meshbesh, T.M. (1932) 'The Role of History on Comparative Patent Law', *J.P.T.O.S.*, 78 (2), 237; Seidel, A.H. (1940) 'The Constitution And a Standard of Patentability', *J.P.O.S.*, 58 (2), 243.; Federico, P. J (1932) 'The First Patent Act', *J.P.O.S.*, 14 (2), 237; See also Dahn, F.W. (1921) 'Colonial Patents in United States Of America', *J.P.O.S.*, 3 (2), 342, 347; Fenning, K. (1929) 'The Origin of the Patent and Copyright Clause of the Constitution', *Georgetown L.J.*, 17 (1),

it is suggested that there are fundamental conceptual difference between these patent systems. Similarly compulsory licensing was incorporated into British Statute at a time when the severe agricultural depression through which England has been passing was at its height, and at a time too when British industry was suddenly beginning to realize that the gap which had opened between it and that of the continental countries was rapidly being narrowed. Demands for protection of the British industry against foreign competition were rising,<sup>103</sup> against this background the act of 1883 might be regarded as protectionist measure.

Thus it is very obvious and perceptible that the patent system and its fundamentals were inherently and intrinsically linked with the erratic social, economic and cultural requirements of the time. Consequently the basic concepts of patent like rights and its appended obligations were twisted and curved to achieve the strategic policy requirements. Thus English patent was always a conditional monopoly; while in America “the patentee is within his domain czar”;<sup>104</sup> and in Japan patents were for the industry. As a result the US remained doubtful towards implementing patent limitations and Japan for the sake of industry and the UK for the public interest made a fine tuning of limitations to patent rights.

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109, 116; Ramsey, G. (1936) ‘The Historical Background of Patents’, *J.P.O.S.*, 18 (7), 13.

103 Inventors and industrialists from abroad, particularly Germans had been taking out patents on inventions in Britain, but, instead of working their inventions there, they were using the patents to prevent manufacture in England, and thus preserving an export market.

104 Getz, L. (1964) ‘History of the Patentees Obligation in Great Britain’, *J. Pat. Off. Soc’y*, 46 (2), 226.



### 3.2 Conclusion

Finally it should be accepted that patent policy is truly the kingdom of unintended consequences.<sup>105</sup> And at every moment of these socio-economic and political catastrophes on patent policy, the limitations to patent rights played a very important role in casting the patents towards these challenges. It is also evident that countries enjoyed a substantial degree of flexibility in framing their patent policy to achieve their strategic needs. However it should also be kept in mind that colonies of the imperial powers like the UK and France lacked that discretion and were forced to be abide by the policy of their masters. Thus from the very beginning to the end of the nineteenth century patents remained a matter of absolute sovereign prudence. Similarly while the patent rights manifested some amount of uniformity in spite of socio-economic discrepancies, the limitations to patent rights remained the trump card in the hands of the sovereign and manifested discernible diversity among the countries in accordance with the varying public interest. It was also evident that, with the changing perceptions of public interest the domestic policy on limitations underwent changes both at the stage of adoption and execution.

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105 Jaffe, A.B. & Lerner, J., (2004 ) *Innovation And Its Discontents: How Our Broken Patent System Is Endangering Innovation And Progres And What To Do About It*, Prince Town University Press, London, p. 95.

## LIMITATIONS AND EXCEPTIONS TO PATENT : PARIS AND POST PARIS ERA

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	4.2 Legislative and Judicial Developments in the Paris Convention
	4.3 Legislative and Judicial Developments in the Paris Convention

The origin and development of patent system portrayed a golden era of limitations to patent rights molded by the sovereigns to meet their domestic exigencies. However it was a period with no international mandates. The expansion of trade in Europe necessitated countries to negotiate and reach bilateral agreements for patent protection. It was only by the end of the 19<sup>th</sup> century that countries agreed upon the need for international norms in protecting patents. The attempt in this chapter is to examine the status of limitations and exceptions in the international era of Paris Convention. The task is to find out the approach of Paris Convention towards limitations and exceptions. The study also focuses on the scope of flexibility enjoyed by countries in the post-Paris era in framing limitations and exceptions.

## 4.1 Exceptions and Limitations in the Paris Convention

Paris Convention is the end product of a collective move for internationalization of patent rights.<sup>1</sup> From the very first diplomatic attempt for an international consensus for patents in 1878 to the last revision of Paris Convention in Stockholm, the history of Paris Convention was a battle for conquest of patent by imperial monopolists and colonies on one hand and by social utilitarianism and natural right philosophy on the other hand.<sup>2</sup> But unfortunately except the foreign

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- 1 Penrose, E. (1951) *The Economics of the International Patent System*, Johns Hopkins Press, London, p. 42. Prior to the Paris Convention, the complexity and diversity of local patent laws made it nearly impossible for inventors to obtain patent protection in multiple countries. In addition to local working requirements, many countries required fees to maintain a patent. Countries imposed limitations on what could be patented, and many refused patent grants for any invention previously disclosed to the public—including cases where the prior disclosure was a patent in another country. It was also standard to impose legal dependence among patents filed in multiple countries for the same invention, and even U.S. patent law held that the duration of patent protection was capped by the expiration date of any prior foreign patent. World's fairs including the 1851 Crystal Palace Exhibition, the 1873 International Vienna Exposition, and the 1878 Paris Exposition served both as catalysts and occasions to address these issues and the possibility of collectively moving toward internationally harmonized patent rights.
  - 2 At the Vienna Conference of 1873, much of the debates centered on the various justifications of the patent system – the natural right argument and social utilitarianism. The former vision was manifested at the convention in a resolution passed in recognition of patentees right and the latter vision in a resolution favoring compulsory licensing. In the Paris exhibition convention of 1878, also the controversy was raised, but the battle was won by the French principle of natural property right and the compulsory working requirement was equated with importation of articles and local working in any member country was considered as sufficient. This was followed in the final Paris Act of 1883. But again in the Brussels Conference of 1897, Belgium backed by the United States proposed a total ban on revocation for non-working of patents, as long as the patent was being worked in one member country. Following this in 1900, a major limitation on the regulatory authority of member states was by saying that no member states can revoke patent until expiration of three years from the date of patent application. In addition revocation was not to be allowed if the patentee could justify his inaction. This conflict continued in all the Revision Conferences of the Paris Convention and every time it was a success story of import monopoly countries. For a detailed study of Paris Convention and the international patent scenario, see: U Anderfelt's, *International Patent Legislation and Developing*

vessel exemption<sup>3</sup> and compulsory working requirement,<sup>4</sup> there was no express or implied mention of any limitations to patent monopoly like research exception or private use which was practiced among the countries at that time. International inquisitiveness that culminated in the development of the Paris Convention itself demonstrates that, it was an attempt to protect right holders and import monopolies rather than to assist developing countries or to promote technology transfer and technological development.<sup>5</sup> History reveals that it is through the sole

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Countries and Penroses, E.T.'s, *The Economics of International Patent System* available at [www.googlebooks.com](http://www.googlebooks.com) [Accessed on October 2010].

- 3 Article 5 ter of the Paris Convention On industrial Property 1883: “ In any country of the Union the following shall not be considered as infringements of the rights of a patentee: (i) the use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter the waters of the said country, provided that such devices are used there exclusively for the needs of the vessel; (ii) the use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories of such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the said country”.
- 4 Article 5 A of the Paris Convention on Industrial Property 1883: “Importation by the patentee into the country where the patent has been granted of articles manufactured in any of the countries of the Union shall not entail forfeiture of the patent. (2) Each country of the Union shall have the right to take legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example, failure to work. (3) Forfeiture of the patent shall not be provided for except in cases where the grant of compulsory licenses would not have been sufficient to prevent the said abuses. No proceedings for the forfeiture or revocation of a patent may be instituted before the expiration of two years from the grant of the first compulsory license. (4) A compulsory license may not be applied for on the ground of failure to work or insufficient working before the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, whichever period expires last; it shall be refused if the patentee justifies his inaction by legitimate reasons. Such a compulsory license shall be non-exclusive and shall not be transferable, even in the form of the grant of a sub-license, except with that part of the enterprise or goodwill which exploits such license.
- 5 This is evident from the wordings of article 1 of convention which states that the object is to protect right holders and the broad definition of industrial property supports this. Article 1 of the Paris Convention on Industrial Property 1883:

weapon of local working requirement and forfeiture clauses that the patent statutes in the pre-Paris era controlled the patent abuses and ensured free flow of technology within the corresponding dominions. History has also proved the successful implementation of this tactic in achieving the stated goal of technology transfer and it should also be kept in mind that express legislative recognition of the limitations to patent rights sprang up only by the twentieth century, when the commercial significance of research and experiments was badly felt. This might be the reason why the Paris Convention was silent on patent limitations. By international ratification and enforcement of local working requirement, Paris Convention left it as matter of domestic prudence to devise their own methods of utilizing the technology available through patent disclosure. Further attempt of Paris Convention was to harmonize the existing patent practices and not to level the national legislations or to impose mandatory standards of protection.<sup>6</sup>

The Paris Convention with all its shortcomings has been widely criticized, but an analysis the origin and development of Article 5 of the Convention which is hailed as the history of the Convention itself, reveals the traces of implied provisions on limitations. This began with

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Establishment of the Union; Scope of Industrial Property-1) The countries to which this Convention applies constitute a Union for the protection of industrial property. (2) The protection of industrial property has as its object patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition. (3) Industrial property shall be understood in the broadest sense and shall apply not only to industry and commerce proper, but likewise to agricultural and extractive industries and to all manufactured or natural products, for example, wines, grain, tobacco leaf, fruit, cattle, minerals, mineral waters, beer, flowers, and flour. (4) Patents shall include the various kinds of industrial patents recognized by the laws of the countries of the Union, such as patents of importation, patents of improvement, patents and certificates of addition, etc.

6 See, Dhavan, R., Harris, R. and Jain, G. (1990) 'Conquest by Patent: The Paris Convention Revisited', *J.I.L.I.*, 32 (1), 131-167.

the Revision Conference of 1925 at Hague.<sup>7</sup> In the revised Article 5(2) it was proposed that “nevertheless the contracting parties shall have the right to take the necessary legislative measures *to prevent the abuses which might result from the exclusive rights conferred by the patent*, for example, failure to work.”<sup>8</sup> Prior to 1925, Article 5 mentioned only the obligation to work and its sanctions. The Convention was silent on other abuses and their possible sanctions. The insertion of the concept of abuse of monopoly was a progressive provision adopted by the Union whose evolving conscience began to recognize the need to regulate the patents in public interest.<sup>9</sup> Thus an implied recognition for other regulatory mechanisms crept into the system. Similarly in the Lisbon Revision Conference of 1958, the text of Article 5(A) (2) was changed to read that each country shall have the right to “take legislative measures providing for the grant of compulsory licenses to prevent the abuses which might result from the exclusive rights conferred by patent, for example failure to work.”<sup>10</sup> This textual change can also be interpreted as a provision impliedly recognizing the privilege of countries to take legislative measures other than compulsory licensing.

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7 The most important revision adopted at the Hague was the substitution of the sanction of compulsory licensing for that of forfeiture. Article 5 (3) was added, which provided, “measures to prevent abuses shall not entail forfeiture unless the grant of compulsory licenses is insufficient to prevent such abuses”. See, Jayagovind, (1980) ‘The International Patent System and Developing Countries’, *Indian Journal of International Law*, 20 (1), 47-52.

8 The previous text, had provided that “nevertheless the patentee shall remain under the obligation to exploit his patent in accordance with the laws of the country into which he introduces the patented article but with the restriction that the patent may not be forfeited for non-working in one of the countries of the union until after a period of three years of the date of filing the application in the country”.

9 Jayagovind (1980) ‘The International Patent System and Developing Countries’, *Indian Journal of International Law*, 20 (1), 55.

10 The previous text had read that, “states shall have the right to take the necessary legislative measures to prevent the abuses”.

Thus through an express silence on regulatory mechanisms and without any rigid standards of enforcement, Paris Convention maintained the era of maximum flexibility, where the countries enjoyed wide discretion to mold the patent policy according to the domestic needs and consequently the legislative era preceded by Paris Convention was a perceptible evidence for this.

#### **4.2 Legislative and Judicial Developments in the Post-Paris Era**

In the era of maximum flexibility espoused and encouraged by Paris Convention, the national legislations were again patterned by the absolute sovereign discretion to satisfy the domestic socio- economic and political realities. Accordingly any legislative policy across the geo-political boundaries was a clear reflection of the vested domestic interests and exhibited extensive diversity. Limitations and exceptions to patent rights was also a genuine spectator of this. On national or regional level, a cursory analysis shows that Intellectual Property legislations frequently foresee a number of situations where patent exclusive rights may be exempted. A non-exhaustive list of them includes: private non-commercial use; use in teaching; research and experimentation; preparation of individually prescribed medicines; certain uses of foreign means of transportation temporarily in national territory; submission of information for regulatory approval; and non-commercial use of propagating material.

It is really interesting that inspite of a unanimous and universal concord on the nature, extent and scope of rights of patent holders across the countries, limitations appended to that monopoly exhibits extensive diversity. This diversity manifests from the moment of legislative drafting and continues till the actual enforcement and execution. While some countries incorporate this into the legal system as a limitation of

rights of patent owner, others slot in it as a defence in case of infringements. Thus in the case of the first set of countries, patent owners and public are placed on an equal footing when the law balances the patent monopoly at the very moment of its reward by putting the limitations. The approach of the latter set of countries portrays only a secondary concern to the user rights, when they categorize it as a defence to the right of the owners.

Again while some legislation maintains an absolute silence on this issue, some makes well drafted provisions. However even in countries which are silent on patent limitations, it should not be presumed that there is complete disregard for user rights and public interest, because the doctrine of commercial infringement is the universally accepted fundamental cannon of patent law. So every non-commercial use of patent is an accepted practice in common law depending upon the facts and circumstances of each case provided it does not conflict with the rights assured by the patent law. But what happens in these groups of countries is that the boundary between user rights and patent rights remains in a chaotic and hyperactive state of affairs while in the other group of countries it is clearly demarcated.<sup>11</sup> This juncture leaves us confused as to which among these diverse approaches is appropriate and adequate in securing public interest – whether closed list of specific user

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11 For example intellectual property consultation paper published by Australian government is concerned with the absence of an experimental use exception in their law. It has been suggested that lack of certainty about an experimental use exemption deters research in areas that are the subject of existing patents. This may not only inhibit Australian research, it may also encourage business and researchers to move their research and development offshore to jurisdictions with more favorable experimental use exemptions. This could potentially result in a loss of research investment and employment opportunities in Australia. Available at [www.ipaustralia.gov.au/pdfs/news/ip\\_reforms\\_exemptions.pdf](http://www.ipaustralia.gov.au/pdfs/news/ip_reforms_exemptions.pdf), 20, [Accessed on November 2010].



rights or rigid set of patent rights outside which everything could be user's right? But it should be noted that commercial infringement doctrine is applicable even in those countries which have well built user rights and it is in addition to this general principle that certain specific needs, taking into account of their imperativeness have been fabricated into the law.

Even in those countries having express provisions on user rights, it should not be concluded that the above listed exceptions are uniquely followed. While some countries list all of those limitations, majority of the countries incorporates only a few. We can see that in this approach a vast majority of the countries are magnetized by the Paris Convention's approach to limitations. Correspondingly even the identically worded limitations exhibits wide diversity in nature, scope and extent reflecting the strategic legislative policy.

Among the various limitations to patent rights it is the research or experimental use exception that enjoys an enhanced position.<sup>12</sup> At the very infant stage of this doctrine itself we witnessed the divergent standards followed by two legal philosophies to achieve two different

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12 Eisenberg, R.S. (1989) 'Patents and the Progress of Science: Exclusive Rights and Experimental Use', *U. CHI. L. REV.*, 56 (9), 1023–24; Hantman, R.D. (1986) 'Experimental Use as an Exception to Patent Infringement', *J. PAT. TRADEMARK OFF. SOC'Y*, 67 (3), 617; Graeme, B. D. & Dreyfuss, R.C. (2004) 'Preserving the Public Domain of Science Under International Law', at SSRN Electronic Library, [online]. Available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=478961](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=478961), [Accessed on March 2010]; Karp (1991) 'Experimental Use as Patent Infringement: The Impropriety of a Broad Exception', *Yale L. J.*, 100 (12), 2170; Michel, (1992) 'The Experimental Use Exception to Infringement Applied to Federally Funded Inventions', *High Tech. L. J.*, 376 (7), 389; Parker (1994) 'Patent Infringement Exceptions for Life Science Research', *Hous. J. Int'l L.*, 16 (4), 644; Barash, (1997) 'Experimental Use, Patents, and Scientific Progress', *Nw. U. L. Rev.*, 91 (5), 695; Mueller. (2001) 'No "Dilettante Affair": Rethinking the Experimental Use Exception to Patent Infringement for Biomedical Research Tools', *Wash. L. Rev.*, 17 (1), 76.

tasks. While Justice Story's interpretation in the US was obstinate on the nature of experimental use for a "philosophical inquiry" or to ascertain the "verity and exactness of the patent specification"; English jurisprudence on the subject was least bothered about the nature of experiment being carried with the view to improving upon the invention or seeing whether an improvement can be made or not. The only common parameter run in between these approaches was the requirement of a bonafide non-commercial intent. Thus the very basic tenets from which the experimental use developed were based on two conflicting approaches. While one was worried about the potential abuses which might sprang up from the broad experimental use provision, other was solely concerned on the potential benefits of experimental use to technology transfer and development.

It should be noted that this diversity reached its zenith in the twentieth century. From this two distinct approaches there developed a multitude of research exemptions with wide magnitudes. While most of the legislations are unanimous on the need of a research use for an enhanced technological progression, there existed great uncertainty as to the nature of permissible experimental uses and extent of such uses. While some countries used the expression 'experimental use or purpose', in other legislations it appeared as use for 'scientific research', 'scientific research and experimentation', or 'experiment or research'. Serious question arises as to whether this language syllogism is a mere legislative accident or a deliberate legislative policy.

But it is quite unfortunate that the legislative wisdom finds no explanation, illustrations or reference in any of the patent statutes expressly or impliedly except the commercial infringement doctrine which can be extended to identify the legitimate interest of the patent

holder. Black Laws Dictionary defines the term experiment as ‘a trial or special test or observation made to confirm or disprove something doubtful or the process of testing’. Webster’s dictionary also assigns a similar meaning to the term experiment by defining it as ‘an act or operation designed to discover, test or illustrate a truth, principle or effect; a test especially one intended to confirm or disprove something which is still in doubt’. So experiment in etymological sense is something static, not deviating beyond the identified facts but simply to confirm or disprove something which was already developed. Technological progression is beyond the literal and legal meaning of the term. But the terms ‘scientific research’ or simply ‘research’ conveys a positive and progressive meaning. As per Webster’s Dictionary ‘research’ means “to search again or anew- diligent, protracted investigation; studious enquiry or a systematic investigation of some phenomenon or series of phenomena by the experimental method”. The term science can be defined as “knowledge of facts, phenomenon, laws, and proximate causes, gained and verified by exact observation, organize experiment, and correct thinking and also the sum of universal knowledge.”<sup>13</sup> It is synonymous with knowledge, art, learning and scholarship. Unlike the concept of experiment which refers to a torpid situation, research implies a budding and blossoming scenario. So when legislations uses the term ‘research or scientific research’ in addition to or apart from the term ‘experimental use’, the countries should have a definite progressive technological approach. This policy discrepancy is corroborated by the use of both terms in certain statutes. Judicial dicta from various jurisdictions also substantiate this.

For example we can see that the US judiciary adopts the literal interpretation of the term ‘experiment’ when it was carried to the legal

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13 Webster’s Dictionary.

scenario by Justice Story by explaining it as something to test the veracity of the invention or to satisfy a philosophical thirst. This narrow approach was developed by Justice Story at a time when rapid technological development could not even have been dreamed about. However as per the policy of the patent system the experimental use exception ought to apply to infringement of patented technology while developing new uses and improvements for the patented technology provided that the infringer does not make a monetary profit during the infringement.<sup>14</sup> However the US courts till the decision in *Roche*<sup>15</sup> in 1984 failed to uphold this noble task of patent system and took a very restrictive approach towards experimental use<sup>16</sup> and followed the ‘de

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14 Karp, J.P. (1991) ‘Experimental Use as Patent Infringement: The Impropriety of a Broad Exception’, *Yale L. J.*, 100 (12), 2169; Eisenberg, R.S. (1989) ‘Patents and the Progress of Science: Exclusive Rights and Experimental Use’, *University of Chicago Law Review*, 56 (10), 1017.

15 *Roche products, Inc. v Bolar Pharmaceutical Co., Inc.* 221 USPQ 937 (Fed.Cir. 1984). In this case, the defendant Bolar was sued for infringement because it was using a patented drug to obtain clinical data to submit to the US Food and Drug Administration to show that the drug was safe and effective for human beings. Bolar was trying to get FDA approval prior to the expiration of the patent so that it could market the drug immediately after the patent expired. Bolar claimed that its use of the patented drug to obtain the necessary data for FDA approval was within the experimental use exception to patent infringement. After reviewing the history of the experimental use exception, the court denied the defense because it believed that Bolar was infringing the patent “solely for business reasons” and not for the purpose of philosophical enquiry or to test the verity and exactness of the invention as envisaged by Justice Story.

16 In *Pairpearl Products, Inc. v Joseph H. Meyaer Bros* 58 F.2d 802 (D. Maine 1932) defendant used plaintiff’s process of extracting pearl essence. Plaintiff’s invention was the use of a certain agent in separating the pearl essence from the skin of the fish. Defendant with that patent had invented a new agent and started sale of that new agent. Court in its anxiety to keep the experimental use within the traditional walls failed to uphold the invention and solely based on the commercial exploitation it was held to be an infringement. In *Northill, Co., Inc. v Danforth* 39 15 F. Supp 685, 30 USPQ 194 (E.D.N.Y.1936), defendant designed an anchor that was accused of infringing a patented anchor. Defendant had the anchors manufactured by various foundries and sold them commercially. In a suit for infringement, defendant claimed that he used the anchors for experimental use. The court recognized the experimental use defense, but rejected it in this case, saying defendants’ experiments “were evidently not made for philosophical or amusement purposes but were made in connection with his business as a

minimis' approach.<sup>17</sup> In *Roche*, the court held that the experimental use rule could not be construed so broadly "as to allow a violation of the patent laws in the guise of 'scientific inquiry,' when that inquiry has definite, cognizable, and not for insubstantial commercial purposes".<sup>18</sup> A decade back it was made clear that the defense is also limited to "tests, demonstrations, and experiments not in keeping with the legitimate business" of the alleged infringer.<sup>19</sup> Thus apart from clinging to the literal interpretation of the concept, the phenomenon was again tested and distilled by the commercial versus non commercial nature of the experimentation and the profit versus non-profit status of the alleged infringer.<sup>20</sup> This ruling prevented manufacturers of generic medicines

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manufacture and sales man of anchors". In *spray refrigeration co., v sea spray fishing, inc* 2 322 F.2d 34, 138 USPQ 470 (9th Cir. 1963)., defendant used plaintiff's patented method for freezing fish on board a vessel at sea on one or two commercial fishing voyages. In a suit for infringement, defendant alleged that the use of the patented method on the trips was only for the purpose of experimentation as to the desirability of using this method. The court rejected the defense by saying that the patented method was used on the vessel while it was engaged in commercial fishing operations. It did not take into consideration of the defendant's result of the experiment that the patented result could be produced without using the method. In cases like *Ruth v Stearns- Roger Mfg Co.* 13 F. Supp 697, 29 USPQ 400 (D. Colo. 1935) , *Chester Field v United States* 47 141 Ct. Cl. 838, 159 F. Supp 371, 116 USPQ 445 (1958), *Finney v United States* 49 178 USPQ 235 (Ct.Cl.Trial Div. 1973), *Douglas v United States*, 181 USPQ 170 (Ct.Cl., Trial Dvn. 1974), *Pitcairn v United States*, 54 547 F.2d 1106, 192 USPQ 612 (Ct. Cl. 1976) were experimental use was claimed as a defence the court carefully tried to fix it within the parameters of justice story's philosophical experiment and in many cases have failed to appreciate the genuine interests of the science.

- 17 This restrictive approach of the US judiciary was so designated by Katherine J. Strandburg in her article: Strandburg, K. J. (2004) 'What Does the Public Get? Experimental Use and the Patent Bargain', *Wisconsin Law Review*, 81. [online]. Available at [http://works.bepress.com/katherine\\_strandburg/4](http://works.bepress.com/katherine_strandburg/4), 23 [Accessed on December 2010].
- 18 *Roche products, Inc.v Bolar Pharmaceutical Co., Inc.* 221 USPQ 937 (Fed.Cir. 1984).
- 19 *Pitcairn v United States*, 547 F.2d 1106, 1125-26 (Fed. Cir. 1977).
- 20 Miller, J. (2003) 'Sealing the Coffin of the Experimental Use Exception', *Duke L. & Tech. Rev.*, 12 (1), 37.

placing products on the market immediately following the expiry of relevant patents as they were unable to gain prior authorisation to do so from the regulatory authorities: extending the effective protection conferred by a patent beyond its expiry date. But the US was very much alert about the negative impact of this restricted approach and it abruptly rectified the scenario by quick legislative intervention.<sup>21</sup>

In the UK it was quite perplexing that while the common law established in 1878 took an unreserved attitude to experimental use by allowing experiments even for improvements and made an intelligible balance between actual and potential economic exploitation,<sup>22</sup> when it was transcribed into the statute, legislature took a much constricted approach. The term ‘experimental’ appeared in the US law was introduced as such in the UK Patent Act of 1907<sup>23</sup> and in the later enactment of 1977 it was further qualified by confining experiments to the subject matter of the invention.<sup>24</sup> This was of course turned out from the influence of the Community Patent Convention.<sup>25</sup> It reflects prior

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<sup>21</sup> The US enacted the “Hatch-Waxman Act” (Drug Price Competition and Patent Term Restoration Act of 1984), which, *inter alia*, added the regulatory review defence as section 271(1)(e) to the Patent Act. The law states that, “It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention...solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs...”

<sup>22</sup> *Frearson v Loe* (1876) 9 ChD 48.

<sup>23</sup> Section 25 (o) of the Patent and Design Act, 1907: “Prior to the date of patent, invention was secretly worked on a commercial scale and not merely by way of reasonable trial or experiment in United Kingdom by the patentee or others, not being government departments or the agents ....shall not be considered as a ground for revocation”.

<sup>24</sup> As per section 60 (5) (b) it is not an infringement if “it is done for experimental purposes relating to the subject matter of the invention”.

<sup>25</sup> In 1975, the then-members of the European Economic Community concluded the Community Patent Convention (CPC) as a multilateral treaty. The CPC was subsequently revised and renumbered in 1989. Article 27 of CPC 1989 (Article

experience under European national patent laws<sup>26</sup> that avoided treating as infringement uses that did not have significant economic effects (private and non-commercial uses) as well as scientific experiments (even if done commercially).<sup>27</sup> Apart from the UK, a majority of the European countries followed the suit.<sup>28</sup> At a single glance, the legislative loom appeared to be quite conical towards experimental use.

This legislative conservatism was reinforced and upheld by the judiciary in the subsequent days. The UK Court of Appeal was the first senior European court to define the meaning of “experimental

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31 of CPC 1975), addressed the “Limitation of the effects of the Community patent.” It provided that

“[t]he rights conferred by a Community patent shall not extend to:

- (a) Acts done privately and for non-commercial purposes;
- (b) Acts done for experimental purposes relating to the subject-matter of the patented invention....”

- 26 Countries like Sweden and Norway was having a similar provision as early as 1967 itself.
- 27 It thus coincides with Justice Story’s initial formulation excluding both scientific experimentation and uses that did not deprive patent holders of commercial rewards to which patent holders were legally entitled. However, the European exceptions are more generous to experimenters, given the broad construction of “use for profit” under the US Patent law, and neither early European case law nor the CPC explicitly drew from the US Patent Law when adopting these judicial exclusions.
- 28 Iceland Patent Act, (1991): Section 3 (3) “use of the invention for experiments which relate to the invention itself”; Patent Act 1967 Norway Section 3 (3) “exploitation by experiment relating to the subject matter of the invention”; Belgium Patent Law, 1987 - Article 28 (1) (b) “Acts done for experimental purposes relating to the subject matter of the patented invention”; Swedish Patent Act of 1967- Section 3 (3) use of the invention for experiments which relate to the invention itself. However countries like Mexico inspite of their membership in European Union was having a different perspective. Mexico intellectual property Consolidation Bill, (1991); Article 22. “The right conferred by a patent shall not have any effect against: I. a third party who, in the private or academic sphere and for non-commercial purposes, engages in scientific or technological research Activities for purely experimental, testing or teaching purposes, and to that end manufactures or uses a product or a process identical to the one patented”.

purposes.”<sup>29</sup> In *Monsanto v. Stauffer*<sup>30</sup>, Dillon L.J. held that the words “experimental purposes” were to be given their ordinary meaning, and that therefore acts “carried out in order to discover something unknown or to test a hypothesis or even in order to find out whether something which is known to work in specific conditions will work in different conditions can fairly be regarded as experiments. But trials carried out in order to demonstrate to a third party that a product works or, in order to amass information to satisfy a third party, whether a customer or a regulatory body that the product works as its maker claims are not to be regarded as acts done ‘for experimental purposes.’”<sup>31</sup> It follows from this that an act is an experiment if it seeks to generate genuinely new information. It is clear that the scope of the exemption is currently interpreted narrowly: experiments that are performed to further scientific knowledge and discover 'something new' can be exempted from being classed as an infringing act, in so far as the experiments performed have a 'direct' connection with the invention described in the patent. However, experiments performed purely for gaining regulatory approval, such as field trials or clinical trials, might not be considered to be exempt from being classed as an infringing act in the UK at present. Thus a century old judicial dicta was reiterated without appreciating the changed perceptions of experimental use hauled up by the biotechnology and pharmaceutical industry.

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29 Available at <http://www.jenkins-ip.com/patlaw/index.htm>, [Accessed on 22 December 2010].

30 *Monsanto Co. v Stauffer Chemical Co.* [1985] RPC 515; See also, Phorley.S., Miller.R, Durkill.G and Virss.C. (2000) *Terrell on the Law of Patents*, 15<sup>th</sup> edition, Sweet & Maxwell, London, p 8.69. In the case in question, Stauffer wished to undertake field trials using a herbicide that was known to infringe a patent held by Monsanto in order to obtain regulatory clearance for this product.

31 [1985] RPC 542. Given what was already known about the allegedly infringing Glyphosate herbicide, the Court of Appeal upheld an injunction prohibiting planned uses of the Glyphosate herbicide to be conducted on third-party farms.



Other national courts have followed *Monsanto*'s interpretive approach. Specifically, the definition of "experimental purposes" adopted in *Monsanto* is generally agreed upon throughout Europe. For example, in Germany the Federal Court of Justice (BGH) employed a similar definition in its "Ethofumesat"<sup>32</sup> decision. In that decision, the BGH clearly stated that experiments or "trials" with a protected subject matter like a pharmaceutical would only be permitted insofar as such experiments were directed to the substance itself. For example, experiments were permitted in order to get more information regarding the substance's inherent properties and to determine whether the substance could be manufactured at all, whether it was sufficiently pure, or whether it had the properties of the protected pharmaceutical. Clinical trials, however, were considered as being of a different nature and were not permitted.<sup>33</sup> Similarly in New Zealand in *Monsanto Company v Stauffer Chemical Company*,<sup>34</sup> which concerned field trials of an herbicide, in the light of *Frearson v Loe*<sup>35</sup> court held that the defendant's use of the patented compound in field trials in New Zealand "had gone well past the demarcation line of permitted experimental use." Thus an ordinary literal meaning of the term without appreciating the changed technological scenario continued as such. The courts and legislature

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32 *Federal Supreme Court 1990 GRUR 997 = 1991 IIC 541*. For a discussion of the case read, Goddar, H. (2002) 'The Experimental Use Exception: A European Perspective', CASRIP Symposium Publication Series, [online]. Available at <http://www.law.washington.edu/casrip/Symposium/Number7/1-Goddar.pdf> [Accessed on July 2010].

33 But in this case it was the validity of clinical trials being conducted prior to the expiry of the patent. Clinical trials, however, were considered as being of a different nature and were not permitted. Accordingly, it was not possible to obtain approval for marketing a patented pharmaceutical in Germany immediately after expiration of a third party's patent. Instead, the necessary governmental approval would have to be obtained after expiration of the patent.

34 (1984) 1 *TCLR* 129.

35 (1876) 9 *ChD* 48.

appeared to be very cautious in maintaining the balance of intellectual property pendulum. And the pendulum maintained an uneven balance flouting the desires of the emerging technologies.

The phrase “relating to the subject-matter of the patented invention” obviously intended to qualify the preceding expression “acts done for experimental purposes” made this posture more transparent. By narrowing the category of experimental purposes to those that relate to the subject-matter of the patented invention, the CPC and its associated legislations reflects the intent that experiments must be intended to develop information on the used invention itself. This would exclude experiments where the patented inventions are used *solely* as a research tool to investigate other things, such as use of a microscope to investigate bacteria, or are used *solely* to obtain a regulatory marketing approval. The legislative history of CPC, in particular the memorandum on the Convention, makes this clear, creating a distinction between experiments “on” a patented invention from experiments “with” the invention.<sup>36</sup> Judiciary refined the concept more transparently in *Smith Kline & French Laboratories Ltd. v. Evans Medical Ltd*<sup>37</sup> where the phrase “relating to the subject-matter of the patented invention” was interpreted as relating to the claimed subject matter of the patent in suit in the sense of having a real and direct connection with that subject matter.

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36 The memorandum comments on Art. 31 (b) CPC 1975 (Art. 27 (b) CPC (1989) that all of the exceptions of Art. 31 CPC 1975 should be applied restrictively, and: “As is likely the case with most national patent laws, Article 31 (b) permits use of the invention protected by a community patent for experimental purposes, e.g. in order to test usability and possibilities for enhancements. The chosen wording is intended to make it clear that the experiment itself must relate to the protected invention; i.e. use of the protected invention within the scope of an experiment that relates to a different subject-matter shall not be permitted.” Memorandum is available at:

37 [1989] FSR 513.

Even outside Europe, as early as in 1971, in *Microchemicals Ltd v Smith Kline and French Inter-American Ltd*<sup>38</sup> the Canadian supreme Court citing the English case of *Frearson v Loe*<sup>39</sup> held that experiments conducted for “the purpose of satisfying itself that it could satisfactorily produce the product on a commercial basis by the use of the patented process” is a valid patent infringement defence.<sup>40</sup> This progressive attitude taken by Judiciary at such an early stage was the cumulative effect of the challenges faced from the Canadian pharmaceutical industry and consequent public health crisis existed in Canada at that point of time. This judicial insight was accepted by legislature without any hesitation.<sup>41</sup> In Canada, neither the use of a patented product or process to obtain information to be used for a regulatory approval process, nor the use, manufacture or sale of a patented product or process solely for

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38 (1971) 2 C.P.R. (2d) 193, 25 D.L.R. (3d) 79, [1972] S.C.R. 506.

39 (1876) 9 ChD 48.

40 The small amount of product so manufactured was bottled and never entered into commerce. At first instance this Activity was held not excepted but on appeal the Supreme Court of Canada, held: “The use Micro Chemicals was making of the patented substance here was not for profit but to establish the fact that it could manufacture a quality product in accordance with the specifications disclosed in respondent’s application patent 612204. Walsh J found that Micro Chemicals experiments constituted a technical infringement as they were not carried out for the purpose of improving the process but to enable Micro to produce it commercially as soon as the license that it had applied for could be obtained. I cannot see that this sort of experimentation and preparation is an infringement”.

41 Canada Patent Act (1985), Section 55.2.- (1) It is not an infringement of a patent for any person to make, construct, use or sell the patented invention solely for uses reasonably related to the development and submission of information required under any law of Canada, a province or a country other than Canada that regulates the manufacture, construction, use or sale of any product; (2) It is not an infringement of a patent for any person who makes, constructs, uses or sells a patented invention in accordance with subsection (1) to make, construct or use the invention, during the applicable period provided for by the regulations, for the manufacture and storage of articles intended for sale after the date on which the term of the patent expires.

the purpose of experimental or testing activity prior to finalization of a commercial product for manufacture, promotion or sale is an infringing use. The Canadian exemption appears to be too broad and solely bigoted towards research and science utterly ignoring the aspirations of patentee.<sup>42</sup>

Thus it is quite clear that when legislations use the expression ‘experiment’ or ‘experimental purposes’, they definitely have a narrow research policy. They are very cautious while opening the safety outlet of the patent system, that otherwise it will completely shake the system. This cautiousness is very evident when certain legislations like that of Kenya<sup>43</sup> expressly bar scientific research from the scope of experimental use. And when legislations again qualify it by more narrow terms, it is matter of real concern. But in course of time this rigidity was shattered out by broadening the nature of permissible experimental uses. For example in Germany in “Clinical Trials” held that any systematic procedure aimed at obtaining new information is considered an experiment within the meaning of Article 27 (b) CPC 1989, and thus of German Patents Act.<sup>44</sup> In New Zealand also a similar approach was taken in the decision of *Smith Kline & French Laboratories v Attorney General*<sup>45</sup>, where the court, referring to *Frearson v Loe*<sup>46</sup>, accepted the

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42 This provision has raised much controversy, resulting in WTO panel dispute, which will be analyzed in the next chapter.

43 Patent Act of Kenya (1989), S.38.- (1) : “The rights under the patent shall extend only to Acts done for industrial or commercial purposes and in particular not to Acts done for scientific research”.

44 But in *Clinical Trials I*, published in July 1995, the BGH stated that the experimental privilege allows one, during the lifetime of a patent, to conduct trials directed toward obtaining data for approval of a pharmaceutical for a second, not-yet patented indication of a protected pharmaceutical.

45 *Smith Kline & French Laboratories Ltd v Attorney-General (NZ) [1991] 2 NZLR 560*.

46 (1876) 9 ChD 48.

existence of an experimental use defence for even improvements with ultimate commercial motive.<sup>47</sup> Thus standing on the same fundamental etiquettes of law, a progressive approach developed very shortly.

But when countries use the term research and scientific use they definitely are having a broad attitude. Japan is the best example for this approach. Under Japanese Patent law, Section 69.1 provides that patent rights shall not extend into experimental research. This provision was first introduced in 1909 and has remained valid since then. It is clear why Japan employed the statutory exception relatively early compared to other countries. At that time, Japan was still a developing country. Reverse engineering was needed in all fields of technology. The experimental use exception was recognized explicitly so that people could develop new technology.<sup>48</sup> The incredible technological development achieved by Japan within a short span of time was a clear evidence of efficacy of this tactic. The patent statutes of Brazil,<sup>49</sup> China,<sup>50</sup> Ghana,<sup>51</sup> Kenya,<sup>52</sup> Poland,<sup>53</sup> Republic of Korea,<sup>54</sup> United

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47 The court held: “Doubtless experimentation will usually have an ultimate commercial objective; where it ends and infringement begins must often be a matter of degree. If the person concerned keeps his Activities to himself even though commercial advantage may be his final goal, he does not infringe. But if he goes beyond that, and uses the invention in a way that serves to advance him in the Actual market place, then he infringes, for the marketplace is the sole preserve of the patentee”. *Smith Kline & French Laboratories Ltd v Attorney-General (NZ)* [1991] 2 NZLR 560, 566.

48 Tamai, K. (2010) ‘The Experimental Use Exception: A Japanese Perspective’, [online]. Available at [www.law.washington.edu/casrip/symposium/Number7/1-Tamai.pdf](http://www.law.washington.edu/casrip/symposium/Number7/1-Tamai.pdf), [Accessed on June 2010].

49 Patent Act of Brazil (1985).

50 Patent Act of China (1992), S. 5 - “Use of the patent in question solely for the purposes of scientific research and experimentation”.

51 Patent Act of Ghana (1992), S. 30 - The rights under the patent shall— (a) extend only to acts done for industrial and commercial purposes and in particular not to Acts done for scientific research.

Republic of Tanzania,<sup>55</sup> Thailand,<sup>56</sup> etc are having this broad approach. Indian law also uses the expression ‘experiment or research’ connoting a wider ramification.<sup>57</sup> The Bangui Agreement establishing the African Industrial Property Organization (OAPI) provides that “the rights deriving from the patent shall not extend to acts in relation to a patented invention that are carried out for experimental purposes in the course of scientific and technical research.”<sup>58</sup> It appears that this attitude is more common in developing countries than developed ones. In the absence of any further qualifying language, the language contained in these legal instruments would provide a safe harbor against patent infringement for practically all scientific and technological research activities.

### 4.3 Conclusion

The above analysis of experimental use provisions across the countries points out the wide diversity on the nature of the permissible activities and at the same time the far-reaching uncertainty as to the

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52 Patent Act of Kenya (1989), S.38 - (1) The rights under the patent shall extend only to acts done for industrial or commercial purposes and in particular not to Acts done for scientific research.

53 Patent Act of Poland (1972), Art. 16 (8) - The use of an invention for scientific purposes shall not be considered an infringement of a patent.

54 Patent Act of Republic of Korea (1961), S.25 (1) - The effects of the patent right shall not extend to the following: (i) working of the patented invention for the purpose of research or experiment.

55 Patent Act of Tanzania (1987), S.37- (1) - The rights under the patent shall extend only to acts done for industrial or commercial purposes and in particular not to Acts done for scientific research.

56 Patent Act of Thailand (1979), S.36 (1) - patent right shall not relate to any act for the purpose of study, research, experimentation or analysis, provided that it does not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner.

57 Patent Act of India (1970), S. 47 (3).

58 See Bangui Agreement establishing the African Industrial Property Organization (OAPI) [online]. Available at [www.wipo.int/wipolex/en/other\\_treaties/details.jsp?treaty\\_id=227](http://www.wipo.int/wipolex/en/other_treaties/details.jsp?treaty_id=227), [Accessed on May 2010].

scope and extent of these permissible limitations. For example while in *Monsanto's* decision the UK and New Zealand arrived at similar opinion, subsequently in conflicting decisions. While the US is very emphatic on de-minimus use and commercial and non commercial objective, the UK took a liberal view by allowing improvements on the invention and also upholds a potential economic exploitation. Positions in Germany and New Zealand are relatively absurd as a result of conflicting judicial opinions. The enactment of Hatch Waxman Act in the US, validating clinical trials in Germany, introduction of regulatory review in Canada as early as in 1971, attempt of Japan to legitimize reverse engineering etc., are also the finest instances of exercise of domestic sovereignty by nations to secure their in-house needs. As we have stated earlier it was the period of maximum flexibility with minimum of international commitments. But this position created much chaos and confusion in the arena of global village. While clinical trials and regulatory review uses are legal in some jurisdictions, others consider them as patent infringements. Thus an international consensus and compromise is lacking. It has been suggested that lack of certainty about an experimental use exemption deters research in areas that are the subject of existing patents. This may not only inhibit research in domestic countries, it may also encourage business and researchers to move their research and development offshore to jurisdictions with more favorable experimental use exemptions. This could potentially result in a loss of research investment and employment opportunities in concerned countries. So an international standard retaining the flexibility of the countries to satisfy their domestic requirements is the need of the time. For example a limited experimental use privilege may best encourage technological advancement by rewarding successful researchers with patent rights that are not easily circumvented. However, the

circumscribed nature of the experimental use privilege may in effect restrict researcher access to state-of-the-art technologies and thus discourage further technological development. It is really a matter of concern that which among this approach will best serve the patent system and contemporary scientific research community. The ideal balance between the potential effects of an experimental-use exemption on the pace of follow-on innovation and the effects on the incentives of primary inventors is also unclear.

This diversity, uncertainty and ambiguity does not prevail on 'research use' alone but on all limitations appended to patent monopoly. However all countries are unique on the nature of private and non-commercial use exempting it from patent infringement based on the deminimus rule. But even then, while some countries excepts all private uses, others qualifies it by commercial objective and some does not have an express private use exception but only an all embracing commercial and industrial use prohibition.<sup>59</sup> On the 'foreign vessel' exception also the countries lack concurrence and harmony inspite of its origin from a common international document. It is really a matter of international concern that inspite of the recognition and realization of the significance of global trade and movement of goods, some countries do not have such a provision. Even in countries having a legislative provision there exist

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59 For example Article 38 of Albanian Patent law exempts Acts performed privately, not for commercial purposes from the scope of infringement. Similarly Section 60 (5) (a) of the 1977 UK Patents Act, provides that "an Act which, apart from this subsection, would constitute an infringement of a patent for an invention shall not do so if it is done privately and for purposes which are not commercial". However patent laws of Canada, Angola, and Bangladesh etc simply uses the expression 'personal use'. The commercial nature of use is irrelevant there. Nigeria has a similar provision; the rights under a patent shall extend only to Acts done for industrial or commercial purposes. Virtually identical approaches are seen in Ghana (Section 30 (a)), Kenya (Section 58 (1)) and Sri Lanka (Section 82 (1)).



wide diversity as to its nature and scope. For example while some countries like Canada, Ghana and China allows the use of the patented product for any needs of the foreign vehicle in transit, others like Belgium, India and the UK incorporates specific exceptions for the construction of the vehicle or use in any device of that vehicle. Thus even on a matter of international apprehension the countries exhibits much confusion.

It is also a notable fact that most of these pre-TRIPS patent legislations were not having well articulated provisions on parallel importing, regulatory review exception and exception for pharmaceutical preparations. A classic example is Indian patent law, which incorporated the parallel importing and Bolar provisions in the post TRIPS era. This absence of a limitation in an earlier period and the subsequent recognition of such a limitation at a later period is a typical instance of framing limitations to meet the changed exigencies of public interest. The elevated standards of protection set by TRIPS agreement together with rise of multinational pharma industries added by the worldwide public health crisis may urged the patent laws across the countries to frame limitations and exceptions to meet the changed circumstances. In India for example, when the TRIPS agreement insisted the recognition of product patent, we eagerly incorporated provisions for Bolar use and parallel importing.

However some kind of uniformity and regularity was running in between these diversities and discrepancies. All the jurisdictions were unique in safeguarding the rights of the patentee ensuring the larger public interest. But depending upon the social, economic and political priorities the countries exercised their sovereign discretion while balancing these competing interests. While economically and

technologically developed countries took a restrictive attitude towards user rights, developing ones in their eagerness to acquire technology and capital took a liberal attitude. Thus the origin of diversity owes to the domestic imperativeness and arises at the moment of this balancing mechanism. What might be a sound policy for the US may not be suitable for a developing country like India. Another common thread running in between the countries is that all legislations while allowing free user rights were cautious to protect the legitimate interests of the right holder. Here also the diversity arises on the magnitude of importance attached to the infringing factors. For example, while the US is against both actual and potential economic infringement of patent rights; the UK, Germany, New Zealand etc., does not matter the potential infringement. And lastly we can see that all the countries limits the user rights to certain special cases and not to all legitimate or non commercial activities. Thus domestic exigencies played a very important role in framing the limitations and exceptions. It may be safe to conclude that the legal and judicial panorama in the Paris and post-Paris era was thus a splendid harmony of diversities. Each unique set of limitations was a reflection of the cherished social, economic, political and philosophical ideologies of the states.

## LIMITATIONS AND EXCEPTIONS TO COPYRIGHT : PRE BERNE SCENARIO

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<b>Contents</b>	<b>5.1 Evolution of Limitations to Copyright</b>
	<b>5.2 Conclusion</b>

Evolution of limitations appended to copyright monopoly was also designed to serve some vested and solid social, economic and political aspirations of the contemporary sovereign heads. Consequently it was really interesting that the scope and span of these innate and instinct attributes underwent gradual and enduring changes with the changing aspirations of the sovereign. Comparable to the limitations pinned to the patent monopolies the copyright limitations also varied among the territories depending on their level of economic and political developments. Even though, sometimes the patent and printing privileges were issued under one royal decree or even governed by the same regulation, the limitations affixed to the rights were different and of course was tuned to serve distinct purposes. Thus similar to the patent limitations the copyright limitations also remained the brawny and muscular tool in the armory of sovereign for attainment of the perceived goals. In this chapter an attempt is made to explore the evolution of limitations to copyright focusing on the notion of public interest it is serving especially in the pre-Berne scenario where the countries enjoyed the maximum flexibility.

## 5.1 Evolution of Limitations to Copyright

Even though the birth of copyright as a legal and technical phenomenon owes to the invention of printing,<sup>1</sup> the philosophical and pragmatic tenets of the concept originated much prior to it. The noble task of knowledge and literature in the personal and social life of individual was recognized even before the classical era. Even Quran, Geeta and Bible the earliest known literary works in human history acknowledges the importance of knowledge and the role of knowledge in the progress of civilization. Thus literature was solely related to religion and knowledge was considered as divine. The individualistic and commercial nature of knowledge was ignored and knowledge was considered as a public good and its noble function of enlightenment and development was acknowledged. This establishes the fact that the first principle of copyright law was always the advancement of learning and progress of science rather than rewarding and remunerating the author.<sup>2</sup> An exploration into the history of literature, science and education in the ancient, medieval and early modern period also authenticates it.

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1 Garnett, K., James, R. J. and Davies, G. (1999) *Copinger and Scone James on Copyright*, 14th edition, Sweet and Maxwell, London, p.32. Before the invention of printing, there was little practical need for legal protection of authors against the copying of their works. To start with, bulk of the population was illiterate and had no use for their books. Moreover the copying of manuscripts was a painstaking and time consuming occupation mainly done by monks and limited to the copying of religious works for religious orders and royal courts of Europe. The possibility of printing multiple copies of books cheaply resulted in a new market for books for a public which had not previously had access to the manuscripts which, in the past, had been available only to the most privileged member of the society.

2 It should be remembered that this religious influence on literature continued even after renaissance and reformation. Even in seventeenth century, we can see the printing privileges in the UK, the US, Germany, and France was solely related to religious teachings.

The concept of nobility and divinity of knowledge continued in the ancient period also.<sup>3</sup> Knowledge and literature was considered as public domain goods and as the property of the King and nation and the rulers were privileged to acquire and admire literature and art. Christopher May and Susan K Sell corroborates this by pointing out the instance of Sophists of ancient Greece, who considered their freelance teaching activities and their content free from any form of ownership.<sup>4</sup> The authors or the holders of knowledge received rich patronage from the rulers<sup>5</sup> and the King accumulated the knowledge for the good of the nation. Every novel literary and artistic excellence was viewed as an offering to the monarch and as the property of the nation. But the class and caste system reigning in the contemporary society confined the enjoyment and learning to certain privileged section of the society.<sup>6</sup> However it was not the economic interest that the knowledge holders enjoyed at that time, on the other hand they enjoyed a superior position in the social strata and knowledge was never considered as a commodity for sale in the market. Thus apart from the social stratification, literary and artistic creation was considered as the most resourceful and potent weapon of the sovereign for the larger social and political development and was made available to the subjects for their social, ethical and moral well being. This concern for knowledge, literature and education as instruments of social and individual elevation is acknowledgeable from

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3 Very early examples of this literature are: Indian Sruthis, Vedas and epics; Egyptian Book of Dead, Epic of Gilgamesh of Sumer, The New Testament And City Of God in Latin and Roman literature etc. for details see history of literature available at - [http://en.wikipedia.org/wiki/History\\_of\\_literature](http://en.wikipedia.org/wiki/History_of_literature)

4 May, C. and Sell, S.K. (2005) *Intellectual Property Rights: A Critical History*, Lynne Reinner Publishers, London, p.45.

5 The Mauryan and Gupta dynasties in India are a classic example for this. Their court was adorned with poets, artists and scholars from all fields.

6 Prager, F. (1944) 'A History of Intellectual Property from 1545 to 1789', *J Pat. Off. Soc.*, 26 (6), 711.

the existence of mammoth educational institutions<sup>7</sup> and colossal libraries<sup>8</sup> of the ancient period.

In the medieval era also the influence of religion on literature continued as before.<sup>9</sup> However secular works also began to sprang up.<sup>10</sup> During this period also the romantic authorship was not acknowledged and consequently the need for a safety outlet to the monopoly was hardly felt. Any literary and artistic creativity was solely the property of the nation or the sovereign and apart from the religious and caste or class

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7 Nalanda, Takshashila University, Ujjain, & Vikramshila Universities in India is classical example. For a detailed study see: [http://en.wikipedia.org/wiki/History\\_of\\_education#cite\\_ref-17](http://en.wikipedia.org/wiki/History_of_education#cite_ref-17) [Accessed on August 2010].

8 The libraries of Ugarit (in modern Syria), c. 1200 BC, Library of Ashurbanipal, 7th century BC, in Nineveh (near modern Mosul, Iraq), The Library of Pergamum at Pergamum (in what is now Turkey), also in the 3rd century BC, , fl. 3rd century BC (c. 295 BC) are good examples for this. Private libraries of Ancient Rome were also considerable: Roman aristocracy saw the library as a point of prestige and many of these were transferred to the monasteries of the medieval years. The great seats of learning in ancient India, namely Takshasila, Nalanda, Vikramshila, Kanchipuram and other universities, also maintained vast libraries of palm leaf manuscripts on various subjects, ranging from theology to astronomy. See for details: [http://en.wikipedia.org/w/index.php?title=Great\\_libraries\\_of\\_the\\_ancient\\_world&redirect=no](http://en.wikipedia.org/w/index.php?title=Great_libraries_of_the_ancient_world&redirect=no) [Accessed on August 2010].

9 Theological works were the dominant form of literature typically found in libraries during the Middle Ages. Catholic clerics were the intellectual center of society in the Middle Ages, and it is their literature that was produced in the greatest quantity.

10 Secular literature in this period was not produced in equal quantity as religious literature, but much has survived and we possess today a rich corpus. The subject of "courtly love" became important in the 11th century, especially in the Romance languages (in the French, Spanish, Provençal, Galician-Portuguese and Catalan languages, most notably) and Greek, where the traveling singers—troubadours—made a living from their songs. Political poetry was written also, especially towards the end of this period, and the goliardic form saw use by secular writers as well as clerics. Travel literature was highly popular in the Middle Ages, as fantastic accounts of far-off lands (frequently embellished or entirely false) entertained a society that, in most cases, limited people to the area in which they were born. (But note the importance of pilgrimages, especially to Santiago de Compostela, in medieval times, also witnessed by the prominence of Geoffrey Chaucer's *Canterbury Tales*.) See for details: [http://en.wikipedia.org/wiki/Medieval\\_literature](http://en.wikipedia.org/wiki/Medieval_literature) [Accessed on August 2010].

principles there was no restriction on access to information.<sup>11</sup> However with the invention of printing press the aristocratic and theological nature of knowledge and literature was crashed out. It was not the result of a deliberate public policy measure of the sovereign to make knowledge easily and affordably access to the public, but an unintended and unforeseen product of the new technology. Any way this period immediately following the invention of printing press was the golden era in the history of book trade from the public interest perspective.<sup>12</sup> The position was not different in France, Britain, Italy or Germany.<sup>13</sup>

In this early hours of printing privileges, the major issue to be addressed was the religious adulteration faced by clergy, political destabilization on the King and finally the complex economic insecurity caused to the printers and publishers.<sup>14</sup> So deliberately the printing

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11 See: Kostylo, J. (2008) 'Commentary on Johannes of Speyer's Venetian monopoly (1469)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

12 Eisenstein, E. (1979) *The Printing Press as an Agent of Change: Communications and Cultural Transformation in Early Modern Europe*, Cambridge University Press, London; H. J. Chaytor, (1945) *From Script to Print: an Introduction to Medieval Literature*, Cambridge University Press, London, pp.115-37; Febvre, L. and Martin, H.J.(1976) *The Coming of the Book: The Impact of printing, 1450-1800*, New Left Books, London. These books are available at [books.google.com](http://books.google.com).

13 For a detailed study on history of copyright, see: [www.copyrighthistory.org](http://www.copyrighthistory.org). [Accessed on June 2010]

14 See: Kostylo, J. (2008) 'Commentary on Johannes of Speyer's Venetian monopoly (1469)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [ Accessed on June 2010].; Kawohl, F. (2008) 'Commentary on the privilege granted by the Bishop of Würzburg (1479)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [ Accessed on June 2010] and Deazley, R. (2008) 'Commentary on Henrician Proclamation 1538', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [ Accessed on June 2010]; Rideau, F. (2008) 'Commentary on Eloy d'Amerval's privilege (1507)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [online]. [Accessed on June 2010]; Kawohl, F. (2008) 'Commentary on the privilege granted by the Bishop of

privileges came with sharp tools to address these issues. These tools were the primary instances of intrinsic mechanisms designed by copyright law to achieve the goals of the system. Though these mechanisms remained much primordial, it laid the platform and pedestal for the future refined set of limitations and exceptions within the copyright system.

The first known printing privilege in history was the privilege granted to Johannes of Speyer's<sup>15</sup> issued by the Italian government in 1469. It was an exclusive right to print the epistles of Cicero and Pliny for a period of five years within the territory of Venice. Thus even in the very first known instance of a privilege, the monopoly was limited both in time and geographical extent. It is really questionable that at the time of imposing this limited monopoly the authorities were aware of the potential impact of an uncontrolled monopoly. Answer to the question is in affirmative. The uncontrolled printing era which immediately preceded the establishment of print technology had logistically and rationally established the adverse impacts of the free trade regime. Since then onwards this limitation on duration and extent remained a typical feature of the copyright system. The privilege granted by the Imperial

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Würzburg (1479)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

15 On 18 September 1469, a German inventor master Johannes of Speyer began printing books in Venice, and received a privilege to publish the letters of Tullio [Cicero], and Pliny", Marino Sanudo recorded in his *Vite dei dogi*. It seems that the diligent Venetian diarist, leafing through the acts of the register of the Venetian Collegio, thought it important to bring to the attention of his readers the record of a five year monopoly awarded to a German immigrant from Mainz, Johannes of Spyer (d. 1469), for printing in Venice. See Kostylo, J. (2008) 'Commentary on Johannes of Speyer's Venetian monopoly (1469)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].



Senate of Germany to Sodalitas Celtica,<sup>16</sup> Prince-Bishop of Wurzburg,<sup>17</sup> Arnold Schlick,<sup>18</sup> Albrecht Durer<sup>19</sup> and Eucharius Rösslin<sup>20</sup> also displayed the same limitations. All those privileges were for a period of ten years and their application were limited to certain definite areas even within the territory of Germany.

However in contemporary France the situation was different. There the printing privileges were granted as an economic right considering the inventive effort of the author.<sup>21</sup> The privileges were exercised without any control till the French Censorship Act of 1547.<sup>22</sup> Since then they established a regime of pre-publication censorship and permissions. The subsequent privileges therefore resembled Italian or German model with

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16 Imperial Senate privilege to the Sodalitas Celtica (1501), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

17 Privilege of the Prince-Bishop of Würzburg (1479), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

18 Imperial Privilege for Arnolt Schlick (1511), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org). [ Accessed on June 2010]

19 Imperial Privilege for Albrecht Dürer (1511), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org). [ Accessed on June 2010]

20 Imperial privilege for Eucharius Rösslin (1513), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [ Accessed on June 2010]

21 Eloy d'Amerval's privilege (1507), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org). [ Accessed on June 2010]

22 Rideau, F. (2008) 'Commentary on Galliot Du Pré's privilege (1515)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [ Accessed on 7 June 2010].

limitations on duration and extent in addition to the censorships and imperial sanctions.<sup>23</sup>

The British history of printing privileges for a period of two centuries preceding the enactment of statute of Anne should be considered as the stage setter of the modern copyright system. All the fundamental principles of copyright law got a concrete footing here. During this period we can see a continuous attempt of authorities to balance and rationalize the conflicting and ever changing perceptions of public interest, with that of individualistic and commercial interests of the copyright system. Apart from the limitations on duration and extent, the requirement of library deposit and compulsory licensing the golden principles of limitation to copyright for ensuring access and flow of information got a solid footing in this adhoc privilege system. Within a short span after the establishment of the printers a strong economic, religious and political control was established on printing privileges. *Magna Carta* may have guaranteed freedom of trade to all merchants within the realm, but it was nevertheless accepted that, so long as the Crown was acting in the general public good, then it had the power, as part of the prerogative, to grant privileges promoting economic and industrial development by restricting competition. By the Trade Acts of 1484, 1513 and 1531 a strong economic control was exercised on the books by regulating the nature of the books to be printed and quantity to be printed.<sup>24</sup> By the *Act of Supremacy* which established Henry's authority as Head of the Church of England, as well as by the *Treason*

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23 Rideau, F. (2010) 'Commentary on the French Censorship Act of 1547', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

24 Deazley, R. (2008) 'Commentary on early Tudor printing privileges 1553', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

Act<sup>25</sup> a strong religious and political control was exercised on the contents of printing. So the concepts of free flow of information or access to knowledge and even the notions of creativity was absent at this point in time. The restrictions to the monopoly were addressed to the contemporarily social and political crisis. Thus even though the privileges were regulated it was not for the sake of public interest but for the achievement of certain vested interest of the rulers. However it should be emphasized that individual monopoly never remained uncontrolled and was tuned to the larger interests of the society inspite of the democratic or representative nature of those interests.

This disgraceful status of knowledge and literature continued till the expiry of the Licensing Act in 1662.<sup>26</sup> Printing was always under the

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25 It provided that anyone who might "slanderosly and maliciously publish and pronounce, by express writing or words, that the King our Sovereign Lord should be Heretick, Schismatick, Tyrant, Infidel, or Usurper of the Crown" was to be adjudged a traitor, guilty of high treason, and subject to pain of death". See for details: Deazley, R. (2008) 'Commentary on early Tudor printing privileges 1553', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online] Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [ Accessed on June 2010].

26 When Henry VIII (1491-1547) began to grant privileges concerning the right to print and publish certain types of books, he did so under the aegis of the royal prerogative, through which he also sought to regulate and administer national economic policy and trade. In 1557 Queen Mary granted a Royal Charter providing the Company of Stationers with corporate legal status within the City of London, and conferring on them exclusive control over printing within England. The grant of the Charter by Mary is often understood as the point at which the monarchy established an effective regulatory institution to control and censure the press, in the guise of the Stationers' Company, in exchange for an absolute monopoly over the production of printed works. During Elizabeth's (1533-1603) reign the consistent use of these privileges took on the shape of strategic national policy, while the privileges themselves took on the character of monopolistic grants. During Elizabeth's reign, parliament passed no less than eleven statutes concerning treason and sedition, statutes that included committing such offences in print. In 1581, for example, parliament mandated the death penalty for anyone guilty of devising, writing, printing, or setting forth any work "containing any false, seditious, and slanderous matter to the defamation of the Queens' Majesty, that now is, or to the incouraging, stirring or moving of any insurrection or rebellion". In addition to these treason statutes, Elizabeth also issued eleven separate royal proclamations concerning works she considered to be seditious, heretical or libellous in some regard; the majority of texts actually censored in

control of the Crown, and it remained a fact that the published books continued to be religious works.<sup>27</sup> Thus even though the Statute of Monopolies was enacted in 1624 to cure the anomalies and incongruities of the privilege system, the statute exempted printing privileges from its ambit.<sup>28</sup> Certain privileges were subject to the grant to University of London to print books for its purposes.<sup>29</sup> It refers to a concern of public interest for the advancement of education. But how far this notion of public interest was practically enforced in the context of social, economic and political turmoil existed at that time was really a doubtful matter. But in this barbarous era of knowledge and literature, this

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Elizabethan England were specifically addressed by way of these royal proclamations. The very multiplicity of both the treason statutes and these various royal proclamations serves to underline the point as to the nature of censorship throughout the latter half of the sixteenth century. Namely, that despite the existence of a regulatory institution in the guise of the Stationers' Company, the censoring of printed texts was essentially an *ad hoc* and *reactive* phenomenon, and one that was by and large managed outside of the company itself. For details see: Deazley, R. (2008) 'Commentary on the Stationers' Royal Charter 1557', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010]; Deazley, R. (2008) 'Commentary on Star Chamber Decree 1566', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010]; Deazley, R. (2008) 'Commentary on Star Chamber Decree 1586', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

27 Deazley, R. (2008) 'Commentary on the Elizabethan Injunctions 1559', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on July 2010]

28 Deazley, R. (2008) 'Commentary on the Statute of Monopolies 1624', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org). [Accessed on July 2010]. The 1624 Act included a proviso preserving any existing or future grants "concerning printing"; in relation to such grants it was to be "as if this act had never been had nor made Just as patents "concerning the digging, making or compounding of saltpetre or gunpowder, or the casting or making of ordnance, or shot for ordnance" were exempt from the provisions of the legislation so as not to interfere with the manner in which the Crown managed the defence of the realm, so too the security of the state was to be secure against ideological attack in the guise of critical political speculation and commentary in print.

29 In the grants from Henry VIII (1491-1547) this condition was common.

concern and recognition for education and spread of information – the noblest objectives of the copyright system are really commendable and highly regarded. This also shows that just as in the modern era, the universities acted as the centre of knowledge and they usually might have demanded for copyrighted works the store house of knowledge, for education and spread of learning.

With the lapse of the Licensing Act, an embryonic independent fourth estate began to spring up.<sup>30</sup> From the political perspective the glorious revolution and from a philosophical angle the Lockean teachings contributed to this development. Adding fuel to the fire, the situation was made worse by the hike in price of books, cheap quality of printed materials, deteriorating standards of reprints with complete mistakes,<sup>31</sup> the theological nature of knowledge,<sup>32</sup> and above all the

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30 As to why the Commons decided to let the Act lapse, much of the substance of its attitude to the legislation in early 1695 had its genesis in the life-long friendship that existed between Edward Clarke and the philosopher John Locke (1632-1704). Locke complained about the monopoly which the stationers exercised over the "ancient Latin authors", the poor quality and high cost of their publications, and the deleterious impact this was having upon the work of scholars. Much of his criticism was picked up and expanded in a highly critical commentary on the 1662 Act and its impact on the printing trade in England which he wrote in 1694. In this commentary Locke did make reference to the importance of securing the "liberty to print"; however, as with the earlier correspondence with Clarke, most of his vitriol was reserved for the "lazy, ignorant Company of Stationers", those "dull wretches" who abused the registration process for their own gain, and whose "monopoly of all the Clasick Authers" resulted in the production of books which were "scandalously ill printed both for letter paper and correctness", for which they charged "excessive rates". For details see: Deazley, R. (2008) 'Commentary on the Licensing Act 1662', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org); [Accessed on 5 June 2010].

31 See : "Reasons Humbly Offer'd to the Consideration of the Honourable House of Commons (1709)", *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

32 See: "More Reasons Humbly Offered for the Bill for the Encouragement of Learning (1709)", *Primary Sources on Copyright (1450-1900)*, eds L. Bently &

neglect of labor and creativity of the genuine authors on one hand and the authentic need of access to knowledge for future creativity and development of learning on the other edge culminated in wide public outcry. Thus the Statute of Anne was enacted with the terrific task of balancing the competing and at the same time converging individual interest and private interest. It was the epitome legislation in copyright history which legalized the author's rights and user's right in a uniform and consistent manner.

The Statute of Anne, 1709 considered as the progenitor of all modern copyright statutes started itself with the stated overarching objective of encouragement of learning. A radical and sweeping change in the objective of the copyright system began to manifest from this point in time. This is reflected in the title describing it as “An Act for the Encouragement of Learning, by vesting the Copies of Printed Book in the Authors or purchasers of such Copies, during the Times therein mentioned”.<sup>33</sup> In order to achieve the stated goal of encouragement of learning the statute has to address two issues: first the injury caused by infringers who pirated the books and secondly the anticompetitive monopolies caused by printers and publishers. The statute addresses the first of these problems in its introductory lines itself.<sup>34</sup> To prevent piracy

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M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010]

33 For Statute of Anne visit: [http://en.wikipedia.org/wiki/Statute\\_of\\_Anne#cite\\_note-Rimmer-3](http://en.wikipedia.org/wiki/Statute_of_Anne#cite_note-Rimmer-3) [Accessed on June 2010].

34 Section 1 of Statute of Anne: “Whereas printers, booksellers, and other persons have of late frequently taken the liberty of printing, reprinting and publishing, or causing to be printed, reprinted and published, books and other writings, without the consent of the authors or proprietors of such books and writings, to their very great detriment, and too often to the ruin of them and their families or preventing therefore such practices for the future, and for the encouragement of learned men to compose and write useful books; may it please your majesty, that it may be enacted”. Available at [http://avalon.law.yale.edu/18th\\_century/anne\\_1710.asp](http://avalon.law.yale.edu/18th_century/anne_1710.asp) [Accessed on June 2010].

the statute took a philosophical shift from the prior stationers copyright to the statutory authors copyright by vesting a fourteen or twenty one year of absolute economic monopoly on the author or the publisher.<sup>35</sup> The second problem that of bookseller's monopoly, was addressed by the statute in several ways. First, it opened up ownership and registration of copyrights to non members of the company.<sup>36</sup> Second, it required access to the Company's register book by any person with a legitimate purpose.<sup>37</sup> Third, it allowed challenge to unreasonably high prices for

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35 Section 2 of Statute of Anne: "That from and after the tenth day of April, one thousand seven hundred and ten, the author of any book or books already printed, who hath not transferred to any other the copy or copies of such book or books, share or shares thereof, or the bookseller or booksellers, printer or printers, or other person or persons, who hath or have purchased or acquired the copy or copies of any book or books, in order to print or reprint the same, shall have the sole right and liberty of printing such book and books for the term of one and twenty years, to commence from the said tenth day of April, and no longer; and That the author of any book or books already composed, and not printed and published, or that shall hereafter be composed, and his assignee or assigns, shall have the sole liberty of printing and reprinting such book and books for the term of fourteen years, to commence from the day of the first publishing the same, and no longer;".

36 Para 2 to Section 2 of Statute of Anne: "That nothing in this act contained shall be construed to extend to subject any bookseller, printer, or other person whatsoever, to the forfeitures or penalties therein mentioned, for or by reason of the printing or reprinting of any book or books without such consent, as aforesaid, unless the title to the copy of such book or books hereafter published shall, before such publication, be entered in the register book of the company of stationers, in such manner as hath been usual, which register book shall at all times be kept at the hall of the said company, and unless such consent of the proprietor or proprietors be in like manner entered as aforesaid, for every of which several entries, six pence shall be paid, and no more; which said register book may, at all seasonable and convenient time, be resorted to, and inspected by any bookseller, printer, or other person, for the purposes before-mentioned, without any fee or reward; and the clerk of the said company of stationers shall, when and as often as thereunto required, give a certificate under his hand of such entry or entries, and for every such certificate may take a fee not exceeding six pence."

37 Section IV of Statute of Anne: "Provided nevertheless, and it is hereby further enacted by the authority aforesaid, That if any bookseller or booksellers, printer or printers, shall, after the said five and twentieth day of March, one thousand seven hundred and ten, set a price upon, or sell, or expose to sale, any book or books at such a price or rate as shall be conceived by any person or persons to be too high and unreasonable; it shall and may be lawful for any person or persons, to make complaint thereof.....".



books and permitted specified authorities to reform or redress the price according to the best of their judgment.<sup>38</sup> Fourth, it required the deposit of nine copies of each work for use in specified national libraries.<sup>39</sup> Fifth, it expressly stated that the statute did not prohibit the importation of books in Greek, Latin, or other foreign languages published abroad.<sup>40</sup> The statute also attacked the monopolies by limiting the term of copyrights to twenty one and fourteen.<sup>41</sup> The statute intended ultimately to end existing perpetual copyrights and to establish a rich public domain. Thus the Statute of Anne created both copyright *proprement dit*

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38 Authorities under the statute include “the lord chancellor, or lord keeper of the great seal of Great Britain for the time being, the lord bishop of London for the time being, the lord chief justice of the court of Queen's Bench, the lord chief justice of the court of Common Pleas, the lord chief baron of the court of Exchequer for the time being, the vice chancellors of the two universities for the time being, in that part of Great Britain called England; the lord president of the sessions for the time being, the lord chief justice general for the time being, the lord chief baron of the Exchequer for the time being and the rector of the college of Edinburgh for the time being, in that part of Great Britain called Scotland;”. See Section IV of Statute of Anne.

39 The list of libraries specified under the statute are: “the royal library of London, the libraries of the universities of Oxford and Cambridge, the libraries of the four universities in Scotland, the library of Sion College in London, and the library commonly called the library belonging to the faculty of advocates at Edinburgh”. See Section V of Statute of Anne.

40 “That nothing in this act contained, do extend, or shall be construed to extend to prohibit the importation, vending, or selling of any books in Greek, Latin, or any other foreign language printed beyond the seas; any thing in this act contained to the contrary notwithstanding” - Section 7 of the Statute of Anne.

41 Section 2 of Statute of Anne: “That from and after the tenth day of April, one thousand seven hundred and ten, the author of any book or books already printed, who hath not transferred to any other the copy or copies of such book or books, share or shares thereof, or the bookseller or booksellers, printer or printers, or other person or persons, who hath or have purchased or acquired the copy or copies of any book or books, in order to print or reprint the same, shall have the sole right and liberty of printing such book and books for the term of one and twenty years, to commence from the said tenth day of April, and no longer; and That the author of any book or books already composed, and not printed and published, or that shall hereafter be composed, and his assignee or assigns, shall have the sole liberty of printing and reprinting such book and books for the term of fourteen years, to commence from the day of the first publishing the same, and no longer”.



(that is exclusive rights arising out of the creations of authors rather than compensating or encouraging printers' investments) and the concomitant public domain.<sup>42</sup>

In its eagerness to reward authors for stimulating creativity, the statute declared any 'use' of the copyrighted works without the 'consent' of the author during the assured monopolistic period as an offence subject to fine and forfeiture.<sup>43</sup> It was quite perplexing and at the same time confusing that while the statute clarified the concept of 'consent' in objective and subjective standards making the position of the right holder more safe and secure, it left extensive ambiguity on the concept of 'use'. This left much confusion as to the nature and ambit of permissible and non-permissible uses. Thus, when in legal history the author's right got

42 For a detailed analysis of the concept of public domain see: D, Lang. (1981), 'Recognizing the Public Domain', *Law & Contemp. Probs.* 44(2),147 and of J, Litman. (1990). 'The Public Domain', *Emory L.J.*, 39(7), 965. See, e.g., Tyler T, Ochoa. (2002) 'Origins and Meanings of the Public Domain', *U. Dayton L. Rev.*, 28(2), 215; J,Boyle. (2003) 'The Second Enclosure Movement and the Construction of the Public Domain', *Law & Contemp. Probs.* 66(1), 68; M, Rose. (2003) 'Nine-Tenths of the Law: The English Copyright Debates and the Rhetoric of the Public Domain', *Law & Contemp. Probs.*, 66(1), 75; P, Samuelson. (2003) 'Mapping the Digital Public Domain: Threats and Opportunities', *Law & Contemp. Probs.*, 66(1), 147 and Y, Benkler. (1999) 'Free as the Air to Common Use: First Amendment Constraints on Enclosure of the Public Domain', *N.Y.U L. Rev.*, 74(3), 354, 361-62

43 Section 2 of Statute of Anne: "That if any other bookseller, printer or other person whatsoever, from and after the tenth day of April, one thousand seven hundred and ten, within the times granted and limited by this act, as aforesaid, shall print, reprint, or import, or cause to be printed, reprinted, or imported, any such book or books, without the consent of the proprietor or proprietors thereof first had and obtained in writing, signed in the presence of two or more credible witnesses; or knowing the same to be so printed or reprinted, without the consent of the proprietors, shall sell, publish, or expose to sale, or cause to be sold, published, or exposed to sale, any such book or books, without such consent first had and obtained, as aforesaid: then such offender or offenders shall forfeit such book or books, and all and every sheet or sheets, being part of such book or books, to the proprietor or proprietors of the copy thereof, who shall forthwith damask, and make waste paper of them; and further, That every such offender or offenders shall forfeit one penny for every sheet ....."

an ingenuous recognition, the users were confused as to the nature, scope and extent of their rights. In spite of the stated objective of spread of knowledge and information, the statute failed to make a comprehensible set of user rights to make this protected knowledge available to public for progress and development. This neglect of user rights might never be considered as a deliberate parliamentary attempt.

On the other hand it should be born in mind that, the statute was successful in addressing the public policy issues of the scenario immediately previous to it.<sup>44</sup> Further the statute begins itself by declaring the objective as advancement of learning and we can see that it envisages only a very limited monopoly and put controls wherever possible. The price control mechanisms, deposit requirements, short duration of monopoly etc., sounds like a well baked policy rather than a half baked one. Apart from all this, we can see that while it penalizes unauthorized uses the statute is very specific that such use is a commercial one.<sup>45</sup> So all noncommercial and innocent uses were outside the scope of infringement. It was when infringements were looked upon and when the author became powerful to exercise his rights there crop up the need for breathing space to the public.<sup>46</sup> Thus a public consciousness and

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44 See, Deazley, R. (2008) 'Commentary on the *Statute of Anne 1710*', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

45 Section 2 of Statute of Anne: ".....without the consent of the proprietors, shall sell, publish, or expose to sale, or cause to be sold, published, or exposed to sale, any such book or books, without such consent first had and obtained, as aforesaid....."

46 This consciousness of rights by authors was manifested in the untold story of *Tonson v Baker* [C9/371/41 (Ch. 1710)], the first lawsuit brought under the statute filed in the Court of Chancery three months after the statute went into effect. *Tonson* pitted the most famous publisher of the day, Jacob Tonson Sr., a strong proponent of copyright and the Statute of Anne, against a gang of notorious book pirates led by John Baker, a publisher known at the time for dealing in books (many of them dangerous) on behalf of outspoken but anonymous authors, including for his most famous client Daniel Defoe. The dispute centered around

apprehension for user right began to jack up the moment law recognised the author's right. This conflict between the author and user, immediately followed after the Statute clearly established that before the recognition of author's right by the legal system the users and public were having an uncontrolled and liberal use of literature and knowledge. However courts were flooded with a series of cases relating to the determination of rights of both authors and users and in this conflict the judiciary was successful in upholding and safeguarding the public interest values. A robust copyright regime rationally balancing the competing interests began to open out.

Prior to the enactment of the statute, abridgments and translations were the most common permissible free uses carried outside the purview of copyright infringement. But once the authors were put in a privileged position by the statute, they began to bargain for all related rights and consequently confusion aroused on the legality of the free uses. In spite of the dilemma created in the beginning the response of the courts clarified that they were aware of the need for a vigorous and strapping public domain. *Burnet v Chetwood* (1721) reported to be the first case before the court on the interpretation of Statute of Anne was on the question of translation.<sup>47</sup> Restraining the translation of a Latin work to

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the right to print the trial proceedings of Henry Sacheverell, Doctor of Divinity, who had been impeached by the House of Commons and tried in the House of Lords for high crimes and misdemeanors. Tonson received the exclusive right to print the trial from the Lords in March 1710, and registered his work pursuant to the statute. But one month after Tonson published his account, Baker published his own book on the whole affair. Baker's edition copied the trial portions directly from Tonson's. The suit was over soon after it started and never led to a decree or judgment.

47 This case concerned an English edition of Dr Thomas Burnet's (c.1635-1715) Latin treatise *Archaeologia Philosophica*.

English, the court tried to retain the hegemony of upper class on Latin.<sup>48</sup> Unfortunately in this case the court was carried away by the censorship ideal of state and theosophical ideology and failed to appreciate the cherished goal of the statute in advancement of learning.

But very soon the court showed its eagerness to maintain the public domain for ensuring access to knowledge and spread of learning by laying the foundation of modern fair use doctrine. It was Lord Hardwicke in *Gyles v Wilcox*<sup>49</sup> introduced the concept of fair abridgment and laid the foundation of the broader fair use doctrine through which courts carved out a series of user rights in the subsequent era. Apart from laying the foundation of modern fair use doctrine, Lord Hardwicke made a tremendous innovation in copyright infringement suits by introducing the scientific test of comparison and filtration, which remains a sound test even in the digital millennium to identify the infringements. In addition to that, he breathed a new life into copyright suits by interpreting it in the context of the very stated objectives of the copyright envisaged by the Statute of Anne. Lord Chancellor began by noting that the *Statute of*

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48 Lord Chancellor Macclesfield (1667-1732) was sympathetic to the argument that a translation of a work was not an infringement within the terms of the 1710 Act; however, he continued that the book contained "strange notions" which should not be made available in the "vulgar" tongue (that is, in English). Rather, he considered it should remain in Latin only "in which language it could not do much hurt, the learned being better able to judge" the work. Asserting that the court had "a superintendency over all books, and might in a summary way restrain the printing or publishing any that contained reflections on religion or morality", he granted the plaintiff his injunction.[4]

49 *Gyles v Wilcox, Barrow, and Nutt* (1741) 2 Atk. 141. In *Gyles* the plaintiffs complained about an abridgement of Sir Matthew Hale's *Pleas of the Crown*, in which they alleged the defendants, Wilcox and Barlow, had transcribed "the said Treatise or the greatest part thereof in the very words thereof" into a Book under the title of a *Treatise of Modern Crown Law*.<sup>49</sup> Counsel for Wilcox denied that the second work had been transcribed from the former in the straightforward manner in which the plaintiffs suggested. Rather, he set out that "several entire chapters" of the original work had been deliberately omitted, while "several chapters of different material not to be found" in the original had been included within the defendants' book.

*Anne* was "an Act made for the Encouragement of Learning, and is useful to that end. This shows that the Act is for the public Benefit and Advantage, and therefore the Act is not to be construed strictly, but according to the intention of the Legislature".<sup>50</sup> Considering the words of the statute "any such Book or Books", he proffered that the relevant question has and should always be "whether the second book has always been the same Book with the former".<sup>51</sup> If it is a mere colorable imitation of the former it will be definitely within the meaning of the statute and will never be considered as fair abridgment.<sup>52</sup> "Whether the second Book is the same as the former", Lord Hardwicke continued, "Is a Matter of Fact, and a Fact of difficulty to be determined."<sup>53</sup> In this case the court referred that task to a Master of the Court, assisted by "two Persons skilled in the Profession of Law."<sup>54</sup> This scientific and rational attitude of the court at such an infant stage of legal evolution was really momentous and noteworthy.

Thus, a balance had struck between protecting the author who as a result of his own efforts, had produced something of use to the learned world, and the genuine abridger who through his own invention, learning, and judgment very often produced a work that was similarly extremely useful. The fair use doctrine developed in this case was a very broad one without appreciating the subjective and objective standards of copyright infringement. It was solely based on the objectives enshrined

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50 (1741) 3 Atk 269.

51 *Gyles v Wilcox* (Atkyn's Reports) (1741), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [www.copyrighthistory.org](http://www.copyrighthistory.org) at p.2. [Accessed on 15 June 2010].

52 *Gyles v Wilcox* (Atkyn's Reports) (1741), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [www.copyrighthistory.org](http://www.copyrighthistory.org) at p.2. [Accessed on 15 June 2010].

53 (1741) 3 Atk 270.

54 (1741) 3 Atk 271.

under the Statute of Anne in advancement of learning and progress of science. Fairness of the use was determined by comparing the works and identifying the labor and effort of the author and abridger. The yard stick of the fairness of use and originality of a new work were in a muddled up form. Similarly inspite of the fact that the statute made a clear demarcation between commercial and non-commercial uses, judiciary was not concerned with the nature and purpose of use but solely with the quality and quantity of abridgement. However the decision gave a solid footing to the concept of keeping certain innocent uses outside the purview of copyright infringement for advancement of learning and progress of science. It was through this leeway created by the judiciary that the modern legal system framed a series of free user rights in the nineteenth and twentieth century.

Even before the landmark pronouncement in *Gyles v Wilcox*, in *Austen v Cave* (1739)<sup>55</sup> the court on the issue of an abridgment of an original work had accepted the pleading of the defendant and opined:

"[T]he design of an abridgement is, to benefit mankind by facilitating the attainment of knowledge, and by contracting arguments, relations, or descriptions, into a narrow compass; to convey instruction is the easiest method, without fatiguing the attention, burdening the memory, or impairing the health of the student ... By this method the original author becomes, perhaps, of less value, and the proprietor's profits are diminished; but these

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55 In this case the proprietors of Dr Joseph Trapp's (1679-1747) book, *The Nature, Folly, Sin and Danger of Being Righteous Over Much*, complained that one Cave, under the pretence and title of printing an extract of the work, was in fact printing the whole of their work, by installment, in his *Gentleman's Magazine*.

inconveniences give way to the advantage received by mankind from the easier propagation of knowledge..."<sup>56</sup>

In short, the right to abridge a work was a liberty to be enjoyed for the same reasons as writing itself - "for the discovery and propagation of truth."<sup>57</sup> Even though the court was pleased with these arguments of the defendants the case went without a final decree.

The doctrine in *Gyles* was reaffirmed a number of times throughout the eighteenth century,<sup>58</sup> and was extended and developed in the early nineteenth century into a more general doctrine of "fair use". In *Cary v Kearsley*,<sup>59</sup> for example, Lord Ellenborough observed thus:

"A man may fairly adopt part of the work of another: he may so make use of another's labours for the promotion of science, and the benefit of the public: but having done so, the question will be, Was the matter so taken used fairly with that view, and without what I may term *animus furandi*?" In *Wilkins v Aikin*, Lord Eldon accepted the principle of "fair quotation" albeit subject to the caveat that "a man cannot under the pretence of quotation, publish either the whole or part of another's work."<sup>60</sup>

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56 Deazley, R. (2008) 'Commentary on *Gyles v Wilcox* (1741)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on 5 June 2010].

57 Deazley, R. (2008) 'Commentary on *Gyles v Wilcox* (1741)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on 5 June 2010].

58 See for example: *Tonson v Walkr* (1752) 3 Swans 672; *Dodsley v Kinnersley* (1752) 3 Swans 672; *Hawkesworth v Newbery* (1774) Lofft 775.

59 *Cary v Kearsley* (1804) 4 Esp. 168, 170.

60 *Wilkins v Aikin* (1810) 17 Ves. Jun. 422, 424.

Similarly in *Whittingham v Wooler*<sup>61</sup> the use of extracts to "serve as the foundation for" a critical review was not considered to be a transgression against the legislation. Thirty years later, in *Campbell v Scott*,<sup>62</sup> Shadwell VC commented that "if a critical note had been appended to a series of poems in an edited collection by way of illustration, or to show when the author had borrowed an idea, or what idea he had communicated to others" such use of another's work would be "fair criticism."<sup>63</sup> Thus in course of time a list of permissible uses like abridgments, quotations, and criticisms got judicial recognition and were absorbed into the Copyright Act of 1911.<sup>64</sup>

Apart from the development of new user rights, over the period the judiciary also had developed some basic principles of fair use. Firstly it allowed the defence of fair use in certain privileged cases like criticisms, quotations, abridgments etc., which best addresses public interest and not for all uses. Secondly, though in the eighteenth century economic detriments and prejudices to the owner was least bothered, from nineteenth century onwards it was taken care of and defence of fair use was not allowed when it prejudicially affects the author.<sup>65</sup> Finally in

61 *Whittingham v Wooler* (1817) 2 Swanst. 428, 430; see also *Mawman v Tegg* (1826) 2 Russ. 385 in which Lord Eldon observed: "Quotation, for instance, is necessary for the purpose of reviewing; and quotation for such a purpose is not to have the appellation of piracy affixed to it; but quotation may be carried to the extent of manifesting piratical intention".

62 *Campbell v Scott* (1842) 6 Jur. 186

63 See also *Martin v Wright* (1833) 6 Simons' 296, in which the Vice Chancellor commented that "any person may copy and publish the whole of a Literary Composition, provided he writes Notes upon it, so as to present it to the Public, connected with matter of his own".

64 These included "fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary"; Copyright Act, 1911, s.2(1)(i).

65 *Wilkins v Aikin* (1810) 17 Ves. Jun. 422, 424. See also, D. Vaver, "Abridgments and Abstracts: Copyright Implications", [1995] 5 E I P R 225-235. Vaver, in his commentary upon abridgements and abstracts of copyright works, recounts the



certain cases the court tried to identify the true intent of the user in advancement of learning and propagation of truth<sup>66</sup> and evasive abridgments were brought out from the ambit of fair use.<sup>67</sup> In addition to the codification of the fair use doctrine, two common limitations to the copyright monopoly - the limited term of copyright and library deposit provision and a system of compulsory licensing also got a solid legal foundation at this period.<sup>68</sup>

Next major issue on which the judiciary was bound to make a balance between individual monopoly and public interest was on the duration of copyright, which is termed in history as the 'battle of

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evolution of the concept of 'fair abridgement' throughout the nineteenth century when "attitudes changed as writing for money became a respectable calling and Parliament expanded notions of copyright. Economic harm to the publisher and the author, especially when the author depended upon royalties from sales, could not be dismissed as breezily as it had been in the 18th century". He continues that "by the last quarter of the 19th century ... the days of the free-roaming abridger were clearly numbered", such that with the passage of the *Copyright Act 1911* the right to abridge a work was brought within the copyright owner's control.

66 *Cary v Kearsley* (1804) 4 Esp. 168, 170

67 *Tonson v Walker* (1752) 3 Swans 672. In this case the court granted injunction to the plaintiff, since the abridgment was evasive. See *Tonson v Walker* (1751), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on 5 June 2010].

68 Compulsory licensing of copyrighted works showed its first appearance in the Booksellers Bill of 1737. The bill took an unusual departure from earlier practice by letting anyone publish any work that had been allowed, by its proprietor, to become "scarce and out of print". With the existence of the right to print the work free from invasion, there came a concomitant duty to ensure that the work would always be publicly available. Should the owner of the work refuse to do so, a system of compulsory licensing was to operate to ensure that no work need ever fall out of print. Like the deposit provisions, failure to adhere to these statutory requirement was to result in the author or publisher losing "all benefit and advantage" of the Act in relation to that, as well as having to pay the substantial penalty of "£50 to any person who shall sue for the same". See: Deazley, R. (2008) 'Commentary on the Booksellers' Bill (1737)', *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010]. Also read Deazley, R. (2008) 'Commentary on Copyright Amendment Act 1842', *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org). [Accessed on June 2010].

booksellers'.<sup>69</sup> This controversy on the nature of copyright as a perpetual individual monopoly or a limited statutory public interest concept started with *Tonson v Collins*<sup>70</sup> ended with two land mark judgments in copyright history - *Millar v Taylor*<sup>71</sup> and *Donaldson v Becket*<sup>72</sup> was

69 The case of *Midwinter v Hamilton* (1743-48) signaled the beginning of a thirty-year period, often referred to as 'the battle of the booksellers', in which the metropolitan booksellers locked horns with a resurgent Scottish book trade over the right to reprint works for which the term of copyright protection provided by the 1710 Act had expired. In *Midwinter*, tentative arguments had been proffered concerning the nature of copyright at common law, but they were never seriously developed. When the case was appealed to the House of Lords, as *Millar v Kincaid* (1751), William Murray (1705-1793) and Alexander Lockhart, acting on behalf of the London booksellers, cultivated the common law argument. The *Statute of Anne* they suggested "admits a property in copies of books to have existed in authors before the making of it", which property: "is grounded upon Principles of Common Right, and Public good, and is not created to support the actions given by the statute; but on the contrary, those actions are given to fence and preserve that property, as their object and foundation". When the Scottish booksellers responded they avoided engaging with the common law argument, instead relying upon objections of a more technical nature to derail the Londoners' appeal. The Lords agreed and the appeal was rejected. The arguments for and against the existence of copyright at common law would not be extensively debated before the courts until the case of *Tonson v Collins* (1762). See for detailed study: Deazley, R. (2008) 'Commentary on *Tonson v Collins* (1762)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

70 *Tonson v Collins* (1762) 1 Black W. 32. *Tonson* concerned a reprint of Joseph Addison (1672-1719) and Richard Steele's (*bap.* 1672, *d.* 1729) *The Spectator*, first published in 1711. Lord Mansfield, the "champion of the author's common law right", took a line of reasoning that operated in the booksellers favour.

71 *Millar v Taylor* (1769) 4 Burr. 2303. In this case Millar and James Dodsley (1724-1797) complained that the defendant Taylor had printed 'several thousand copies' of Edward Young's (*bap.* 1683, *d.* 1765) book of poems *Night Thoughts* and sought an account of profits and an injunction from the court. In 1743 and 1744 Young had sold his rights in the first volume of the work to Robert Dodsley (1704-1764), which had, in 1759, been subsequently transferred to James Dodsley. In his defence Taylor relied squarely upon s.11 of the 1710 Act. Admitting that he had exchanged one hundred and fifty copies of Young's work for other books with Alexander Donaldson, he countered the plaintiff's claim, arguing that "the Author of Books of Genius and Composition of the Brain or their Assignees have not vested in them by Law a perpetual indefinite Right or property to the copies of such Books".

72 *Donaldson v Becket* (1774) Hansard, 1st ser., 17 (1774): 953-1003. In this case in November 1765 counsel for the bookseller Andrew Millar (1705-1768) appeared before the Court of Chancery alleging that Robert Taylor, a printer from Berwick, had "vended and sold" copies of his copyright work *The Seasons* by the poet

again a success story of public interest over the private monopoly. In *Millar v Taylor*, even though Justice Yates obscured the wider social ramifications of a perpetual monopoly which overlooks the rest of the mankind and supported for limitations of statute for cause of learning,<sup>73</sup> majority opinion headed by Justice Mansfield ended up by upholding the perpetual copyright monopoly.<sup>74</sup> But in *Donaldson* the House of Lords understood the copyright regime, first and foremost as addressing the broader interests of society.<sup>75</sup> A purely statutory phenomenon copyright was fundamentally concerned with the reading public, with the encouragement and spread of education and with the continued

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James Thomson (1700-1748). Taylor responded that, as Thomson had died in 1748, the work was no longer within the copyright term provided by the 1710 Act and the controversy started.

- 73 Justice Yates: "Shall an *Author's* Claim continue, *without Bounds of Limitation*; and *for ever restrain all the Rest* of Mankind from their natural rights, by an *endless Monopoly*? The exclusive property sought by the booksellers would hand them the opportunity either to suppress works or sell them at whatever exorbitant price they considered appropriate. Could this really be considered "an encouragement of the propagation of learning?" A perpetual property right would "embroil the peace of society with frequent contentions, most highly disfiguring the face of literature, and highly disgusting to a liberal mind". See: Deazley, R. (2008) 'Commentary on *Millar v Taylor* (1769)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].
- 74 Lord Mansfield: "Because it is *just*, that an Author should reap the pecuniary Profits of his own Ingenuity and Labour. It is *just*, that another should not use his Name, without his consent. It is *fit*, that He should judge when to publish, or whether he will ever publish. It is *fit* he should not only choose the Time, but the Manner of Publication; how Many; what Volume; what Print. It is *fit*, that he should choose to Whose care he will Trust the Accuracy and Correctness of the Impression; in whose Honesty he will confide it, not to foist in Additions ... I allow them sufficient to show it is agreeable to the Principles of Right and Wrong, the Fitness of Things, Convenience, and Policy, and therefore to the Common Law to protect before Publication ... The 8th of Queen Ann is no Answer. We are considering the *Common Law*, upon Principles *before* and *independent* of that Act." See: Deazley, R. (2008) 'Commentary on *Millar v Taylor* (1769)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].
- 75 Deazley, R. (2008) 'Commentary on *Donaldson v Becket* (1774)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

production of useful books. In deciding the case as they did, these eighteenth century parliamentarians did not primarily seek to advance the rights of the individual author. Rather, explicitly denying the existence of a common law copyright, they acted in the furtherance of much broader social goals and principles.

Superiority of user's right over that of individual authors manifested to the most extremes in the library deposit requirement under the Statute of Anne and subsequent enactments. We have earlier seen the mandatory obligation on the publisher or author to deposit prescribed number of copies of their works once they are registered with the Stationers Company and failure was met with statutory penalties. But this provision was vanquished by the publishers without registering their works at the Stationer's hall. House of Lords decision in *Beckford v Hood*<sup>76</sup> supported this vanquishment by allowing damages for infringement under common law inspite of the fact that the work has not been registered under the statute. Corollary to this drop in registration was that fewer and fewer works were being deposited with the Company for the benefit of the libraries, a situation that was not helped by the wording of the *Copyright Act 1801* which seemed to suggest that unless a book was registered with the Company then there was no need to deposit a copy of the same for the use of the libraries.<sup>77</sup> Fearful of the

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76 *Beckford v Hood* (1798) 7 D. & E. 620. In *Beckford* the plaintiff had failed to register his work in accordance with requirements of the *Statute of Anne 1710* and so could not pursue for the remedies provided therein. Instead he sought damages at common law, by way of an action on the case, and the issue for the court was whether such an action could be sustained. The court, under Lord Kenyon (1732-1802), decided that it could. In effect, this meant that booksellers no longer needed to register their works with the Company of Stationers to ensure that a copyright infringer might be held financially liable for their actions before the courts.

77 Para 6 of the decree imposed a mandatory duty on stationers company to deliver a copy of the registered work to the use of the library of trinity college of Dublin and also to the library of the society of kings law, Dublin. If any copyright owner,

fact that the intention of the legislature, to assist in the regular augmentation of the library, was likely to be defeated strong public consciousness was raised and a series of petitions were filed to the parliament for waiving the registration requirement and imposing a mandatory obligation on the publishers to adhere to library deposit.<sup>78</sup> Consequently the Copyright Act of 1814 was adorned with detailed and mandatory library deposit requirements.<sup>79</sup> Library deposit was made mandatory irrespective of registration with Stationers Company.<sup>80</sup> The Act of 1842 also followed a similar approach.<sup>81</sup> Though the concept of ‘library deposit’ was quite different from the ‘library use’ provision under the modern copyright statutes, the mandatory library deposit requirement showed the importance of libraries in maintaining access to knowledge and spread of learning. Even though the provisions did not clarify the nature and scope of uses that can be carried on with the copyrighted works by the libraries, the statutes conferred an absolute monopoly to the libraries and

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proprietor, booksellers or printers makes default in delivering the aforesaid copies shall be liable to penalties. See Deazley, R. (2008) ‘Commentary on *Copyright Act 1801*’, *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

78 Deazley, R. (2008) ‘Commentary on *Copyright Act 1814*’, *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

79 Copyright Act (1814), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

80 Sections 2 to 8 of the Copyright Act, 1814 contain detailed provisions on library deposit. See Copyright Act (1814), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

81 Sections 2-10 of Copyright Act, 1842. Copyright Act (1842), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

universities for even sale of the copyrighted works.<sup>82</sup> This exclusive privilege of the universities in spread of information was accepted by House of Lords as early as 1750's itself.<sup>83</sup> However these mandatory deposit requirements laid a strong platform from which it transgressed from the status as a duty of the author to the absolute privilege of users.

A greater concern for education and spread of learning manifested again in the new arena through the Publication of Lectures Act, 1835.<sup>84</sup> While recognizing the authorship over oral lectures for the first time in history, the Act expressly excluded lectures delivered in universities and educational institutions from its ambit.<sup>85</sup> So lectures as part of education and learning process was devoid of copyright and their reprinting and publication without any intention to make profit was a legitimate privileged use under the Act.<sup>86</sup>

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82 Section 27 of Copyright Act, 1842. Copyright Act (1842), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

83 1758) 2 Keny. 397, 1 Black W. 105, 2 Burr. 661

84 Legislation conferring the exclusive right of printing and publishing certain lectures for the same term of protection provided by the existing copyright. This was the first occasion on which the legislature extended copyright protection to works in the oral form. The legislation is of interest in terms of the distinction it draws between lectures delivered within the 'public' and the 'private' spheres (lectures delivered at a University, for example, are not protected), in terms of articulating the nature of the relationship between a speaker and his audience, and in specifically clarifying that newspapers are similarly prohibited from reporting protected lectures. See Publication of Lectures Act (1835), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

85 Section 5 of the Publication of Lectures Act, 183, See Publication of Lectures Act (1835), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

86 The first time the issue of what rights, if any, someone delivering an oral lecture (as opposed to a dramatic or musical performance) might enjoy arose in *Abernethy v*

Thus unlike the copyright history of France, Italy, Germany or the US, the UK had a very rich and splendid copyright tradition with a brawny and muscular regime of both authors rights and users rights. With the recognition of authors individual right by the Statute of Anne, it was the user's right that gained much attention and through a sequence of judicial and parliamentary intervention a comprehensible and lucid set of user's right got adorned with the magnificent doctrine of fair use. However in France, Germany and Italy the position was different. Either due to the lack of growth of literature or because of the absence of an enlightened community, in these countries copyrights and related issues was felt in a somewhat mild form. And very often the British philosophy and practical principles of copyright exerted a very strapping influence in these countries. In France till the twentieth century, French Literary and Artistic Property Act (1793) reigned the copyright regime and limitation to the copyright monopoly in the form of limited duration and library deposit was the sole public interest concerns that reflected in the copyright Act.<sup>87</sup> Unlike in the UK, in France priority was given to the author's right and in the French Civil Code of 1804, copyright was categorized under property.<sup>88</sup> In Germany copyright continued as a measure of censorship even till the end of eighteenth century.<sup>89</sup> Subsequently the idea of the "sacredness of property" influenced by

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*Hutchinson* (1825) 1 H. & TW. 28. John Abernethy (1764-1831) was a surgeon and lecturer at St Bartholomew's Hospital. Hutchinson was a student who, attending a series of Abernethy's lectures on the principle and practice of surgery, transcribed and published the first of those lectures in *The Lancet*, with the promise of publishing in the future each lecture as and when it was delivered. In this case court made a distinction between publishing for profit and for educational purpose and publication for non profit purpose was held to be permissible.

87 French Literary and Artistic Property Act (1793)

88 French Civil code of 1804

89 Austrian Statutes on Censorship and Printing (1785), *Primary Sources on Copyright* (1450-1900), eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].



French revolutionary writings exerted a strong pressure in Germany and was emulated by the Baden provision of 1806.<sup>90</sup> So in France and Germany users right enjoined only a secondary or mediocre position.

The US history of copyright was again a product of social, cultural, economic and political diversities. Until the attainment of independence in 1776,<sup>91</sup> the US followed the privilege system of the UK. Even where printing was not completely banned it was heavily restricted. The setting up and the operation of a press required governmental permission, which usually was not easily given. There was also prior licensing of the content of publication. The impulse for restriction of the press was as much internal to colonial government as it came from England. The licensing and prior restraint limitations survived in the colonies well into the eighteenth century, much longer after they declined in the UK with the lapse of the 1662 Licensing Act in 1695. The absoluteness of the licensing regimes in the colonies, however, was more a matter of theory

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90 Baden Civil Code (1809), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

91 The American Revolutionary War (1775–1783) or American War of Independence began as a war between the Kingdom of Great Britain and thirteen former British colonies in North America, and concluded in a global war between several European great powers. The war was the culmination of the political American Revolution, whereby many of the colonists rejected the legitimacy of the Parliament of Great Britain to govern them without representation, claiming that this violated the Rights of Englishmen. The First Continental Congress met in 1774 to coordinate relations with Great Britain and the by-then thirteen self-governing and individual provinces, petitioning George III for intervention with Parliament, organizing a boycott of British goods, while affirming loyalty to the British Crown. Their pleas ignored, and with British combat troops billeted in Boston, Massachusetts, by 1775 the Provincial Congresses formed the Second Continental Congress and authorized a Continental Army. Additional petitions to the king to intervene with Parliament resulted in the following year with Congress being declared traitors and the states to be in rebellion. The Americans responded in 1776 by formally declaring their independence as one new nation — the United States of America — claiming their own sovereignty and rejecting any allegiance to the British monarchy.



than practice.<sup>92</sup> Governmental intervention tended to be sporadic and inconsistent. When the authorities decided to act their actions could be quite harsh. Persons who published unlicensed materials could find themselves fined, jailed or even deprived of their equipment and copyright remained as the major weapon of State craft. A shift in attitude began to manifest since the William Billings Privilege of 1773, where for the first authorship was recognised under the US Copyright law.<sup>93</sup>

After independence the US experienced for the first time a surge of interest in the protection of authors' rights in their writings. The first wave of such interest focused on the regional rather than the national, level and consisted of two main developments: the issuance of ad-hoc legislative privileges to authors, and the lobbying for an enactment of general copyright statutes.<sup>94</sup> The State statutes were a result of a growing awareness of the need to "encourage" local authors and learning, intense lobbying on the national level, and the existence of an established institutional model in the form of the British Statute of Anne.<sup>95</sup> The statutes were promoted and justified on the basis of three characteristic arguments: the natural rights of authors, the social benefit of promoting learning, and the national interest of the young republic in establishing its

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92 Reasons for objecting to the renewal of the Licensing Act (1695), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on 5 June 2010].

93 William Billings' Second Petition (1772), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on 25 June 2010].

94 Deazley, R. (2008) 'Commentary on the *Statute of Anne 1710*', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

95 Statute of Anne (1710), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

literary and cultural status among the leading civilized nations.<sup>96</sup> As opposed to the sporadic colonial "encouragements" of printing projects, authors rather than printers or publishers now became the figures dominating copyright thought. Influenced by Anne, the two major limitations to author's right were the limitation of copyright monopoly for ten or fourteen years and library deposit requirement. This situation continued until the enactment of the Constitutions Intellectual Property Clause in 1789. The clause appears to be a wise blending of the natural right and utilitarian argument and in case of conflict between the two utilitarian perspectives will prevail over the natural right of the author because the clause itself says that natural right of the author is limited for securing larger social interest. However when the first federal copyright statute was enacted in 1790 inspite of strong technical and philosophical influence of Statute of Anne, the two major public interest measures 'the deposit requirement and price control provisions' were almost lacking in the new enactment. While the price control provision was completely neglected in the statute, the deposit requirement was much relaxed.<sup>97</sup> This casts doubt on the existence of a different copyright philosophy supported by a noble natural right privilege of author. Similarly in the copyright enactments of 1802 and 1834 also much concern was not raised on the public interest aspects inspite of the controversy over the scope and duration of author's rights.

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96 Deazley, R. (2008) 'Commentary on the *Statute of Anne 1710*', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

97 Deazley, R. (2008) 'Commentary on the *Statute of Anne 1710*', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

But the landmark decision of Justice Story in *Folsom v Marsh*,<sup>98</sup> laying the foundation of modern fair use doctrine has remarkably raised the status of the US copyright tradition from a public interest perspective.<sup>99</sup> Justice Story's analysis of the issue was an important transitory moment in American copyright. In the early nineteenth century copyright was still, for the most part, seen in traditional terms as a narrow entitlement to print and vend a copy. But according to Story, even beyond the zone of verbatim or evasive reproduction, the question was always whether a particular derivative use was "fair and bona fide."<sup>100</sup> The answers to such questions depended on a fine calculus involving such factors as "the nature and objects of the selections made,

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98 The case concerned two works about President Washington, one derivative of the other. The first was a major 12 volume work by Jared Sparks - being a biography of George Washington (from which no copying was alleged) and 11 supplemental volumes containing his writings and letters etc. with explanatory notes and some illustrations. There were nearly 7000 pages in total in all the 12 volumes. The defendants wrote a shorter 2 volume biography of Washington intended for less specialized readers, which consisted of 866 pages written by Rev Charles Upham. It told George Washington's story as a narrative, using letters and papers taken from the last 11 volumes of the work by Mr Sparks. It was found that about 353 of its 866 pages were letters and other such papers copied verbatim from the earlier work and so the case. For details read, Bracha, O. (2008) 'Commentary on *Folsom v Marsh* (1841)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

99 The significance of the case derives from the important role it played in the development of three related aspects of American copyright law and ideology. First, *Folsom v Marsh* was an important part of a group of copyright cases decided by Justice Story in the first half of the nineteenth century that began to transform the traditional legal and intellectual framework of copyright law. These cases constituted a shift from a narrow understanding of copyright as a right to print and sell a copy of a particular text to a broader understanding of copyright as a general control of the market value of an intellectual work. Second, the case expressed a tension that characterized most nineteenth-century copyright debates in America: a tension between a republican ideology that celebrated the "cheap press" and popular access to printed texts, and developing concerns over commercial exploitation and authorial rights. Third, the texts at the heart of the litigation were no ordinary books, but rather the letters of George Washington.

100 *Folsom v Marsh* (1841), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work."<sup>101</sup> The engine behind Story's doctrinal innovation was his new emphasis on seeing the intellectual works in terms of market value. If previous doctrine focused on the new contribution of a user of a copyrighted work, Story shifted the emphasis to protecting the market value of the original work. Time and again he resorted to criteria such as whether the "value of the original is sensibly diminished" or "the value of the materials taken, and the importance of it to the sale of the original work."<sup>102</sup> Thus in course of time a new market-oriented approach to copyright was developing. It was thus one of the earliest dramatic clashes between private property rights on one hand and the public interests for access to copyrighted works on the other hand.<sup>103</sup>

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101 *Folsom v Marsh* (1841), *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

102 Bracha, O. (2008) 'Commentary on *Folsom v Marsh* (1841)', *Primary Sources on Copyright (1450-1900)*, eds L. Bently & M. Kretschmer [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org) [Accessed on June 2010].

103 The major legal questions in the case divided into two groups: the validity of the copyright in the alleged work, and the infringement by defendant. Justice story upheld the copyright in the letters of George Washington because otherwise "it would operate as a great discouragement upon the collection and preservation thereof; and the materials of history would become far scantier, than they otherwise would be". Justice Story was of the opinion that "What descendant, or representative of the deceased author, would undertake to publish, at his own risk and expense, any such papers; and what editor would be willing to employ his own learning, and judgment, and researches, in illustrating such works, if, the moment they were successful, and possessed the substantial patronage of the public, a rival bookseller might republish them, either in the same, or in a cheaper form, and thus either share with him, or take from him the whole profits? It is the supposed exclusive copyright in such writings, which now encourages their publication thereof, from time to time, after the author has passed to the grave.

## 5.2 Conclusion

Thus in the pre-Berne era there existed wide diversity across the countries on limitations and exceptions. Remaining the central tool in the armory of the State for attaining vested social, economic, political and cultural needs the countries enjoyed ample flexibility to mold these strategic tools for achieving the desired goals. For example, while censorship was the need of time strict control was exercised on each and every word of the literature and the moment the objective shifted to rapid economic and political upliftment, they were freed from abusive controls and monopoly became the rule. When this uncontrolled monopoly resulted in price rises and access control, limitation was introduced on these monopolies to cure the respective abuses by incorporating price control mechanisms, deposit requirements and fixed monopolistic duration. Thus while Statue of Anne is well thought-out as the champion of the author right in copyright history, it is this legal ingenuity that has led the need for users right. With a highly enlightened social strata and well built university system, Britain developed a series of user rights at each and every moment the public confronted with new uses of the copyrighted work and established a sound balancing of public interests and private interests. Apart from economic factors, political cataclysms also influenced the copyright policy. With the supreme social, political and economic imperialism enjoyed by Britain at that point in time, the British copyright philosophy and practice had exercised a tremendous influence not only in their colonies, but even in independent states. However independent dominions like France and Germany influenced by their revolutionary ideas took an individualistic attitude and established an author oriented copyright regime in these countries user rights enjoyed only a secondary status. Similarly the US in its eagerness to attain economic and political supremacy shortly after attaining

independence reoriented its copyright strategy towards author's right. But apart from the wide disparities and discrepancies in the philosophies and practices the need for a regulated copyright regime was homogeneously accepted among the countries and the limitations and exceptions were framed to suit their domestic interests. However it was from the midst of these diversities that there developed the fundamental principles of user right like 'existence of an overwhelming public interest', consideration of 'legitimate interest of the author' and incarceration of the limitations to very 'special cases'.

## EXCEPTIONS AND LIMITATIONS TO COPYRIGHT : BERNE AND POST – BERNE ERA

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	<b>6.2 Exceptions and Limitations to Copyright in the Post-Berne Era</b>
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The period immediately preceding the Berne was the era of maximum flexibility where the nations maintained and enjoyed supreme sovereignty to mould the national copyright policy to achieve their domestic interest. Accordingly, the contemporary international arena was a spectator of incompatible, inconsistent and ill-assorted national curiosities. Among these, two issues that attained international trepidation were the need for combating international piracy and enhanced protection for authors on one hand and the drastic thirst of a set of least resourceful countries for access to knowledge and information on the other hand. Of course, it was not an instantaneous or unique threat faced by the copyright system, but uniqueness was on the nature of the parties affected. What happened was that, the national endeavor in maintaining the balance between public interests and private monopolies got international implication. However in the domestic arena if it was the issue between individual entities; in the international arena it was a herculean task that this balance was to be smacked upon the imperial sovereignty of the nations and of course like any contemporary international document, Berne also remained very sceptical and cynical to touch upon it. Thus Berne made a pioneering

international attempt to address these issues.<sup>1</sup> Hence, how the issue was addressed in Berne together with its impact in post-Berne era is the crux of analysis in this chapter.

## 6.1 Approach of Berne towards Limitations and Exceptions

The balancing process between author centric countries like France for enhanced protection and prevention of international piracy and the demand for access to knowledge and information by least developing countries which began from the preparatory committees of Berne was a central feature of each and every Berne revision.<sup>2</sup> Evolution of exceptions to the authors right from certain specific use like that for education<sup>3</sup>, press<sup>4</sup> and quotations<sup>5</sup> to the magic ‘Three Step Test’ (TST) is a saga of this conflicts.

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1 The Berne Convention for the Protection of Literary and Artistic Works, September 9, 1886, as revised at Paris on July 24, 1971 and as amended Sept. 28, 1979, [online]. Available at <http://www.wipo.int/clea/docs/en/wo/wo001en.htm> [Accessed on September 2010]. [hereinafter Berne].

2. The Berne of 1886 is essentially concerned with the private interests of authors, and with raising the level of protection that is accorded to them. Such questions are not usually of great significance to developing countries. These are at varying degrees of economic development, with the consequence that the standard of living of their population is generally much lower than that found in developed countries. Economic development, even were this means no more than the attainment of a basic level of self-sufficiency, is therefore an overriding goal for these countries. Ways of achieving this object are through the promotion of literacy and through technical and vocational training, and these programmes in turn necessitate ready access to a wide range of educational and informational materials. However owners of these informational stocks will usually be residents of developed countries and the works will be definitely clothed with strong copyright protection. This naturally causes problems for developing nations which are generally deficient in foreign currency to buy these works or to purchase authorisation to reproduce, translate or otherwise utilise them for their purposes. However practically it becomes a hurdle. Form the point of view of authors and publishers, however there is no particular reason why they should treat users in developing countries differently from that in developed countries; these works are after all their property and they are not in the business of providing free assistance to less developed countries.

3 Article 10 of Berne of 1886.

4 Article 10bis of Berne of 1886.

5 Article 10(2) of Berne of 1886.



This conflict manifested in the very diplomatic conference of 1884 on the issue of user right for education<sup>6</sup> and press.<sup>7</sup> While a set of countries represented by Germany stood for a broad unconditional educational use, it was trenchantly criticised and opposed by the author centric group of countries represented by France and finally in the draft it was conditioned by requirement of indication of source in case of educational use.<sup>8</sup> Similarly while the German model proposed an unqualified exception of any articles extracted from newspapers or periodicals, privilege was limited by excluding even articles on science and art from its scope. The forceful demand from a set of user nations for permitting copying of scientific articles to encourage the spread of scientific learning was least concerned.<sup>9</sup> In the next diplomatic conference of 1885, which resulted in the codification of Berne, attempt was made to further restrict the scope of user rights. The conference confirmed that expression articles of political discussion only applied to

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6 Article 8 of the draft based on the German model provided that each contracting state was to permit, reciprocally the publication of extracts, fragments and whole parts of a literary or artistic work that had first appeared in another union country, provided that this publication was specially made and adapted for educational purposes or had a scientific character. Equally to be protected was the reciprocal publication of chrestomacies comprised of pieces of works of different authors, as well as the insertion, in a chrestomathy or in an original published in one of the countries of the union, of a whole work of small compass published in another union country.

7 Article 9 of the proposed draft provided that articles extracted from newspapers or periodical collections published in any Union country might be reproduced, either in the original or translation in other union countries.

8 For a detailed study on Berne and its revision conferences see : Ricketson, S. (1987) *The Berne for the Protection of Literary and Artistic Works: 1886-1986*, Centre for Commercial Law Studies, Queen Mary College, London; Ricketson, S. and Ginsburg, J. (2006) *International Copyright and Neighbouring Rights -The Berne and Beyond*, 2nd edition, vol.1, Oxford University Press, London.

9 The Haitian delegate made a forceful speech, urging the deletion of articles on science from the category of prohibited articles, and pointed to the contradiction that this would otherwise create with respect to article 8 under which such copying is permitted in case of books.

writings on current politics. It was also clear that privilege will not extend to a series of articles appearing in the newspaper.<sup>10</sup>

Thus in the very first International Convention on copyright the user right received only a mediocre status. But this should not be considered as a defect of the Berne system, because Berne Convention did not intend to create an international mandate on the sovereignty of the countries. Its intention was to create an international hegemony on copyright with minimum obligations, leaving all public policy matters to the sovereignty of the nations. Apart from this, the lack of effective copyright protection did not pose much threat to the user demand for access at that point of time. Further, the social, economic, political and technological scenario was also not compelling for a resourceful user right scheme.

The conflict between user and author interest continued in the subsequent Berne revisions, also in a candid manner. It was only on educational use and press use that Berne Convention had a specific mention.<sup>11</sup> And even among this, the nature and scope of educational use

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10 For a detailed study on Berne and its revision conferences see: Ricketson, S. (1987) *The Berne for the Protection of Literary and Artistic Works: 1886-1986*, Centre for Commercial Law Studies, Queen Mary College, London; Ricketson, S. and Ginsburg, J. (2006) *International Copyright and Neighbouring Rights -The Berne and Beyond*, 2nd edition. vol.1, Oxford University Press, London.

11 Article 10 of Berne: 1) It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries; (2) It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice; (3) Where use is made of works in accordance with the preceding paragraphs of this Article, mention shall be made of the source, and of the name of the author if it appears thereon.

was left to the absolute sovereign discretion and consequently there was no need for an international convergence or conflict.<sup>12</sup> Thus the international confrontation was on the scope and nature of press use.<sup>13</sup>

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Article 10 bis of Berne of 1886: (1) It shall be a matter for legislation in the countries of the Union to permit the reproduction by the press, the broadcasting or the communication to the public by wire of articles published in newspapers or periodicals on current economic, political or religious topics, and of broadcast works of the same character, in cases in which the reproduction, broadcasting or such communication thereof is not expressly reserved. Nevertheless, the source must always be clearly indicated; the legal consequences of a breach of this obligation shall be determined by the legislation of the country where protection is claimed; (2) It shall also be a matter for legislation in the countries of the Union to determine the conditions under which, for the purpose of reporting current events by means of photography, cinematography, broadcasting or communication to the public by wire, literary or artistic works seen or heard in the course of the event may, to the extent justified by the informatory purpose, be reproduced and made available to the public.

- 12 For a detailed study on Berne and its revision conferences see: Ricketson, S. (1987) *The Berne for the Protection of Literary and Artistic Works: 1886-1986*, Centre for Commercial Law Studies, Queen Mary College, London; Ricketson, S. and Ginsburg, J. (2006) *International Copyright and Neighbouring Rights -The Berne and Beyond*, 2nd edition, vol.1, Oxford University Press, London.
- 13 This provision has been criticized from various viewpoints, and several amendments were submitted to the Committee. The French authorities wanted to limit the extent to which copyright was undermined by Article 7. They therefore proposed reversing the rule to state that pieces of writing published in newspapers or periodicals could not be reproduced or translated without their authors' authorization, while continuing to allow reproduction with respect to articles of political discussion, news of the day or *miscellaneous facts*. This was the most absolute proposal in terms of copyright. The Norwegian delegation was proposing a very simple system. In its view, copyright was not infringed by the reproduction in newspapers or magazines of articles in original or in translation taken from other papers or magazines if the reproduction right had not been specifically reserved. The source would always have to be clearly indicated. Thus the principle of Article 7 as it stands was generalized in that the reservation could apply to any articles, even articles of political discussion or news of the day. Furthermore, when reproducing, the source must be indicated—which the present Article does not require. It should be added that the Norwegian Delegate acknowledged that serial stories did not fall within the application of the Article he had proposed, and thus no reservation would be necessary to prohibit their reproduction. Monaco's Delegation made a proposal which was very similar to the one which has just been analyzed. The difference lies mainly in that the traditional provision is maintained as regards articles of political discussion, news of the day or *miscellaneous facts*. The Belgian Delegation's proposal, supported by the Italian Delegation, differed more from the present right. It first stated the principle that serial stories or any articles, whether from newspapers or periodicals, published in a country of the Union, may not be reproduced or

Thus in course of time this broad privilege envisaged in the Berne Act of 1886<sup>14</sup> was systematically narrowed in its compass and in course of time serial novels, including short stories were set apart and publication of the rest was allowed only if it was not explicitly forbidden by the author.<sup>15</sup>

But the subsequent Berne revisions took a progressive attitude towards user rights taking into account of the changing socio-economic milieu and technological challenges. For example from the 1908 Berlin revision onwards, exemptions in favour of newspaper and periodical articles received a broader outlook. Reproduction of articles in

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translated without the sanction of the authors. Then, as a qualification to this rule, it was stated that, nevertheless, *any newspaper may reproduce an article published in another newspaper*, provided that the source is indicated, unless the article bears an express notice to the effect that its reproduction is forbidden. What characterizes the Belgian proposal is first the distinction made between newspapers and periodicals; protection is absolute for articles published in periodicals, and no reservation is necessary. As regards newspaper articles, the proposal is very similar to the Norwegian one: reproduction is permitted in other newspapers unless forbidden. The German proposal attempted to reconcile the different interests by means of a tripartite division: (1) articles which may not be reproduced without authorization; (2) articles which may be reproduced unless this is forbidden; (3) articles which may always be reproduced. The difficulty lay in precisely distinguishing between the articles which fell into the first category and those which fell into the second. Thus there was a conflict of interests and assimilation remained a different task.

- 14 Berne Act, 1886, *Article 7*: “Articles from newspapers or periodicals published in any of the countries of the Union may be reproduced in original or in translation in the other countries of the Union, unless the authors or publishers have expressly forbidden it. For periodicals it shall be sufficient if the prohibition is indicated in general terms at the beginning of each number of the periodical. This prohibition cannot in any case apply to articles of political discussion or to the reproduction of news of the day or miscellaneous information”.
- 15 Berlin Act, 1908, *Article 9*: “Serial stories, tales, and all other works, whether literary, scientific, or artistic, whatever their object, published in the newspapers or periodicals of one of the countries of the Union may not be reproduced in the other countries without the consent of the authors. With the exception of serial stories and tales, any newspaper article may be reproduced by another newspaper unless the reproduction thereof is expressly forbidden. Nevertheless, the source must be indicated; the legal consequences of the breach of this obligation shall be determined by the laws of the country where protection is claimed. The protection of the present Convention shall not apply to news of the day or to miscellaneous information which is simply of the nature of items of news”.

newspapers except that of serial stories was permitted unconditionally, even without the consent of the author. The concern of developing countries as users rather than as producers of copyright got a clear anticipation at this early stage.<sup>16</sup> Following the Berlin revision, the system of reservations provided a further means of avoiding the full rigors of the requirements of the Convention by allowing states to retain lower levels of protection in certain key areas, notably the making of translations and exceptions to protection.<sup>17</sup> Even the Rome Act did not entirely end this system, as it allowed states to retain their existing reservations and for new member states to adopt a less rigorous regime with respect to translations.<sup>18</sup> Further, the sovereignty of the states to ensure their domestic interests was reinstated by the addition of a new provision, entrusting supreme power to the states to maintain public order.<sup>19</sup> Similarly, in the Brussels revision a French proposal to make press usage more systematic, was strongly opposed on the ground that it may restrict the free flow of information.<sup>20</sup> It was here that the ‘minor

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16 Of the initial signatories of the Berne Act, it was only Tunisia and Haiti, that belonged to the category of developing countries and membership of UK brought another great developing country within the union, namely India. In the years leading to Berlin revision, another developing nation Liberia joined the Berne Union, together with one rapidly industrialising nation Japan. In this period of widespread European colonisation and domination, there were relatively few independent developing nations and it was not until after world war 11 that these nations came to form a majority of the international community.

17 Berlin Act, 1908, Articles 25 and 27.

18 Rome Act, Articles 25(1) and 27(2). Despite these ameliorations in the convention system, it is still true to say that each revision of the convention saw a steady augmentation in the level of protection required, and this made it an instrument that is less congenial to the interests of developing countries.

19 Berlin Act, 1908, *Article 17*: “The provisions of the present Convention cannot in any way affect the right belonging to the Government of each country of the Union to permit, to control, or to prohibit, by measures of domestic legislation or police, the circulation, representation, or exhibition of any works or productions in regard to which the competent authority may find it necessary to exercise that right”.

20 Notably the Scandinavian countries, the Poles, Dutch, and Czechs.

reservation doctrine’, which can be denoted as the predecessor of ‘TST’ owed its origin.<sup>21</sup> Even though the fundamental canon of this doctrine was the ‘de minimis’ principle,<sup>22</sup> this should be considered as the first implied international recognition of the sovereignty of the states in molding limitations.<sup>23</sup> It impliedly gave international sanction to the wide diversity of limitations existing in their national laws. Its intention was to leave untouched the fragile ecosystem of limitations, ensuring maximum flexibility to the nations. Though from a user right perspective, this can be considered as a negative approach, taking into account of the wide diversity in needs and aspirations of the countries this was the most appreciable attitude of the time.

This progressive attitude towards user rights reached its zenith in the Stockholm revision conference. Apart from formulating the central tenet of modern user rights through the most flexible TST, the existing

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21 The question of implied exceptions to the convention first arose in the case of public performing rights, which were only recognised in the Brussels Act. Prior to this, member nations were free to impose whatever restrictions they wished on the exercise of these rights, or even to deny them altogether. In fact most national laws contained provisions permitting unauthorised public performance of works in particular instances like; musical performances made in course of religious worship, concerts given by military bands, charitable performances, public concerns organised on the occasion of particular festivals or holidays. In the context of article 11(1) of the Brussels act question arise whether they require express authorisation under the convention or is permissible. The final view was that it would be impossible to list all these exceptions exhaustively in the convention as they were too varied. On the other hand it wouldn’t be possible to demand their suppression, as most were based on long standing exceptions which member countries would be loath to renounce. However in the General Report of the conference, it was agreed by all members to retain the minor reservation doctrine, allowing the countries to retain their national limitations which are of de minimis nature.

22 This is based on the de minimis principle of interpretation, namely that the law is not concerned with trifles. In the present context, this means that exceptions to the rights granted in the relevant articles of the convention must be concerned with uses of minimal, or no significance to the author.

23 It was feared that the adoption of a general provision would positively incite those nations which do not have recognised exceptions to incorporate them in their laws.

limitations were given a liberal interpretation. By the deletion of the adjective ‘short’ and eliminating the restriction that the work quoted must be contained in a newspaper or periodical, the scope of quotation under Article 10(1) was liberalised.<sup>24</sup> Similarly the range of utilisations permitted by Article 10(2) is now much wider than under the Brussels Act: not only the publications are included, but also broadcast and sound or visual recordings. Just like the recognition of public performing rights had resulted in the development of minor reservation doctrine, the adoption of a general right of reproduction right in the Stockholm, necessitated a leeway to ensure that this provision should not encroach upon exceptions that were already contained in national legislation.<sup>25</sup> At the same time, it was also necessary to ensure that it did not allow for the making of wider exceptions that might have the effect of undermining the new right of reproduction.

Thus TST was introduced in Article 9(2) as a magic formula to balance these conflicting interests.<sup>26</sup> On a close scrutiny of the contextual background to the introduction of the TST, it’s quite evident that it is neither an ‘author oriented one’ as designated by Sam Ricketson<sup>27</sup> or

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24 *Rich.J.* (2008- 2009) ‘Of oceans, Islands, and Inland Water – How Much Room for Exceptions and Limitations under the Three- Step Test’, *Global L. & Bus.*, 12(2), 308.

25 In the words of Swedish BIRPI Study Group in its 1964 report, if a provision on reproduction right is incorporated in the convention, a satisfactory formula will have to be found for the inevitable exceptions to this right.

26 *Article 9:* (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) Any sound or visual recording shall be considered as a reproduction for the purposes of this Convention.

27 See, Ricketson, S. (1886-1986), *The Berne for the Protection of Literary and Artistic Works*: Centre for Commercial Law Studies, Queen Mary College,

‘limit to limitations of copyright’ as pointed by Martin Senftleben.<sup>28</sup> On the other hand it appears to be a wise and sensible balancing of the competing interests in a most diplomatic manner. If the intention of the Convention was to limit the limitations appended to user rights, there was actually no need for such a provision. Simply recognising the reproduction rights were high enough. But the drafters were aware of the threat such an autocratic approach might cause to the existing user rights and it was this fear that culminated in the adoption of TST and not vice versa. Similarly, in course of negotiations France, Netherlands etc., proposed for a narrow approach by limiting the exceptions to strictly private purposes and judicial use. But all these deliberations were rejected in the final draft and a very open ended flexible and user friendly provision was inserted in the final draft. This might be because of the fact that at its genesis, Berne Convention primarily served a coordinative function, which was to correlate existing national laws and practices into a code of international minimum standards for the protection of copyrighted works. Given its elemental goal of building on basic norms and thus eliminating discrimination against works of foreigners, the Berne Convention was originally “pragmatically instrumental.”<sup>29</sup> The absence of a set of minimum exceptions and or limitations to copyright in the Berne Convention reflected the practice

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London; Ricketson, S. and Ginsburg, J. (2006) *International Copyright and Neighbouring Rights -The Berne and Beyond*, 2nd edition, vol.1. Oxford University Press, London.

28 See, Senftleben, M. (2004) *Copyright Limitations and TST, An Analysis of the Three – Step Test in International and EC Copyright law*, Kluwer Law International, London.

29 See Okediji, R.L. (2005) *Sustainable Access to Copyrighted Digital Information Works in Developing Countries*, in *International Public Goods & Transfer of Technology Under a Globalized Intellectual Property Regime*, Reichman, J. and Maskus, K. (eds). Cambridge University Press [online]. Available at [www.googlebooks.com](http://www.googlebooks.com) [Accessed on June 2010].



and understanding that the precise nature of such limitations and exceptions was to be left to the reserved powers of the state to protect the welfare interests of its citizens.<sup>30</sup> Further, throughout the Berne revisions we have seen that, the Convention was quite sensitive to the issue of public interests of the member countries leaving it completely to their discretion. Berne Convention was really fascinated by the wide diversity of limitations existing among the countries, but was not carried away by it. Thus TST should be appreciated as a user friendly provision and guardian of rights of users than that of authors.

On a close perusal of the express provisions on permissible uses under Article 10 of the Convention, a different view is also discernible. That is, when the Convention says that, it is permissible for the countries to make educational use or press use as the case may be, it is very clear and adamant that such provisions should be 'compatible with fair practice' and such use is permitted only 'to the extent justified by the purpose.'<sup>31</sup> Thus it comes out that while the Convention is least bothered about the permissible uses which countries may or may not use by taking a passive approach, it has a strong vision over author rights. Thus while

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30 See ALAI Study (1999) *The Boundaries of Copyright: Its Proper Limitations and Exceptions* (report based on an ALAI conference on this topic, and providing summaries and overviews on specific exemptions, national laws and general approaches to limitations and exceptions); WIPO Standing Committee on Copyright and Related Rights, WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment, 9th Session, June 23-27, 2003, WIPO Doc. SCCR/9/7 (April 5, 2003). See also Davies, G. (ed.) (2002) *Copyright and the Public Interest*, Sweet and Maxwell, London; Burrell, R. and Coleman, A. (2005) *Copyright Exceptions: The Digital Impact*, Cambridge University Press, London.

31 Article 10(1) of Berne- It shall be permissible to make quotations from a work which has already been lawfully made available to the public, *provided that their making is compatible with fair practice, and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.*

the Convention ensures a minimum set of author rights, a minimum standard of permissible uses is beyond its scope.

The legitimacy of the minimum obligations contained in the Berne Convention thus lay not in the unassailability of the rights established, because these for the most part merely reflected the prevailing practice in most member states. Instead, the legitimacy of the Berne's minimum standards lay in the fact that the more closely these standards reflected national practices, the more consistent the Convention would be with the then-dominant international law principle of sovereignty and deference to national prerogatives. This makes compliance also very likely. Importantly, the global economy of the industrial age did not experience the high levels of integration present today, which has been occasioned, in large part, by information technologies that minimize the role of territorial boundaries.

However limitations and exceptions that are clearly permitted by the Berne Convention do not address the most pressing need for developing countries namely, bulk access to creative works available at reasonable prices and translated into local languages.<sup>32</sup> Further since the limitations and exceptions in the Berne Convention are written very flexibly; transforming this broad language into meaningful principles in a specific domestic context requires some institutional capacity, which is generally insufficient in many developing and least-developed countries.<sup>33</sup> Thus the era of maximum flexibility and sovereignty in the

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32 Okedji, R.L. (2006) *International Copyright System: Limitations, Exceptions and Public Interest Considerations for Developing Countries* UNCTAD - ICTSD Project on IPRs and Sustainable Development [online]. Available at [www.unctad.org/en/docs/iteipc200610\\_en.p](http://www.unctad.org/en/docs/iteipc200610_en.p) [Accessed on March 2010]

33 Okedji, R. L. (2006) *International Copyright System: Limitations, Exceptions and Public Interest Considerations for Developing Countries* UNCTAD -

pre-Berne era was continued uninterrupted and of course in a more vigorous manner. Copyright legislations in post Berne era is a spectator of this flexibility resulting in rich diversity.

## **6.2 Exceptions and Limitations to Copyright in the Post-Berne Era**

The Berne, both in its negotiating history and subsequent revisions manifested an unrelenting and inexorable fascination and charm towards the wide diversity of limitations and exceptions that existed among nations. The international arena was thus very careful in defining and illustrating the ‘public interest’ of the member countries, leaving it as an exclusive privilege to them. Upshot of this was an all-embracing diversity and disparity of user rights. While the universal goal of copyright law being the spread of knowledge ensuring access, the means achieved by the legislations remained quite distinct and unique. But this diversity on a unique issue raised a lot of questions to be answered. It remained quite mysterious that, what was the true basis of this diversity: whether this diversity was designed to address any specific domestic interest or is simply the product of the Berne’s flexibility or the result of social, political or economic realities. It is also curious to examine how far this diversity helped in achieving the noble objectives of copyright. A glance into these diversities will definitely counter these mysteries.

We can see that the diversity begins from the very conceptual inclusion of the subject within the copyright frame work. While in some legislations it is incorporated on an equal footing with rights of authors

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ICTSD Project on IPRs and Sustainable Development [online]. Available at [www.unctad.org/en/docs/iteipc200610\\_en.p](http://www.unctad.org/en/docs/iteipc200610_en.p) [Accessed on March 2010]

as ‘limitations to rights of authors’,<sup>34</sup> in other legislations it exists as ‘defence to copyright infringement’.<sup>35</sup> Thus from a philosophical perspective it appears that, in the former legislations user rights has a primary status and in the latter group of countries it only had a secondary concern.<sup>36</sup> A similar diversity exists at the incorporation stage, when certain legislations put up a general user right for different categories of works<sup>37</sup> and others comes with different set of user rights for each and every category of works.<sup>38</sup> These two basic diversities reflects the society’s expectations with respect to access, one having to do with the notion that for different kinds of works different thresholds of access are involved, and other with the question of access within particular categories of copyrighted works.

Among the various copyright laws analyzed a palpable example of utilizing this flexibility by countries to serve their domestic interest is the Copyright Law of Angola. It has an express provision which states that

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34 Some legislation like copyright law of Albania uses the expression ‘use without the permission of the author’- Article 25 of Albanian Copyright Act, 1986. Articles 29 and 30 of Copyright Law of Andorra (1990) use the term exceptions and limitations. Sections 21-24 of Belgium Copyright Law (1994) incorporate it as ‘exception to copyright infringement’. Chapter 3 of Copyright Act of Colombia (1982), Chapter 3 Law on Copyright and Neighbouring Rights of Congo (1982), Chapter six of Copyright Act of Costa Rica (1983), Section 4 of Copyright Act of Korea (1956), Chapter 3 of Copyright Act of Poland(1992) also are examples for this approach.

35 Sections 40-73 of Australian Copyright Act, Part 3 of Canadian Copyright Act(1985), Section 14 of Copyright Law of Cyprus(1973), Sections 32-43 of Thailand Copyright Act (1994), Section 35 -53 of Copyright law of Singapore(1987), Section 57 of Copyright Act of Pakistan (1962) and Section 52 of Copyright Act of India (1957) incorporates it as exceptions to copyright infringement.

36 Many factors can be the basis of this diversity. For example, from a philosophical perspective those countries influenced by the natural law philosophy might be the first country and those influenced by the utilitarian philosophy will be the latter one.

37 Countries like Australia, India, and Pakistan are examples for this approach.

38 Countries like Austria and Ireland follow this model.

the copyright governed by this law shall be exercised in accordance with the objectives and superior interests of the People's Republic of Angola and with the socialist principles deriving there-from, taking into account society's need for a broad dissemination of literary, artistic and scientific productions.<sup>39</sup> However an evaluation of the fair use provision in the Copyright Act of Angola, gives an impression that it's quite disproportionate to this express noble social vision.<sup>40</sup> The provisions on lawful uses are subject to the condition that the title and the name of the author are stated and that the work is respected. This requirement of 'respect' of a copyrighted work is a unique provision. How far this paternal right of the author can be balanced in the context of their socialistic political philosophy is really a matter to be experienced. Apart from this, it is really annoying that the law incorporated a very few user rights even in the absence of a general fair use provision.<sup>41</sup> Even for these permitted uses the law took a very restrictive approach. For

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39 Article 2 of Law on Authors' Rights, Angola (No. 4/90 of March 10, 1990).

40 Article 29 of Law on Authors' Rights, Angola (No. 4/90 of March 10, 1990) states that, "the following uses of works already disclosed lawfully shall be permitted, without the authorization of the author and without payment of remuneration, on condition that the title and the name of the author are stated and that the work is respected.....".

The provisions on lawful uses are subject to the condition that the title and the name of the author are stated and that the work is respected. This requirement of 'respect' of a copyrighted work is a unique provision. How far this paternal right of the author can be balanced in the context of their socialistic political philosophy is really a matter to be experienced. Apart from this, it is really annoying that the law incorporated a very few user rights even in the absence of a general fair use provision. Even for these permitted uses the law took a very restrictive approach. For example reprographic reproduction is permissible only in public libraries and is not permissible even in educational and scientific establishments. Similarly quotations are preconditioned that it should be short and where justified by scientific, critical, didactic or informatory purposes

41 The only permitted uses were: (1) performance, cinematographic projection and communication of recorded or broadcast works for purely didactic purposes, (2) reprographic reproduction in public libraries (3) reproduction of works for reporting of current events (4) exclusive individual and private use and (5) making of short quotations.

example, reprographic reproduction is permissible only in public libraries and is not permissible even in educational and scientific establishments.<sup>42</sup> Similarly quotations are preconditioned that it should be short and where justified by scientific, critical, didactic or informatory purposes.<sup>43</sup> To illustrate how the flexibilities are used by countries, a few areas are identified and discussed below.

### 6.2.1 Current Events

Reporting of current events is one example of use of divergent approach by countries on which there exists an international conscience. While some allows an unreserved right of reproduction,<sup>44</sup> others subject it to the consent of author which can be assumed in the absence of an express prohibition and also mandates the designation of the source of information.<sup>45</sup> For example, in the Australian law, even if the copyrighted work is used for reporting of news, it is mandatory that it should be a fair dealing.<sup>46</sup> But in the Austrian law the press use depends on the nature of the subject matter.<sup>47</sup> Similarly, while some have long and detailed provisions on press use, others mention it in single word by incorporating along with private and research use.<sup>48</sup> It should be noted that these latter group of countries subjected the author rights to the interest of society in access to information while in

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42 Article 29 (b) of Law on Authors' Rights, Angola (No. 4/90 of March 10, 1990).

43 Article 29 (e) of Law on Authors' Rights, Angola (No. 4/90 of March 10, 1990).

44 Copyright law of Netherlands and Nigeria are examples for this approach.

45 For example, Section 24 Copyright law of Korea (1957) restricts the application of eth exception for political speeches. Article 25 of copyright law of Poland (1994) obliges remuneration to author even in this uses. Section 103B of Australian Copyright Act mandates the acknowledgement of source.

46 Section 103 B of Australian Copyright Act, 1968.

47 Part 3 of Austrian Copyright act of 1936.

48 UK and Sweden are examples for this approach.

the other group of countries author's interest prevails over that of public.

Apart from this diversity on the nature and scope of press use, a unique provision on press use can be seen in the copyright law of Israel and Pakistan. In these countries, unlike in rest of the world where public speeches are public domain works free from any copyright control for reporting and reproduction of news, taking into account of the hostile and sensitive political and religious condition, the freedom is restricted. Here public speeches are not per se public works. The publication in news paper of reports of speeches of political and religious nature is permitted only if it is not prohibited by conspicuous written or printed notice.<sup>49</sup>

### **6.2.2 Library Use**

Being the most persuasive and intoxicating weapon of knowledge dissemination and promulgation, the library and educational use remains the significant among the various user rights. Comprehensive and exhaustive study reports published by WIPO portray the rich and enthusiastic diversity existing among the countries.<sup>50</sup>

On the copyright exceptions for library use, the diversity begins from the nature of libraries to the nature of beneficiaries and kind of uses. The range of applicable libraries may be extensive, or it may be tightly defined. Sometimes the statute applies to a wide range of non profit libraries, which could include libraries that are part of various

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49 See, Pakistan Copyright Ordinance 1962, Section 57 (d) and Israel copyright Act 1911, Section 1 (v).

50 See Crew, K. (2006) ' Study on Copyright Limitations and Exceptions for Libraries and Archives', [online]. Available at [www.wipo.int/edocs/mdocs/copyright/en/sccr\\_17/sccr\\_17\\_2.doc](http://www.wipo.int/edocs/mdocs/copyright/en/sccr_17/sccr_17_2.doc) [Accessed on September 2010].

institutions, from museums to political organizations.<sup>51</sup> In other cases, the statutes defer to administrative agencies to offer a definition or at least to “prescribe” eligible libraries.<sup>52</sup> The statutes are sometimes applicable explicitly to “libraries.”<sup>53</sup> The laws of many countries often also mention “archives.”<sup>54</sup> Some statutes define not only the eligible institutions, but also the range of individuals who may make copies. The UK law, for example, permits copies by librarians of prescribed libraries.<sup>55</sup> The statute further defines “librarian” broadly as a person acting on behalf of a libraries. Where relevant, the UK statute gives similar treatment to “archivist.” The UK law evidently is not limited to professional librarians, nor is it apparently limited to employees or regular staff of the library. In a different approach, the Copyright Act of Grenada evidently allows any person to make the copies.<sup>56</sup> The statutes address copies for preservation and copies for research. They are relevant to libraries in that they permit the copying of works that are held in a library or other institution that makes the works available to the public. Implicitly, such a statute has the practical effect of applying only to copying in libraries that are open to the public, but once qualified, the work may be copied by the library user or anyone else.

Many countries have a provision permitting the library to make copies of works for users without explicitly limiting the purpose of the

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51 Algeria, Australia, Czech Republic, Denmark, France, Indonesia etc are examples for this.

52 Copyright laws of Georgia, Ghana, Albania and Kyrgyzstan are some following this model.

53 Andorra, Antigua and Barbuda, Australia, Canada, Czech Republic etc includes archives also within the ambit of libraries.

54 See Section 41 of UK Patent, Designs and Copyright Act, 1988.

55 See Sections 38 – 42 of UK Patent, Designs and Copyright Act, 1988.

56 See Section 34 of Copyright Act of Grenada, 1989.



copy to research, preservation, or any other particular use.<sup>57</sup> Under these general statutes, libraries would presumably have tremendous flexibility when making copies of materials for users. The library is not limited to determining or assessing the precise reasons for making the copy. The purpose may be private study, or it may be for use in government, business, or other context though the statutes usually do include other parameters like the library is not free to make copies of any works in large numbers. But, another set of countries took a very restricted approach. For example Article 12 of Iceland Copyright Act is a general provision, but it is also an authorization for a government agency to make more detailed regulations circumscribing the conditions for the copying. Tunisia takes a similar regulatory approach.<sup>58</sup> Nigeria may have the statute that is open to the widest potential application.<sup>59</sup> The exception applies only to certain libraries, scientific institutions, and other organizations prescribed by regulation and it allows reproduction only up to three copies of works for library use, and that too only if the work is not available for purchase in Nigeria. This appears to be a quite unscientific approach in a developing economy like Nigeria. At the same time, it is really interesting that Kenya, a similar African developing country, has a very liberal library use provision allowing reproductions by public libraries unconditionally for any public interest.<sup>60</sup>

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57 African Countries like, United Republic of Tanzania, Turkmenistan, Tunisia, Trinidad & Tobago are some typical countries following this approach. Copyright law of Thailand, Tajikistan, Bulgaria and Cyprus also follows this model.

58 Article 12 of Tunisian Copyright law of, 1994.

59 See Schedule 2 to the Nigerian copyright Act of 1990.

60 See Sections 26-35 of Copyright Act of Kenya, 1992.

The library use provisions of Australia,<sup>61</sup> the US,<sup>62</sup> the UK,<sup>63</sup> etc., sets detailed guidelines on the nature and extent of library uses. Australian law mandates the requirement of a signed declaration by both the user and the person in charge of a library showing the genuinity and bonafideness of the nature and purpose of use. It is also interesting that the copying is confined for the purpose of ‘research or study’ of the user. In the English copyright law, apart from this mandatory requirement of signed declaration. it is also binding that only one copy of the article be supplied and the user should pay a sum not less than the cost (including a contribution to the general expenses of the library) attributable to their production.<sup>64</sup> However the American law is quite flexible towards library use. Spaced out from the absence of these regulations the law stipulates that the fair use provisions will prevail over that of the specific library use provisions.<sup>65</sup> But the law is very clear that the reproduction and distribution must be made without any purpose of direct or indirect commercial advantage and the requested work is not available at a reasonable price.<sup>66</sup> A similar approach can be seen in developed countries like Sweden,<sup>67</sup> Netherlands,<sup>68</sup> and Ireland.<sup>69</sup> They have very detailed and specific guidelines on library use and that too very often

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61 See Sections 48 – 53 of Australian Copyright Act, 1968.

62 See Section 108 of the US Copyright Act, 1976.

63 See Section 38 of 42 of the UK Copyright Act, 1988.

64 Section 38 of the UK Copyright Act, 1988.

65 See Section 108 of the US Copyright Act, 1976.

66 *Ibid.*

67 Article 16 of Copyright Law of Sweden, 1960.

68 Article 16 of Copyright law of Netherland, 1993.

69 See Section 61 of Copyright Act of Ireland, 1968.

with a system of payment. At the same time some countries like Italy<sup>70</sup> and South Africa<sup>71</sup> have a general library use provision without delimiting and defining the nature and scope of library use.

### 6.2.3 Educational Use

Diversity exists on educational use.<sup>72</sup> The diversity begins from the nature of exempted uses to that of the medium in which the works are communicated and continues to the class of beneficiaries and the extent of the privilege.<sup>73</sup> Unlike the library use provision which lacks any international conscience, teaching exception has an international concord.<sup>74</sup> But the wide connotation which can be given to the words

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70 Article 71 of Copyright Act of Italy, 1962.

71 Article 12 of South African copyright Act, 1978.

72 Even the WIPO studies conducted on a regional basis separating the laws of Africa, Asia, Europe, America and Arab, itself portrays. See, Xalabarder, R.(2009), 'Study On Copyright Limitations And Exceptions For Educational Activities In North America, Europe, Caucasus, Central Asia And Israel' [online]. Available at [http://www.wipo.int/edocs/mdocs/copyright/en/sccr\\_19/sccr\\_19\\_8.pdf](http://www.wipo.int/edocs/mdocs/copyright/en/sccr_19/sccr_19_8.pdf) [Accessed on September 2010]; Juan Carlos Monroy Rodríguez, 'Study on the Limitations And Exceptions To Copyright And Related Rights For The Purposes Of Educational And Research Activities In Latin America And The Caribbean' [online]. Available at [http://www.wipo.int/edocs/mdocs/copyright/en/sccr\\_19/sccr\\_19\\_4.pdf](http://www.wipo.int/edocs/mdocs/copyright/en/sccr_19/sccr_19_4.pdf) [Accessed on September 2010].

73 It varies from, limitations or exceptions related to illustration for teaching, use of works, reproduction of works, public communication of works, compilation of works, right of quotation for teaching purposes, examinations, limitations or exceptions relating to note taking in class or lectures, limitations or exceptions relating to research, reproduction (private copying) of works, right of quotation for research purposes, public communication for scientific purposes, use of subject matter protected by related right for research purposes, right of quotation and finally for personal or private copying

74 Article 10 (2) of the Berne: - "It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice. Where use is made of works in accordance with the preceding paragraphs of this Article, mention shall be made of the source and of the name of the author if it appears thereon.

‘teaching’, ‘illustration for teaching’ and ‘fair practice’ together with the permissive nature of Berne Convention increased the scope for manoeuvring making diversity more diverse. Thus among the various approaches followed by the countries one most common pattern is the Berne model which is to provide a general exception to sanction the utilization of any work by way of illustration in publications, broadcasts or sound or visual recordings for teaching to the extent justified for the purpose. Countries under this category confine their exception to sole purpose of instruction,<sup>75</sup> reproductions in course of examinations, the performance in the course of the activities of an educational institution and for preparation of compilations for the purpose of the use of educational institutions.<sup>76</sup>

Copyright Law of countries like Israel fail to identify the various needs of the educational community. In such laws the only exemption for educational use is that for use of the copyrighted material in compilations for use of schools.<sup>77</sup> Though the Copyright Law of Kenya also follows a similar pattern, it acknowledges the reproduction of a broadcast and its use for the systematic instructional activities of any such school or University.<sup>78</sup> Similarly while the Israeli law confines the exemption to schools, Kenyan law specifically includes the universities along with schools. In some countries the exemption is narrow, confining to illustrations for teaching ignoring the other uses proposed by the Berne

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75 Some legislation like Pakistan mandates that reproduction should be otherwise than by the use of a printing process.

76 See for example copyright laws of India and Pakistan.

77 Copyright laws of Israel, Netherlands and Sweden have this approach.

78 Unlike the difference on library use between the Kenya and Nigeria the Nigerian law took an exactly similar approach in the case of educational use.

Convention.<sup>79</sup> It's really disappointing that these developing countries fail to acknowledge and appreciate the need and role of the educational community in the development and progress of a nation. They should have at least followed the Berne Convention model in its fullest extent. These provisions it appears are drafted in a haphazard manner without appreciating the social realities and may be under the influence of dominant powers.

Among the various laws analyzed it is the copyright law of New Zealand that has the most detailed and specific provisions on educational use. The law is very keen and sharp on each and every need of the educational community. It foresees teaching in a four tier level.<sup>80</sup> While the law mandates single copy in the case of reprographic copying, multiple copying is not restricted for non reprographic copying. Thus, while remaining as broad as possible to cover the manifold needs of education the law has painstakingly delimited to avoid any misuse. For performances in educational establishments or for inclusion of materials in compilations or for the use of broadcasted material for educational purpose, the law has clear perspectives avoiding any confusion. In a system like this, where user rights are clearly defined the users are relieved from the pressure of burden of proof and the consumers are free to make bonafide uses according to their needs.

The copyright laws of developed countries like Australia,<sup>81</sup> the UK,<sup>82</sup> Sweden,<sup>83</sup> and Ireland,<sup>84</sup> have also put up detailed and clear

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79 Barbados, Congo, Cyprus etc are examples for this.

80 See Section 44 – 49 of Copyright Act of New Zealand, 1994.

81 See, Section 44 of Copyright Act of Australia, 1968.

82 See, Section 32-36 of UK Copyright, Designs and Patent Act, 1988.

83 See, Article 14 of Copyright Act of Sweden, 1960.

guidelines on educational use. They are not only aware of the various needs of the educational community but also of the potential damage that might cause to economic rights of author if the user rights are left abandoned. At each and every moment of free user right these legislations make a conscious effort to recognize and respect author rights. For example, in Australia, when a copyrighted work is used in preparation of compilations for educational use it is mandatory that apart from the common requirements of grace period and limited quantity of copying, the collection should describe in an appropriate place in the book, on the label of each record embodying the recording or of its container, or in the film, as being intended for use by places of education; the work or adaptation was not published for the purpose of being used by places of education; the collection consists principally of matter in which copyright does not subsist; and finally a sufficient acknowledgement of the work or adaptation that is made.<sup>85</sup> Countries like Sweden, Finland, Iceland, Italy, Austria, etc., mandate that compensation should be paid to authors when their works are used in compilations. Among this category Netherlands authorizes payment of equitable remuneration to even the successors of authors.<sup>86</sup>

Similarly, when the English law allows reprographic copying for educational uses it is mandatory that it should be done by the educational establishment and not individuals and not more than one percent of the work is copied in a quarter of a year and reprographic copying is expressly prohibited when licences are available authorising the copying in question and the person making the copies knew or ought

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84 See, Sections 53-58 of Copyright Law of Ireland, 1968.

85 See, Section 44 of Copyright Act of Australia, 1968.

86 See, Article 16 of Copyright Act of Netherlands, 1972.

to have been aware of that fact.<sup>87</sup> Among the copyright laws of the developed countries, the US has an exclusive approach towards the educational use. While it has detailed provisions on library use anticipating the various needs of the library community, it has a very apathetic attitude towards educational use. It deliberately ignores the Berne Convention model and also does not propose an alternate model. It completely disregards the conventional educational uses like quotations, compilations, illustration for teaching and reproduction in course of examinations. But it recognizes the need for a leeway for educational community in course of protection of certain performances or display of works<sup>88</sup> and transmission of those performances or displays.<sup>89</sup> But this privilege is confined to face-to-face teaching activities of a non-profit educational institution, in a classroom or similar place devoted to instruction. Unlike in the case of an exception, which appears to be general without mentioning any specific modes of teaching, when it inscribes that it extends to face to face teaching only, the other modes of teaching like distance and online is put in a miserable position.<sup>90</sup> Thus unpredictability and imperfectness of each and every free use continues.

#### **6.2.4 Fair Use**

Apart from the above diversity there is some uniformity among the countries when it comes to the issue of fair use. Among the various laws analysed the copyright laws of New Zealand, Australia, Ireland, Israel, Kenya, Nigeria, the UK, Zimbabwe, Cyprus, South Africa, Pakistan and

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87 See, Section 32-36 of UK Copyright, Designs and Patent Act, 1988.

88 See Section 110(2) of Copyright of the US, 1976.

89 See Section 112(f) of Copyright of the US, 1976.

90 It is these failures of the copyright law in addressing the needs of the educational community that lead to the enactment of the Teach Act, 2002.

India have a specific fair dealing clause privileging reproductions for reporting of current events, criticism, review and research or private study. It is in some author centric legislations like Netherlands, Italy, Sweden, Austria, Congo, Costa Rica, Finland, Iceland and Sweden that this privilege is not recognised. Among this group Austria and Sweden, though do not have fair use provision have a private use exemption. It's really perplexing why developing countries like Congo and Costa Rica took such a policy. It might definitely be the product of French political and philosophical influence. The significant element is that no legislation defines what a fair dealing is. However some countries have designed a tricky formula to identify a use as fair or not.<sup>91</sup> This reflects the most visible uniformity among these countries inspite of the expansive and extensive diversities. The formulae contains a four step analysis starting with the purpose and character of the use, then looking to the nature of the copyrighted work and thirdly to a quantitative analysis of the amount and substantiality of the work used; and finally to the effect of the use upon the potential market for or value of the copyrighted work.<sup>92</sup> Thus the standard involves a quantitative, a qualitative and finally a normative analysis suitable to a highly developed social and economic system. Fortunately none of the developing countries had accepted this standard in their legislations at this period of copyright development. Even some developed countries like Ireland, the UK, Finland and Zimbabwe leave it as a matter of judicial discretion. When these fair use standards are put on user rights as a precondition for any kind of free use, it acts as a sign of danger or caution put on high frequency electrical lines reminding the users to be very cautious before they make free use of the rights. But

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91 The formula evolves from the fair use doctrine evolved by Justice Story which we have discussed earlier.

92 See Section 107 of the US Copyright Act,1976, Article 43(3) of New Zealand Copyright Act and Section 40(2) of Australian Copyright Act.



when the law is general without imbibing the prerequisites, the users are in a privileged position. But, both the situations has its own negative impacts. If the users are left as unruly horses the age-old balance of the system will be completely shattered. At the same time a closed system with strict boundaries will squeeze out the scope for free uses.

The judicial attitude to this copyright issue in the post-Berne runs parallel with the legislative policy. Diversity persists there as well, irrespective of the fact that the policy itself originated from the fundamental cannons proposed by Justice Story.<sup>93</sup> Each jurisdiction exercised the judicial discretion in accordance with their own social, cultural, economic, political and philosophical perspectives. Response of the judiciary to the issues confronted by the two major technological challenges (photocopying and audio and video recorders) is a clear evidence for this. To this, the international arena witnessed three major judicial approaches. At one stance is the judicial policy headed by German judiciary that visions this as a great threat to authors and put restrictions on the extent of copying and also provides compensation to the authors for each and every reproduction. A second set of judicial attitude represented by countries like the US and the UK is to apply their traditional notion of fair use as if they are untouched by this spanking scenario. A third group of countries like Australia takes a middle path, by accepting user rights in context of the new technology and at the same time compensating the authors for the new mode of reproduction.

In 1955 the German Federal Supreme Court upon a complaint of photocopying of articles of a scientific journal by a commercial enterprise, held that the authors and publishers have the right to condition

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93 See, *Folsom v Marsh* (1841), Primary Sources on Copyright (1450-1900), eds L. Bently & M. Kretschmer, [online]. Available at [www.copyrighthistory.org](http://www.copyrighthistory.org). [Accessed on September 2010].

the copying upon payment of adequate compensation and they can also impose some levy on the manufactures of copying machine.<sup>94</sup> Deeply imbued by the natural right theory of authors, it is little surprising that the German court reached such a conclusion. It is really interesting that this judicial pronouncement was made at a time when the large scale use of reprography and its consequences was not experienced by the society. This judicial attitude showed a mirrored reflection, when a legislative attempt was made to address this issue. Thus the German Copyright Act made explicit provision for remunerating the authors when a copyrighted work is reproduced for genuine educational purpose or for library use.<sup>95</sup> Under this law the obligation to pay equitable remuneration to the author is vested on the manufacturers and importers of copying machines, in respect of the possibility to make reproductions.<sup>96</sup> When appliances of such type are operated in schools, universities or vocational training institutions or in other educational institutions, research institutions, public libraries or in institutions which have available appliances for

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94 Weimann, J. (1983) 'Private Home Taping Under Section 53 (5) Of The German Copyright Act of 1965', *J.Copr. Soc'y*, 30(1) ,153.

95 German copyright Act, 1965, Article 54 (2) : Where the nature of the work is such that it may be expected to be reproduced in accordance with Article 53(1) to (3) by the photocopying of a copy or by some other process having similar effect, the author of the work shall be entitled to payment of equitable remuneration from the manufacturer of appliances intended for the making of such reproductions, in respect of the possibility of making such reproductions created by the sale or other placing on the market of the appliances; in addition to the manufacturer, any person who commercially imports or reimports such appliances into the territory to which this Law applies shall be jointly liable. Where appliances of such type are operated in schools, universities or vocational training institutions or in other educational and further education institutions (educational institutions), research institutions, public libraries or in institutions which have available appliances for the making of photocopies on payment, the author shall also be entitled to payment of equitable remuneration from the operator of the appliance. The amount of the remuneration to be paid in total by the operator shall depend on the type and extent of utilization of the appliance that is to be expected in view of the circumstances, particularly the location and the habitual use.

96 See, Article 54 (2), German copyright Act, 1965.

making of photocopies on payment, the author shall also be entitled to payment of equitable remuneration from the operator of the appliance.<sup>97</sup> Thus author is entitled to have a dual remuneration from the users in addition to the compensation from manufacturers. Further it is mandatory on the manufacturers of these machines to supply to, author information on the nature and extent of recording mediums sold or otherwise put into circulation on the territory to which this law applies.<sup>98</sup>

On a similar situation, in *Williams and Wilkins Co. v United States*<sup>99</sup>, on a complaint by a publisher of medical journals serving physicians, schools and libraries against the National Institute of Science and National Library of Medicine alleging infringement of copyright by photocopying articles from its journals for distribution both within and out the two institutions, the US Supreme Court held it to be a fair use on the ground that the medicine and medical research will be injured by holding these particular practices to be an infringement.<sup>100</sup> Following this, in the new the US Copyright Act of 1976, special provision<sup>101</sup> was incorporated to protect the existing practice of library photocopying, outlining the circumstances under which a library or archive make a single copy of an entire copyrighted work.<sup>102</sup> The persons in charge of library are free to make up to three copies of the whole or substantial part of works kept in library, provided they are satisfied of the genuinity of

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97 Weimann, J. (1983) 'Private Home Taping Under Section 53 (5) of The German Copyright Act of 1965', *J.Copr. Soc'y*, 30(2), 153

98 *Ibid.*

99 180 USA.P.Q. 49 (Nov 29, 1973)

100 Goldstein, P. (1974) 'The Private Consumption of Public Goods: A Comment on *Williams and Wilkins Co.v United States*', *BULL. CR SOC*, 21(2), 204 .

101 See Section 108 of USA Copyright Act, 1976.

102 Clap, VW. (1962) 'Library Photocopying and Copyright: Recent Developments', *Law Lib. J.*, 55(1), 11-12.

such reproduction and in case of reprographic machines kept in their premises they are absolved from liability if notice of warning that it is subject to copyright law is affixed there. The US legal scenario responded very cautiously to accommodate the new technology, realising its vital role in accelerating the spread of information. Their stand was that the right owners should be vigilant in administering and enforcing their rights.

While in Australia in a comparable situation<sup>103</sup> a university was held liable for infringement of the copyright in a book of short stories because it made available, without supervision, both the copyright work and photocopy machine, by means of which the work was in fact copied.<sup>104</sup> Similarly in another case,<sup>105</sup> a memorandum issued by director general of education enabling teachers any amount of copying without any need to make records and payments was held violative of section 40 and section 53-B of the Copyright Act and the court ordered to withdraw the memorandum.<sup>106</sup> Following the *Moorhouse* judgment the Australian Copyright Act 1968 was amended in 1980 which prescribed a form of notice for library photocopy machines that would absolve libraries from liability of copyright infringement by users.<sup>107</sup> Its main thrust has been to increase copyright owner's right to remuneration in respect of photocopying, while at the same time effecting some reduction and

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103 *Morehouse v The University Of New South Wales*, 1974-1975 CLR 1, High Court of Australia.

104 Stevenson, L. (1981) 'The Betamax Decision; The Off Air Copying Of Films At Home', *E.I.P.R* , 9(3), 275.

105 *Haines and another v Copyright Agency Limited and Others* The judgment at first instance was noted at (1982), *E.I.P.R*, 6(2), 134.

106 Durie, R. (1982) "*Haines and another V Copyright Agency Limited and Others*, the case of unauthorized memoranda photocopying- the copyright amendment Act 1980, *E.I.P.R*, 12(3), 353.

107 Douglas, L. (1991) 'Librarians, copyright and technology: the growth of activism in the quiet profession', *I.P.J* , 6(3), 389.

simplification in the administrative and recording burden on the educational institutions associated with the statutory licensing schemes set up under the legislation.<sup>108</sup> Thus the Australian legislation made a safe way in between the USA approach and German approach. It tried to appreciate the advent of technology, keeping in mind the sweat of authors.<sup>109</sup>

The issue of audio and video recorders was triggered by the introduction of a levy system in Germany in 1965 by two seminal decisions of German Federal Supreme Court in 1955<sup>110</sup> and 1964<sup>111</sup> respectively, both of which involved the sale of sound recording

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108 Gilchrest, J. (1981) 'The Australian Copyright Amendment Act 1980: A New Regime for Photocopiers', *E.I.P.R.*, 4(1), 109.

109 On analysing the response of national scenario to this subject, we can see that countries who responded to this new technology take either the German or the USA or the Australian approach. At the same time there are a number of countries who felt they were least affected by this phenomenon. Fifty percent of copyright legislations in the world, either deliberately or otherwise makes no reference to reprographic reproductions. Countries like India, Ghana, Pakistan, Poland, Korea, United Arab Emirates, Columbia, Thailand, China, e.t.c make no reference to reprographic reproductions. In such countries we have to draw an inference from their general approach towards fair use, that whether exemptions are allowed subject to the consent of the author and paying him royalty or whether all exempted uses are absolutely free. In Thailand all permissible uses are allowed in quite flexible manner not obliging payment of compensation or obtaining the consent of the author. There we can infer that reprographic reproductions will be welcomed enthusiastically as in the case of Saudi Arabia, Qatar or Italy, where the statutes expressly allow reprographic reproduction without any restrictions. Countries like Japan, Hong Kong and Netherlands have expressly brought out reprographic reproduction from the free uses for education and library use. On the other hand countries like Portugal allow reprographic reproductions by limiting it in quantity and quality. A similar position prevails in Australia, Canada and America, where reproduction is limited in number and subject to the payment of compensation to the author. A unique feature of these legislations are they absolve the persons in charge of educational establishments or library from copyright infringement if a notice warning copyright law is affixed in their premises.

110 See, BGH, decision of 24 June 1955 - Aktz. : I ZR 88/54 (Mikrokopien) in GRUR 11/1955, p. 546.

111 See, BGH, 29 May 1964 - Aktz. : Ib ZR 4/63 (Personalausweise), in GRUR 02/1965, p. 104

equipment. In the first case the court considered whether the producers and retailers of recording equipment could also be held liable for copyright infringement, even if they did not realize the reproductions themselves, but only provided the individuals the necessary for doing so. The court answered this question in the affirmative pointing out that producers of recording equipment took express advantage of the popularity of private home taping. The court held that recording of copyrighted works by means of a tape recorder constitutes a copyright infringement even if intended for private use without any intent to earn profit.<sup>112</sup> The court held that home audio recording would lead to a decrease in the sale records and thus would adversely affect the economic interests of copyright holders. Court further directed that tape recorders should be sold subject to a notice that “no recording without copyright owners consent.”<sup>113</sup> In the latter case the court was confronted with the validity of the requirement of a collecting society that the producers of recording equipment be obligated, upon delivery of such recording equipment to wholesalers or retailers to request from the latter that they communicate the identity of purchasers to the collecting society, so as to enable the society to verify whether these customers engaged in lawful activities. Court reiterated the stand in the previous case that producers of recording equipment are infringers, but the obligation to reveal identity was in the opinion of the court conflicted with each individual’s right to inviolability of his home.<sup>114</sup>

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112 Lenk, C., Hoppe, N. and Andorno, R. (2007) *Ethics and Law of Intellectual Property: Current Problems in Politics, Science and Technology*, Ashgate Publishing Ltd. London, p.231.

113 BGH, 29 May 1964 - Aktz. : Ib ZR 4/63 (Personalausweise), in GRUR 02/1965, p. 104; see: Bygrave and Koelman 2000, p. 101; and Visser 1996, p. 50

114 Following this judicial stand, in 1965 under the copyright act the obligation on manufacturers of recording equipments to compensate the authors was made clear and mandatory. In 1985 this position was modified by introducing a levy on

An extremely contrary opinion was adopted by countries representing the US when they were confronted with a similar issue. Following a landmark judgment which set a new precedent the US Supreme Court had very simply applied the age old fair use formulae to this new technology. It was in *Sony Corporation of America v Universal City Studios Inc.*<sup>115</sup> (*Betamax case*), the court dealt specifically with the home video recording issue. In this case two of the major world copyright holders of televised motion pictures, Universal Studios and Walt Disney Productions sued Sony, the manufacturer of the “Betamax” video recording machine to restrain Sony from manufacturing and selling Betamax or Betamax tapes for use by purchasers thereof to copy or otherwise infringe copyrighted motion pictures owned by plaintiffs.<sup>116</sup> But the court held that copyright act never gives the copyright holder monopoly power over an individual’s off-the-air copying in his home for private, non commercial use. The court further held that even if such

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blank tapes, in addition to the levy on the sale of recording equipment. The main argument for imposing levy on blank tapes was that remuneration collected on the sale of recording equipment no longer equalled the dimension assumed by the legislator when the provisions was enacted in the year 1965. This was partially due to the rapid increase in private home copying and partially because of the reduction in the price of those of equipments. Today, most of the countries have followed the German model and have granted authors, publishers, performers, and phonogram and video gram producers a remuneration right for the private use of their works. This is not simply the attitude of countries like Japan, France, Netherlands or Switzerland, who even impose royalty on reprographic reproduction, but also of countries like India, Pakistan, Sri Lanka who while keeping silent on the issue of reprography, mandates the payment of royalty in cases of sound and video recording.

115 464 USA 417 (1984).

116 The plaintiff’s main contentions were that they would suffer great monetary damage if home video recording of their copyrighted motion pictures were allowed to continue. Further, the plaintiffs alleged that Sony, as a manufacturer of video recording was either a direct or contributory infringer or vicariously liable for the infringements by private home video-recording. The defendant contended that home copying for home use was not an infringement and even if it were, the defendant couldn’t be held liable under any theory of infringement or vicarious liability.

recording was an infringement the defendants could not be held liable under any theory of direct, contributory or vicarious infringement.<sup>117</sup> The court was convinced that the artistic benefit arose from the wider audiences provided by time shift; part of a benefit which when weighed in the equitable rule of reason, balance appeared to be of greater weight than the right of copyright owners to prevent reproduction.<sup>118</sup> Traditional concept of a private use exception not requiring either permission or payment was followed. This decision in the *Betamax case* remained as a mile stone development resulting in the US producing more programmes and films for broadcasting via television, and has more television receivers than, any other nation in the world. Countries like England, Luxemburg, Ireland though representing a bare minimum took this stand. Thus judicial approach to the issue of limitations and exceptions also manifested exactly the same diversity which the legislative policies retained. However unlike the legislative policy which is a combination of a multiple of factors, judicial attitude is definitely the influence two legal philosophies, the natural law and utilitarianism. While German judiciary was deeply influenced by the natural rights of authors, the US judiciary was carried by the utilitarian objective of copyright.

### 6.3 Conclusion

The analyses of the select areas of copyright exemptions from the different legislation of countries with diverse back ground leave us with ample options to answer the questions we raised. Just like the pre-Berne era, post-Berne era was also a golden age of flexibility. There were no obstacles and international obligations to the countries in copyright

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117 Oddi, S.A. (1990) 'Contributory Copyright Infringement: The Tort and Technological Tensions', *Intellectual Property L. Rev*, 22(2), 221.

118 *Sony Corp. of Am. v Universal City Studios, Inc.*, 464 USA. 417, 429 (1984).



policy making and enforcing, apart from their social, economic and political challenges. Further each and every country was free to frame their policy to meet these challenges. We have seen an express declaration of the socialism of Angola in its copyright law. Similarly, there is a provision in the copyright law of Barbados enabling large-scale translations of copyrighted works to English language even without the consent of authors. This is a unique provision in their law to meet their domestic exigency of access to knowledge and lack of sufficient materials to spread knowledge. We have also seen typical provisions for press use in the laws of Pakistan and Israel to suit their disturbed political climate. Thus the limitations to author's rights remained a strategic weapon in the armoury of the countries to achieve their domestic social goals. It should also be noted that a majority of the countries failed in manoeuvring these flexibility to meet their domestic needs. For example, all socialist countries do not have an express declaration of socialism in their copyright laws. All politically disturbed countries do not have a way framed by Pakistan or Israel. Correspondingly all least developed countries do not have a provision for translations as in Barbados.

Thus public interests of the countries can be pondered as the prime and of course the most vibrant root of the diversity in the exercise of limitations, though other factors like geography, political dominations, standard of economy and philosophical ideals also exercised considerable impact. When the African countries like Congo, Costa Rica and Nigeria share uniformity in their laws one could infer that it is definitely the influence of the close geographies. But when a similar African developing country Kenya, still follow a different policy with well codified law on user right it draws the example of French colonial hangover. French colonialism has given these poor developing countries the influence of classical natural right philosophy, resulting in an

apathetic attitude towards user rights. At the same time when we say that colonialism leaves a considerable influence on limitations, it should be noted that inspite of the fact that English copyright tradition being the parental law for a majority of worlds colonialist countries, these colonies in their post-independent copyright laws has taken a very sharp deviation when we analyze the provisions on user rights as a whole. While in these countries the colonialist and imperialists share a common thread on authors rights, when it comes to the users right they mold it for their domestic interest. The best example for this deviation is the copyright laws of India, Pakistan, Cyprus and Barbados. Realizing the special requirements of the domestic users while protecting the economic rights of the authors they codified their user rights in their own way. They are free from the new generation detailed water tight compartments of user rights with remuneration packages.

Standard of economic development among the countries has exercised a marked influence on the policy towards user rights. The developed countries have detailed provisions on fair use. They are sceptical to the users, that they are the patrons of authors and their rights. Further, it is also a manifestation of their policy that, they are no more the consumers of information, but the producers and owners of information that are consumed by the rest of the world. Further it also shows economic and social maturity of their publishing industry and also of the consumer class in respecting and enforcing the rights of both authors and users. Countries like Australia and the US have expressly accepted the economic rights of authors even in cases of fair dealing. They are not only beware of the actual economic infringement but also are conscious of the potential economic damages. When countries are too much concerned about the fair use, it becomes confusing that whether they are actually trying to protect the authors or users. Unlike a general

provision, the detailed and minute provisions shows the national awareness of the conflicting interests. While a general provision gives much room for users, a detailed and specific provision will obviously narrow it. A close scrutiny of such legislations also points it. This inference will be watered by the user rights provisions in developed countries like Sweden, Zimbabwe etc., when they took an ill assorted approach.

However, majority of the developing countries have an unsystematic and unscientific attitude towards user rights. Best example is our own copyright law. Indian law on educational use itself is badly codified. It fails to address the needs of distance and online education and fails to appreciate the multifaceted modes of instruction. While at some circumstances it takes a restrictive attitude by confining copying in a particular manner and limiting the quantity (two passage limit), at other occasions it does not impose any limitation on the portion that may be reproduced (reproduction in course of instruction). Similarly, on the library use too India took a very restrictive attitude towards the definition of library, class of works, conditions for applicability of works, manner of copying and finally to the manner of exploitation. This is the situation in a majority of developing countries. However legislations like Kenya and Tonga have broad user rights provisions.

Philosophical influence is evident when some legislations like Austria, Finland, Germany and Sweden begin their user rights provision with a precondition for respecting author rights. In Austria and Germany even for pure educational uses the authors are bound to be remunerated. These are pure instance of natural law philosophy. This also reflects the social, cultural and economic conditions of these countries.

Thus the diversity and disparity manifests in all minute aspects of user rights and the *raison d'être* also varies. When the Nigerian law took a broad attitude towards educational use and a narrow approach towards library use, the situation in Italy is vice versa. Likewise when the US has detailed provision on library use, it neglects the educational use. So there is no predictability even within a particular legal system on the nature of a user right. What is the pattern of limitations remains thus is a hard puzzle. Very often, it remains a blind copy of other legislations without appreciating the domestic needs. It is the fundamental cannon of international law that it is the civil law countries that have detailed guidelines on fair use and common law countries that have left it as a matter of judicial discretion. Even this presumption is tilted by the common law countries like Australia, the UK and New Zealand when they have detailed guidelines on user rights. Thus unpredictability, randomness and uncertainty run throughout the user right policy. While there is an international mandate on author rights, the user rights remain in a situation of chaos and confusion. What might be fair use in one country might be an author right in a neighboring country. Though from a territorial perspective this may appear to be a sovereign wisdom, but from an international perspective this is quite irrational. So, definitely there might have been an international craving for a system with some sort of uniformity and predictability retaining the flexibility and manoeuvring capacity of the countries.

## EXCEPTIONS AND LIMITATIONS TO PATENT AND COPYRIGHT : THE TRIPS AGREEMENT

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<i>Contents</i>	7.1 A Precursor to the Development of Limitations and Exceptions in TRIPS
	7.2 Exceptions and Limitations in the TRIPS

The pre-TRIPS era was a splendid harmony of diversities with minimal international commitments. Divergences on the need, as well as on the scope of protection of intellectual property rights have always existed among the countries. Historical analysis in the preceding chapters has seen this tension very frequently. For example when the US was still a relatively young and developing country, it refused to accept the international intellectual property rules on the grounds that it was entitled to promote access to works to further its social and economic development. Likewise the developing countries now feel that access to copyright works and patented technologies should be available to them so that it can be processed and adapted to suit their local needs and requirements. The previous chapters have clearly brought out this attempt of the developing countries and many of the developed ones within their maneuvering capacity to meet their domestic exigencies, resulting in sweeping and across-the-board market of goods ignoring the intellectual property rights and obligations. It was in this background that the TRIPS with international minimum standards for protection of intellectual property rights and an international enforcement mechanism

was promoted by a group of developed countries as an international attempt to reduce the distortions and impediment in international trade.

While an international standard for minimum rights was an accepted phenomenon for more than a century, the international arena was very conscious on the fragile nature of limitations to the rights and preserved it as a sovereign privilege. But the TRIPS was very sturdy and obstinate that uniformity should reign in each and every aspect of intellectual property protection. Negotiators in the Uruguay Round of GATT recognized the absence of a well-defined international fair use standard, and the creation of such a standard was an issue in the drafting of the TRIPS.<sup>1</sup> Accordingly the TRIPS championed for a binding norm for limitations and exceptions. But the elevation of Berne standard into the TRIPS and that too on a uniform scale irrespective of the nature of rights and subject matter alarmed the legal scenario. The Major concerns were from the developing countries, who argued that TRIPS ignored the diversity of national needs and forced them to sacrifice the 'policy space' that richer countries had harnessed in their early stages of development. Adding fuel to the fire, a lot of literature sprang up this era preaching the sermon that the TRIPS had hoisted intellectual property rights to a new level of trade rights.<sup>2</sup> Since twelfth century onwards intellectual property

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1 Oman, R. (1993) 'Berne Revision: The Continuing Drama', *Fordham Intellectual Property Media & Entertainment Law Journal*, 4(1), 142-43.

2 Abbott, F. M. (2002) 'The The TRIPS, Access to Medicines, and the WTO Doha Ministerial Conference', *Journal of World Intellectual Property*, 5(1), 15-52; Azmi, I.M. and Alavi, R. (2001) 'TRIPS, Patents, Technology Transfer, Foreign Direct Investment and the Pharmaceutical Industry in Malaysia', *Journal of World Intellectual Property*, 4(7), 947-976; Reichman, J.H.(2000) 'The The TRIPS Comes of Age: Conflict or Cooperation with the Developing Countries?', *Case Western Reserve Journal of International Law*, 9(1), 32; Drahos, P (2002) 'Developing Countries and International Intellectual Property Standard-Setting', *Journal of World Intellectual Property*, 5(6), 765, 769-70; Sell, S. K. (2002) 'TRIPS and the Access to Medicines Campaign', *Wisconsin International Law Journal*, 20(3), 481.

was closely linked to trade. The negotiating history of Berne and Paris was also not different from that of TRIPS. It was also an attempt by some developed countries to counter international piracy and counterfeiting. This chapter examines the legitimacy of the argument of ‘vanishing of policy space’ in the context of TRIPS provisions.

### 7.1 A Precursor to the Development of Limitations and Exceptions in TRIPS

History repeated in GATT Uruguay round negotiation on the issue of international standardization of limitations and exceptions to exclusive rights. Just like the Stockholm negotiations of Berne, the Uruguay round negotiations also faced profound struggle on the issue of an international consensus on limitations to exclusive rights. Once again the negotiators were fascinated by the plurality of limitations. But unlike in the Stockholm negotiations, here the situation was much stressed and strained.<sup>3</sup> Unlike the historical intellectual property bargain between the right holders and users, here the actors for effective bargaining were

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3 For a detailed study of the international politics behind TRIPS see:- Carlos Correa, M. and Yusuf, A. A. (2008) *Intellectual Property And International Trade – The TRIPS*, Kluwer Law International, Netherlands, pp. 4- 10; Reichman, J.H (1989) ‘Intellectual Property in International Trade: Opportunities and Risks of a GATT Connection’, *Vanderbilt Journal Of International Law*, 22(6), 795-796; Hartridge, D and Subramanian. A (1989) ‘Intellectual Property Rights : The Issues in GATT’, *Vanderbilt Transnational Law Review*, 22(6), 893, 895-96; Marshall Leaffer, A. (1991) ‘Protecting United States Intellectual Property Abroad’, *Iowa Law Review*, 76(1), 273; Barbosa, Borges, D, Margaret Chon and Andres Moncayo von, Hase. (2007) ‘Slouching towards development in international intellectual property’, *Michigan State Law Review*, 1 (1), 71–141, 113; Howse, R. (2002) ‘The Canadian Generic Medicines panel: A dangerous precedent in dangerous times’, *Journal of World Intellectual Property*, 3(4), 493–507; Okediji, R.L. (2003) ‘Public welfare and the role of the WTO: Reconsidering the TRIPS’, *Emory International Law Review*, 17(2), 819–918, 915; Gervais, D. (2007) *Intellectual Property Trade And Development : Strategies to Optimize Economic Development in a TRIPS Plus Era*, Oxford University Press, London, pp. 4-59; UNCTAD – ICTSD Project on IPRS and Sustainable Development - *Resource Book on TRIPS and Development*, (2005) Cambridge University Press, New York, pp. 30-39; Gervais, D. (2003) *The TRIPS: Drafting History and Analysis*, 2nd edition, Sweet & Maxwell, London, pp. 24–25.

developed countries with their demand for stronger protection and developing ones for more flexible standards to meet their domestic demands.<sup>4</sup> Thus the balancing process was a dual task - one at the traditional level of right holders and users and the other at the pioneering level of international arena. A compromise to this twin fold challenge was exacerbated both by the plurality of limitations and also by the array of conflicting national interests.

Paris Convention, as we have seen was least bothered about the permissible uses. This might be because of the fact that, unlike in the case of copyrights which have a plethora of conflicting and confusing set of permissible uses, the patent arena was quite calm with only a handful of patent limitations. Consequently when an international attempt of standardization was made, the only clue left for TRIPS negotiators was the “Three Step Test” (TST) developed in the Stockholm revision of Berne. However in the deliberations and negotiations on provisions of compulsory licensing in the review conferences of Paris Convention, a concerted move among the industrialized nations for setting a standard suited to their industrial policy was evident. It is also doubtful that this

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4 In the 1970's the developing countries sought to obtain more flexibility in the application of the intellectual property standards so as to secure greater access to foreign technologies with a view to promoting their economic and social development. With regard to patents for example the developing countries wanted to emphasize local working requirements, allowance of parallel importing, and greater scope for compulsory licensing. Similar efforts were made in copyright for loosening of copyright protection in the interest of equity in knowledge distribution and as a means of permitting relatively speedy reprinting and translation of books related to educational and scientific development. these initiatives did not, however succeed due to the firm opposition of developed countries who were seeking to strengthen protection of IPRs worldwide and had also raised the issue first in WIPO but then decided to move the negotiations to GATT where market access for the manufactured goods of developing countries could be offered in exchange for their acceptance of providing better protection to IPRs. For details see, Correa, C. M. and Yusuf, A.A. (2008) *Intellectual Property and International Trade – The TRIPS*, Kluwer Law International, Netherlands, pp. 4- 10.



international silence on the issue of patent limitations was again a strenuous effort by developed countries. Post-TRIPS developments also substantiate this.

For example, in the case of copyright the industrialized countries suggested to augment the standards of Berne. A more detailed proposal in this connection was submitted by the US, which became the model for the final draft.<sup>5</sup> But delegations of developing countries opposed the strengthening of standards.<sup>6</sup> India<sup>7</sup> and Brazil<sup>8</sup> were the main opponents. For them standards set by Berne was itself quite adequate. However in the copyright arena the confusion on the nature of limitations, i.e., to follow a general formula or to adopt specific list of exceptions was finally settled in the Berne itself and the international arena had already accepted it. But in the case of patents, it was in the Uruguay round negotiations that the issue of limitations for the first time got an

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- 5 US proposed that, “any limitations and exceptions to exclusive economic rights shall be permitted only to the extent allowed and in full conformity with the requirements of the Berne Convention (1971) and in any event shall be confined to clearly and carefully defined special cases which do not impair actual or potential markets for or the value of copyrighted works”. See the explanation given in GATT Doc.MTN.GNG/NG11/14/15 [online]. Available at [www.wto.org/gatt\\_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/14/15&cd](http://www.wto.org/gatt_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/14/15&cd). [Accessed on June 2010].
- 6 GATT Doc. MTN.GNG/NG11/W/30, 1-3 [online]. Available at [www.wto.org/gatt\\_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/30&cd](http://www.wto.org/gatt_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/30&cd) [ Accessed on June 2010]. They asserted that a protection system which rests on no firmer basis than considerations concerning its trade adequacy would inevitably neglect to devote sufficient attention to the danger evolving from abusive uses of monopoly rights in intellectual property.
- 7 GATT Doc. MTN.GNG/NG11/W/37, 17 [online]. Available at [www.wto.org/gatt\\_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/37&cd](http://www.wto.org/gatt_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/37&cd). [ Accessed on November 2010]. India expressed its reluctance to acquiesce in the broadening of the level of protection already granted by the Berne Convention, by stating that the latter is more than adequate to deal with copyright protection.
- 8 GATT Doc. MTN.GNG/NG11/W/37 [online]. Available at [www.wto.org/gatt\\_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/37&cd](http://www.wto.org/gatt_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/37&cd). [Accessed on July 2010]. Brazil took the side of India by arguing that a higher standard of protection will clearly affect them negatively.

international consideration and the confusion existed not simply on the scope of exceptions but also on the way in which it should be formulated. In the Anell Draft some parties to the negotiation proposed for the inclusion in the Agreement of a non-exhaustive catalogue of exceptions.<sup>9</sup> But the Brussels draft and the TRIPS did not opt for any catalogue of exceptions but opted instead for a general formulation. The reason for the formulation that ultimately came into force is not evident from the negotiation documents. However this general wording clearly shows that how difficult it was for the negotiating parties to agree on the nature and scope of exceptions to rights. The solution found is to be a compromise between the views of the US which opposed the inclusion of exceptions and would have accepted only a few exceptions, and the European Union, whose member states already provided for such exceptions.<sup>10</sup> The formulation is heavily based on Art.9 (2) of the Berne.

Thus TST got a very solid international recognition with the TRIPS. It developed as the one and only satisfactory compromise formulae for the conflict of situation. It began to function as a universal recipe, irrespective of the nature and category of rights. While in Berne it developed as a means to attaining the goal of the international recognition of reproduction right, it had to perform a new and distinct role in the TRIPS. The preparatory work for the 1967 Stockholm

9 GATT documents: MTN.GNG/NG11/W/76, MTN.GNG/NG11/W/26, MTN.GNG/NG11/W/47, MTN.GNG/NG11/W/57 . Available at [www.wto.org/gatt\\_docs](http://www.wto.org/gatt_docs). [Accessed on November 2010]. The Anell draft contains as examples of exclusions, right of prior user, exceptions for private purposes and for scientific purposes, the direct individual preparation of medicines by dispensing chemists on the basis of a medical prescription, use of the invention by the third party who started or undertook bonafide preparatory acts for the government's own use.

10 Stoll, P.T., Busche, J. and Arend, K. (2009) *WTO – Trade Related Aspects of Intellectual Property Rights*, Martinus Nijhoff Publishers, Boston, at p. 537. Also see GATT documents: MTN.GNG/NG11/W/76, MTN.GNG/NG11/W/26, MTN.GNG/NG11/W/47, MTN. GNG/NG11/W/57 [online]. Available at [www.wto.org/gatt\\_docs](http://www.wto.org/gatt_docs) [ Accessed on July 2010].

Revision of Berne was based on the concept that the intended perfection of the system of the Union should be pursued among other objectives, through the enlargement of the protection granted to authors by the creation of new rights or by the extension of rights which were already recognised. TST was perceived as a satisfactory formulae for permissible limitations to attain the formal recognition of a general right of reproduction. But the TRIPS with its trade-based approach, was significantly different from the idealistic underpinnings of Berne. In TRIPS, TST was foreseen as a drastic measure to reconcile the concern of advanced industrialized countries about free riding practices and to impose a ban on ‘counterfeiting and piracy’.

## 7.2 Exceptions and Limitations in the TRIPS

The task of identifying, materializing and standardizing limitations and exceptions was thus assigned to the TST in the TRIPS also. The drafters of the TRIPS conceived TST as a manifestation of the standard reached in the Berne. When reproducing the wordings of Article 9(2) of Berne with slight alterations, the TRIPS did not aim at establishing completely new set of principles.<sup>11</sup> TST became synonymous to the wordings ‘limitations and exceptions’. But how far the sacredness of TST which the Berne envisaged was preserved in the TRIPS is an interesting concern. It is also surprising that formulae patterned to meet the multiple nature of limitations appended to copyright became adapted to a specific set of exceptions under patents.

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11 Gervais, D.J. (2003) *The TRIPS: Drafting History And Analysis*, Sweet & Maxwell, London; Correa, C. M. (2008) *Intellectual property and International Trade: The TRIPS*, Kluwer Law International, London; Khor, M. and Raghavan, C. *WTO Secretariat explains its TRIPS Negotiating History* [online]. Available at <http://www.twinside.org.sg/title/explains.htm> [Accessed on May 2010]. Dr. Aded, A. O. *The Political Economy of the TRIPS: Origins And History Of Negotiations* [online] Available at <http://www.ppl.nl/bibliographies/wto/files/1273.pdf> [Accessed on August 2010].

The saga of permissible uses begins in the TRIPS with the reproduction of Berne provisions in Article 13, with the wordings that “members shall confine limitations or exceptions to the 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”. A substantial similarity of words is used with slight changes but with difference in scope and content in Article 30 for exceptions to patent.<sup>12</sup> A detailed examination of the test is undertaken to find out how it is understood and interpreted to achieve the objectives for which it was included in the TRIPS. For a better understanding of TST with its all round implications, proposed to undertake a critical evaluation of the same with a careful breakdown of each step in the light of the interpretations given to TST by the DSB panel reports. In course of discussions, the legislative intent behind the difference in wordings of TST for copyright and patent is also explored.

It has to be noted that the international legal scenario was really alarmed by the inherent complexity of TST by the decision of WTO Dispute Settlement Body against the US and Canada in 2000. The two nations were found violating the international intellectual property rights norms for a matter which was solely, till then considered as a question of sovereignty. It was at this moment that the real potential of TST was exposed. The Patent Case in 2000 delivered the first report by a WTO

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12 Article 30 read: “Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties.

panel dealing with an interpretation of the TST.<sup>13</sup> It involved a dispute between the EC and Canada that inquired into whether two exemptions in the Canadian Patent Act 1985, the “regulatory review” exception<sup>14</sup> and the “stockpiling exception”<sup>15</sup>, were compliant with TRIPS, Article 30. In the June of the same year, a dispute between the EC and the US was brought before a WTO panel requiring an interpretation of the TST in TRIPS, Article 13.<sup>16</sup> The dispute concerned section 110(5) of the US Copyright Act as amended by the Fairness in Music Licensing Act enacted on 27 October 1998. The provision permitted the public performance or display of musical works delivered via a broadcast in certain retail and food or drinking establishments, subject to size and audio-visual equipment limitations.<sup>17</sup>

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13 “Canada – Patent Protection Of Pharmaceutical Products”, WT/DS114/R, 17 March 2000 [online]. Available at [http://www.wto.org/english/tratop\\_e/dispu\\_e/distab\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/distab_e.htm). [Accessed on July 2010]. Herein after ‘Patent Panel Report’.

14 The “regulatory review” exception provided that it was not a patent infringement to “make, construct, use or sell” a patented invention if done as part of the development or submission of information required under any law regulating the “manufacture, construction, use or sale of a product” - (Canadian Patent Act 1985, section 55.2(1)). This was intended to allow generic pharmaceutical manufacturers to undertake the preparation needed to meet regulatory review requirements before a patent had expired thus allowing them to take a generic drug to market immediately upon expiry.

15 Patent Panel Report – Para. 4.12 The “stockpiling” exception allowed for the same acts to be undertaken for the purposes of “the manufacture and storage of articles intended for sale after the date on which the term of the patent expires” (Canadian Patent Act 1985, section 55.2(2)). Canada argued that these exceptions had been introduced to allow generic manufacturers to compete freely with the patentee after a patent expired, thus protecting public health by promoting access to cost-effective, generic medicines. Its aim was to ensure that patentees were not able “to exploit time-consuming regulatory review systems . . . in order to extend the term of patent protection and to gain a windfall monopoly”.

16 United States – Section 110(5) of the US Copyright Act, WT/DS 160/R, 15 June 2000, [online]. Available at [http://www.wto.org/english/tratop\\_e/dispu\\_e/distab\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/distab_e.htm). [Accessed on July 2010]. Here in after ‘Copyright Panel Report’.

17 The provision had originally been intended to “exempt from copyright liability anyone who merely turns on, in a public place, an ordinary radio or television receiving apparatus of a kind commonly sold to members of the public for private use”. When amended in 1998, the section was divided into two parts. The first

The panel's discussion in both cases extensively analyzes each of the steps. It reveals how complex and technical was the issue of balancing which they confronted at the interpretation of each step. It began by word by word deconstruction of TST with ordinary dictionary meaning and gradually moved into the normative and empirical analysis.<sup>18</sup> The major principles the panel's followed in treaty interpretation were; the principle of extensive interpretation, bonafide interpretation and harmonious construction. Really appreciating that, the panel took their interpretation in an extended context, considering the negotiating history of the TRIPS. The Panel even went beyond the negotiating history of the TRIPS proper and inquired into that of the incorporated international instruments on intellectual property.<sup>19</sup> The

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retained the original exemption allowing display of a work on a single receiving device but was restricted to a very narrow type of work (the communication of a transmission embodying a performance or display of a work other than non-dramatic musical works, i.e. music that is part of an opera, operetta, musical or other similar dramatic work when performed in a dramatic context)—referred to as the “home-style” exemption. The second was a much broader provision exempting retail and food and drinking establishments that complied with certain specified size and audio-visual equipment restrictions from copyright infringement when displaying a transmission of non-dramatic musical works (a much larger potential category of works)—referred to as the “business” exemption. (Copyright Panel Report, Para. 2.5)

18 Copyright Panel Report. Each term was interpreted within the context of ordinary dictionary meaning. see Para. 6.108 – certain, special Para- 6.109, exploit – Para 6.165, normal – 6.166, interest – Para. 6.223, legitimate – Para. 6.224,

19 The Panel noted that, in the framework of the TRIPS, which incorporates certain provisions of the major pre-existing international instruments on intellectual property, the context to which the Panel may have recourse for purposes of interpretation of specific TRIPS provisions, in this case Articles 27 and 28, is not restricted to the text, Preamble and Annexes of the the TRIPS itself, but also includes the provisions of the international instruments on intellectual property incorporated into the TRIPS, as well as any Agreement between the parties relating to these Agreements within the meaning of Article 31(2) of the Vienna Convention on the Law of Treaties. Thus, as the Panel will have occasion to elaborate further below, Article 9(2) of the Berne Convention for the Protection of Literary and Artistic Works (1971) (hereinafter referred to as the Berne Convention) is an important contextual element for the interpretation of Article 30 of the TRIPS. Para.7.14

most visible manifestation of this wisdom can be seen in the incorporation of the ‘minor reservation doctrine’ into the TRIPS context. There the Panel extended its reference to even the general report of Brussels revision conference of 1948.<sup>20</sup> But whether this will have the effect of freezing the development of limitations is a matter to be examined, especially in the context of digital technology.

The panel’s started from the premise that, the basic structure of TST requires that the three conditions are cumulative, each being a separate and independent requirement that must be satisfied.<sup>21</sup> Failure to comply with any one of the three conditions results in the Articles 13 and 30 exceptions being disallowed. The three conditions must, of course, be interpreted in relation to each other. Each of the three must be presumed to mean something different from the other two, or else there would be redundancy. Normally, the order of listing can be read to suggest that an exception that complies with the first condition can nevertheless violate the second or third, and that one which complies with the first and second can still violate the third.<sup>22</sup>

It has to be noted that differences start with the title of two articles itself. While Article 13, label the provisions as limitations and exceptions, Article 30 identifies it as exceptions to the rights. Though the two terms ‘limitations to rights’ and ‘exceptions to right’ sound synonymous, it has an underlying history of two divergent philosophy.

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20 Copyright Panel Report, Para 6.53 – 6.66.

21 Patent Panel Report, Para 7.20 and Copyright Panel Report.

22 The syntax of Article 30 supports the conclusion that an exception may be "limited" and yet fail to satisfy one or both of the other two conditions. The ordering further suggests that an exception that does not "unreasonably conflict with normal exploitation" could nonetheless "unreasonably prejudice the legitimate interests of the patent owner".

Under the natural law philosophy, rights form a strong foundation and if certain uses are nevertheless exempted within this system, such derogation from the theoretically all-embracing right may arguably be called an exception rather than limitation.<sup>23</sup> Civil law countries are very often assigned with this tradition. However pursuant to the utilitarian incentive principle that features prominently in common law countries, by contrast only rights strong enough to induce the desired production of intellectual works are to be protected.<sup>24</sup> In this framework, certain areas might be carved out of the scope of exclusive rights from the very beginning and flexible open ended provisions may be employed to offer room for unauthorised uses.<sup>25</sup> We can interpret this language syllogism in three different ways.

Firstly it can be interpreted that Article 13, when uses the expression ‘limitations and exceptions’ refers to both traditions of legal system. And it will come out that, Article 30 when it uses the title ‘exceptions to right’ favors the natural law approach of civil law countries and consequently appears to be more restrictive. But when we go to the first and second step of TST, evident that Article 30 has a better proportional and public interest perspective than Article 13. So the above philosophical justification given for this divergent approach will shatter when it comes to these two provisions. If the legislative intent was clearly to narrow the scope of limitations to patent rights, they should not

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23 Guibault, L.M.C.R (2002) *Copyrights Limitations and Contracts –An Analysis of the Contractual overridability of Limitations on Copyright*, Kluwer Law International, London, pp. 17-20

24 Senftleben, M. (2008) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law*, Kluwer Law International, London, p.22.

25 Guibault, L.M.C.R (2002) *Copyrights Limitations and Contracts –An Analysis of the Contractual overridability of Limitations on Copyright*, Kluwer Law International, London, pp. 17-20



have drafted it with those proportionality principles. Negotiating history again fails to give an answer to this divergent approach.

Secondly if we make a historical analysis of evolution of limitations and exceptions apparent that while this divergent posture of civil and common law tradition has exercised a significant impact on copyright law, it had only a trifling impact on patent law. Even in the pre-Paris, Paris and Post-Paris era the conflict and controversy regarding limitations surrounding patents was very marginal. The nature, scope and extent of limitations appended to patent were not abundant as that of copyright. Accordingly this difference can be accepted as an influence of traditional practices with respect to this.<sup>26</sup>

Finally, the all-embracing nature of Article 13 can be perceived as a purposeful intention to incorporate compulsory licensing mechanism of copyright. While in Article 31 TRIPS has express provision on compulsory licensing with respect to patents, there is no express provision governing compulsory licensing of copyright. It can also be one of the rationales for the strict approach which the first and second step of TST follows in copyright. Unlike other instances of permissible uses, compulsory licensing is a permissible use subject to the legitimate interest of the author. Unlike in the case of other permissible uses,

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26 This is corroborated by the use of the term 'exceptions' with respect to designs and trademarks also. Likewise in the case of patents, limitations and exceptions attached to designs and trademarks were not that much diverse and conflicting in civil and common law jurisdictions. Article 26(2) of the TRIPS 1994: Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties. Article 17 of the TRIPS 1994, (Exceptions): Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

compulsory licensing is subject to the requirement of notice to and reasonable compensation to the author. Consequently TST should be more conscious of the rights of the author when it takes such a broad inclusive approach covering compulsory licensing also.<sup>27</sup> Here follows a step by step breakdown of the provisions together with WTO jurisprudence on the issue.

### **7.2.1 First Step ('Shall Confine Limitations and Exceptions' & 'May Provide Limitations to Exclusive Rights Conferred by Patent')**

Both Articles 13 & 30 begin with a different set of obligation on the members to ensure that no unnecessary restrictions are put on the exclusive rights of authors. In the broad-spectrum, the first step can be interpreted as an attempt to bring in the uniformity which the TRIPS is aiming. So a general obligation is cast upon the member countries to ensure that the uses covered by the text of the exceptions be generally determinable. As underlined by one author, "an overly vague provision whose scope of application could not be foreseen would not be admissible."<sup>28</sup> Undefined and indeterminate set of limitations are discouraged to prevent the confusions and unpredictability's in the pre-TRIPS era. But at the other end of the spectrum, apart from the issue of discrepancy of wordings, TST begins itself by the controversial question that, whether a limitation to author's right or user's right. When it obliges the member countries to confine or limit limitations attached to copyright or patent as the case, evident that a right biased attempt to

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27 This rationale also appears to be true when we analyze the TST for designs and trademarks. Since they also do not embrace compulsory licensing within their scope, the provision appears to be more proportional towards public interest.

28 Ricketson, S. (1987) *The Berne Convention for the Protection of Literary and Artistic Works: 1886-1986*, Kluwer Law International, London, p. 482. According to whom the term 'special' means that "the exception must be justified by some clear reason of public policy or some other exceptional circumstance".

safeguard rights by minimizing the public interest limitations. If limitations and exceptions are the quid pro quo for the grant of intellectual property rights, how can the intellectual property frameworks maintain their noble objective of public interest? Here it has been worded as a second tier protection to the rights and not as a safety valve for public interest. It appears to be the product of pure trade oriented imperialist policy of the TRIPS. So a tilting of intellectual property balance is evident. Instead of safeguarding and promoting public interest, it circumscribes the scope of limitations to rights. Public interest is subsumed before the private economic rights. But it depends upon the interpretation we extend to these general wordings. It can be given a holistic interpretation from a historic perspective, and also possible to give a narrow and pure economic trade oriented interpretation in the context of TRIPS.

The analysis of TRIPS negotiating documents relating to limitations makes it clear that TST is a compromise on the diverse set of limitations and exceptions existed among the countries.<sup>29</sup> They expressly acknowledge the impossibility of listing the numerous exceptions across the countries and that too with divergent scope and extent.<sup>30</sup> Consequently from a historical perspective TST warrants a holistic interpretation which in the context of TRIPS is a twofold task. The first

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29 Gervais, D.J. (2003) *The TRIPS: Drafting History And Analysis*, Sweet and Maxwell, London; Correa, C.M. (2008) *Intellectual property and international trade: The TRIPS*, Kluwer Law International, London; Khor, M. and Raghavan. C *WTO Secretariat explains its TRIPS negotiating history* [online]. Available at <http://www.twinside.org.sg/title/explains.htm>[Accessed on 2.011.2010]. Dr. Aded, A. O. *The Political Economy of The TRIPS: Origins and History of Negotiations* [online] Available at <http://www.ppl.nl/bibliographies/wto/files/1273.pdf>. [Accessed on November 2010].

30 GATT Document. MTN.GNG/NG11/W/30, 1-3, Available at [www.wto.org/gatt\\_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/30&cd](http://www.wto.org/gatt_docs/English/SULPDF/92080048.pdf+GATT+Doc.MTN.GNG/NG11/W/30&cd) [Accessed on November 2010].

and common to all provisions is the scope of flexibility to the countries in the context of TRIPS to have a holistic interpretation of their own to meet the domestic exigencies. Second and the most important is the actual implication of TST in the context of its trade oriented economic policy.

Unfortunately when we look into the DSB panel reports, starting from the very first word of TST in Article 30, the panel very intelligently and scientifically took a pure quantitative approach neglecting the fundamental cannons of intellectual property. Expediently the panel abandoned the wider public interest concern to protect the interest of owners of copyright and patent who are invariably large corporations. The panel was really tricky when it laid down in the patent case that, each and every interpretation of Article 30 is to be taken in the context of the goals and limitations in Articles 7 & 8 of the TRIPS.<sup>31</sup> After stating this golden principle of interpretation in an ideal manner, it jumped to a rational and pragmatic conclusion. The DSB Panel held that, the word "limited" in the first test has a narrower connotation; although the word itself can have both broad and narrow definitions, the narrower definition is the more appropriate when the word "limited" is used as part of the phrase "limited exception".<sup>32</sup> The panel made the position more clearly by stating that, "the word 'exception' by itself connotes a limited derogation, one that does not undercut the body of rules from which is made".<sup>33</sup> It was emphatic on its narrow interpretation by saying when a

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31 The rules that govern the interpretation of WTO Agreements are the rules of treaty interpretation stated in Articles 31 and 32 of the Vienna Convention. The starting point is the rule of Article 31(1) which states: "A treaty is to be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose." Para 7.13 of Patent Panel Report.

32 Patent Panel Report, Para 7 .30.

33 Patent Panel Report, Para 7 .30.

treaty uses the term 'limited exception', the word 'limited' must be given a meaning separate from the limitation implicit in the word 'exception' itself.<sup>34</sup> The term "limited exception" must therefore be read to connote a narrow exception - one which makes only a small diminution of the rights in question. The panel took a contextual interpretation in the WTO trade context, completely ignoring the fundamental cannons of public policy which patent law has to achieve. Further it gave a quantitative measurement to identify the 'limited' nature of an exception when it said that a "limitation should be justified taking into account of the extent to which legal rights have been curtailed".<sup>35</sup> This completely undermined the philosophy of user right historically built into the patent system.

While interpreting the first step, admired and carried by the rights of patent owners, or in turn by the interests of powerful industrialists, it was really astonishing that the panel for the first time ever in patent history calculated the patent term as including its market advantage gained by the patent owner in the months after expiration of the patent.<sup>36</sup>

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34 Patent Panel Report, Para 7.30.

35 Patent Panel Report, Para 7.31. Panel agreed with the EC interpretation that "limited" is to be measured by the extent to which the exclusive rights of the patent owner have been curtailed. The full text of Article 30 refers to "limited exceptions to the exclusive rights conferred by a patent". In the absence of other indications, the Panel concluded that it would be justified in reading the text literally, focusing on the extent to which legal rights have been curtailed, rather than the size or extent of the economic impact. In support of this conclusion, the Panel noted that the following two conditions of Article 30 ask more particularly about the economic impact of the exception, and provide two sets of standards by which such impact may be judged.<sup>35</sup> The term "limited exceptions" is the only one of the three conditions in Article 30 under which the extent of the curtailment of rights as such is dealt with.

36 Patent Panel Report, Para 7.35. 'In view of Canada's emphasis on preserving commercial benefits *before* the expiration of the patent, the Panel also considered whether the market advantage gained by the patent owner in the months after expiration of the patent could also be considered a purpose of the patent owner's rights to exclude "making" and "using" during the term of the patent. In both theory and practice, the Panel concluded that such additional market benefits were within the purpose of these rights. In theory, the rights of the patent owner are

An established principle in patent law is that, patent rights are limited monopolies for a period of twenty years. At no point in history, there was any instance to extent it beyond that limited term. There was not any single legislative or judicial incidence calculating patent term with its additional market benefits. If it was intended by the legislatures at any point in time they should have impliedly or expressly have provided that, 'patent term includes the extended market advantage'. So this extended and over enthusiastic right based interpretation appears to be a deliberate act of the panel to uphold the interest of owners of patent. It is not a case of 'juris ignorantia' or 'factual misconstruction' but appears to be an inclined hyper activism. Its sole aim appears to outlaw the stockpiling provision in Canadian Patent Act.

Similarly in the copyright case as well, while defining the first step in Article 13, the panel was very categorical that, "an exception or limitation must be limited in its field of application or exceptional in its scope."<sup>37</sup> In other words, an exception or limitation should be narrow in quantitative as well as a qualitative sense. The panel gave the public policy aspect of the copyright limitation which is the primary concern a secondary status by stating that, "public policy purposes stated by law-makers when enacting a limitation or exception may be useful from a factual perspective for making inferences about the scope of a limitation

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generally viewed as a right to prevent competitive commercial activity by others, and manufacturing for commercial sale is a quintessential competitive commercial activity, whose character is not altered by a mere delay in the commercial reward. In practical terms, it must be recognized that enforcement of the right to exclude "making" and "using" during the patent term will necessarily give all patent owners, for all products, a short period of extended market exclusivity after the patent expires. The repeated enactment of such exclusionary rights with knowledge of their universal market effects can only be understood as an affirmation of the purpose to produce those market effects'.

<sup>37</sup> Copyright Panel Report, Para 6.113.

or exception or the clarity of its definition.”<sup>38</sup> Sticking to this stand, conclusion to the first test was reached solely by the prevailing market conditions, neglecting any other public policy aspects.<sup>39</sup> The panel was bold enough to depart itself from the fundamental principle of treaty interpretation enunciated by Vienna Convention.<sup>40</sup> Thus it is clear that the panel was driven by strong private property jurisprudence of intellectual property reflected in the preamble of the TRIPS from the very beginning of the interpretation of Articles 13 and 30.

So long as the prime principle of TST is its cumulative nature, analyzing the first step itself in quantitative term will completely wipe out any chance for incorporating even a minute degree of public interest into TST. Thus it comes out that quantitative interpretation is a matter of pure political manipulation.

The Panel considered whether “special” used in Article 13 also implied a requirement that a laudable public purpose underlie the exception, but declined to undertake the evaluation of local public policy

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38 Copyright Panel Report ,Para 6.112.

39 Copyright Panel Report, Para 6.113. In the case at hand, in order to determine whether subparagraphs (B) and (A) of Section 110(5) are confined to "certain special cases", we first examine whether the exceptions have been clearly defined. Second, we ascertain whether the exemptions are narrow in scope, *inter alia*, with respect to their reach. In that respect, we take into account what percentage of eating and drinking establishments and retail establishments may benefit from the business exemption under subparagraph (B), and in turn what percentage of establishments may take advantage of the home-style exemption under subparagraph (A). On a subsidiary basis, we consider whether possible to draw inferences about the reach of the business and homestyle exemptions from the stated policy purposes underlying these exemptions according to the statements made during the US legislative process.

40 Article 31(1) which states: "A treaty is to be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose."

that such an interpretation would compel.<sup>41</sup> Rather, citing the determinations of other WTO adjudicative bodies, the Panel “rejected interpretative tests based on the subjective aims of the national legislation.”<sup>42</sup> It remains the most irrational attitude which the panel took while applying the TST. The panel simply interpreted TRIPS like any other trade Agreements, completely flouting and snubbing the very fundamentals of intellectual property rights.<sup>43</sup> How can any intellectual property concept be detached from its breathtaking and irresistible public policy objective? In an international trade context, this refusal to judge the legitimacy of a nation’s state policy may be considered

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41 Copyright Panel Report, Para 6.112. “In our view, the first condition of Article 13 requires that a limitation or exception in national legislation should be clearly defined and should be narrow in its scope and reach. On the other hand, a limitation or exception may be compatible with the first condition even if it pursues a special purpose whose underlying legitimacy in a normative sense cannot be discerned. The wording of Article 13’s first condition does not imply passing a judgment on the legitimacy of the exceptions in dispute. However, public policy purposes stated by law-makers when enacting a limitation or exception may be useful from a factual perspective for making inferences about the scope of a limitation or exception or the clarity of its definition”.

42 Copyright Panel Report, Para 6.111. ‘As regards the parties arguments on whether the public policy purpose of an exception is relevant, we believe that the term "certain special cases" should not lightly be equated with "special purpose". difficult to reconcile the wording of Article 13 with the proposition that an exception or limitation must be justified in terms of a legitimate public policy purpose in order to fulfill the first condition of the Article. We also recall in this respect that in interpreting other WTO rules, such as the national treatment clauses of the GATT and the GATS, the Appellate Body has rejected interpretative tests which were based on the subjective aim or objective pursued by national legislation’.

43 Copyright Panel Report, Para 6.113. ‘In the case at hand, in order to determine whether subparagraphs (B) and (A) of Section 110(5) are confined to "certain special cases", we first examine whether the exceptions have been clearly defined. Second, we ascertain whether the exemptions are narrow in scope, *inter alia*, with respect to their reach. In that respect, we take into account what percentage of eating and drinking establishments and retail establishments may benefit from the business exemption under subparagraph (B), and in turn what percentage of establishments may take advantage of the home-style exemption under subparagraph (A). On a subsidiary basis, we consider whether possible to draw inferences about the reach of the business and home-style exemptions from the stated policy purposes underlying these exemptions according to the statements made during the US legislative process’.



appropriate.<sup>44</sup> However Senftleben rightly observes that, qualitative aspect of specialty was de facto sacrificed on the altar of national sovereignty,<sup>45</sup> really exciting that the panel in order to identify the specialty of the case at hand took a very palpable quantitative analysis by referring to the extent of reach of the use on the market.<sup>46</sup> Instead of preferring qualitative considerations to circumvent the problems raised by the quantitative connotation of the term ‘special’, the panel did the exact opposite. The scholars warn that this kind of analysis will deeply affect countries with open-ended provisions in the copyright law in an aggressive manner to protect public interest than countries with closed system.<sup>47</sup>

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44 Senftleben, M. (2004) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in international and EC Copyright Law*, Kluwer Law International, London, p. 140. He is of the opinion that too big an interference with national sovereignty certainly poses its own threat to the acceptance and efficiency of an international dispute settlement system heavily depending on voluntary compliance by participating members. The qualitative minimum requirement which remains pursuant to the panel approach however only necessitates the mere existence of any public policy and has no regulatory substance.

45 Senftleben, M. (2004) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in international and EC Copyright Law*, Kluwer Law International, London, p. 140.

46 “In that respect, we take into account what percentage of eating and drinking establishments and retail establishments may benefit from the business exemption under subparagraph (B), and in turn what percentage of establishments may take advantage of the home-style exemption under subparagraph (A)”. Obviously by the end of the day, after taking into account of the factual information presented which showed that a majority of eating and drinking establishments and close to half of retail establishments are covered by the exceptions under Section 110 (B) of the US Copyright act, the panel concluded that exemptions doesn’t qualify as a special case within the meaning of Article 13. See Para 6.133 of Copyright Panel Report.

47 Geiger, C. (2009) ‘Implementing an international instrument for interpreting copyright limitations and exceptions’, *IIC* 40(6), 627-642, KUR, A. (2008) ‘Of Oceans, Islands, and Inland Water - How much Room for Exceptions and Limitations under the Three-Step Test?’, Max Planck Institute for Intellectual Property Research Paper Series No. 08-04 [online]. Available at <http://ssrn.com/abstract=499924> [Accessed on July 2010].

Equally apprehending is its rejection of European Unions contention that the “homestyle” exception might significantly overflow its current contours, as equipment “commonly used in a private home” becomes increasingly sophisticated, and particularly if that equipment enables transmission over the Internet.<sup>48</sup> The panel acknowledged the possibility that new technologies might render certain uses no longer “certain special cases,” but stated that it was evaluating the current scope of the exception based on current technology.<sup>49</sup> The reasons for the panel to remain in such a technologically outdated position also creates serious concern.

The next challenge is to unwrap the legislative intent behind the discrepancy in wordings of article 13 and 30 with reference to first step. While Article 13 mandates that members ‘shall confine’ ‘limitations and exceptions’ to ‘certain special’ cases, Article 30 states that members ‘may’ provide ‘limited exceptions to rights conferred by patent’.

Here comes the usage of words ‘shall’ and ‘may’.<sup>50</sup> The word “shall” used in the copyright provision in ordinary usage means “must”

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48 Copyright Panel Report, Para - 6.137, 6.150. Ginsburg , J.C. *Toward Supranational Copyright Law? The WTO Panel Decision and the 'Three-Step Test for Copyright Exceptions'* [online]. Available at <http://ssrn.com/abstract=253867> [Accessed July 2010]. Ficsor, A.M. (1997) ‘Copyright in the Digital Era: the WIPO Internet Treaties’, *Colum.-VLA J. L & Arts*, 21(1), 197, 215.

49 Copyright Panel Report, Para – 6.153.

50 In common English parlance, ‘shall’ when used in first person is to indicate simple future time and used in second or third person, especially in formal speech or writing to express determination, compulsion, obligation or necessity (Webster’s dictionary). In legal parlance, as used in statutes, contracts, or the like, this word is generally imperative or mandatory (refer Black Laws Dictionary). In common or ordinary parlance, and in its ordinary signification, the term shall is a word of command and one which has always or which must be given a compulsory meaning as denoting obligation.

and is inconsistent with a concept of discretion.<sup>51</sup> It has the invariable significance of excluding the idea of discretion, and has the significance of operating to impose a duty which may be enforced, particularly if public policy is in favor of this meaning, or when addressed to public officials, or where a public interest is involved, or where the public or persons have rights which ought to be exercised or enforced unless a contrary intent appears.<sup>52</sup> But it may be construed as merely permissive or directory (as equivalent to may), to carry out the legislative intention and in cases where no right or benefit to any one depends on its being taken in the imperative sense, and where no public or private right is impaired by its interpretation in the other sense.<sup>53</sup>

It is well established in the common<sup>54</sup> and legal parlance<sup>55</sup> that the term 'shall' indicates imperativeness. But Black Laws Dictionary clarifies that a purposive interpretation can be given to carry out the legislative intention. Apart from this we can see that the Berne also begins with the adverb shall, but its coerciveness is diluted by the use of the expression 'permissible'. The term permissible means 'that can be permitted or allowable'. This positive expression announces an acknowledgement of sovereignty of the countries. The countries are permitted to make limitations and exceptions in accordance with their choice. But in TRIPS 'shall' is followed by the word "confine" which

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51 *People v Municipal Court for Los Angeles Judicial Dist.*, 149 C.A.3d 951, 197 Cal.Rptr.204, 206. See Black Laws Dictionary.

52 *People v O'Rourke*, 124 Cal.App.752,13 P.2d 989, 992. See Black Laws Dictionary.

53 *Wisdom v Board of Sup'rs of Polk County*, 236 Iowa 669, 19 N.W.2d 602, 607, 608. See Black Laws Dictionary.

54 'Shall' has been defined as 'expressing a strong assertion or intention'. See oxford or Webster's dictionary.

55 See Black Laws Dictionary.

aggravates the imperativeness. The word ‘confine’ means ‘to keep within limits, restrict, to shut up, boundary, or to limit.’<sup>56</sup> This being the first and foremost requirement of TST the member countries even when they dream of limitations, they have to view it in well built cabins. This combination of words, thus give an impression of absoluteness to the nations and which strengthens fear of the countries and gives negative impression to Article 13.

However wordings in Article 30 have more semblances to the wordings of Article 9 (2) of Berne. In the context of Berne and TRIPS, this difference was interpreted as a prime source of flexibility and recognition of sovereignty of states in formulating limitations. DSB in the US copyright case have mentioned this difference in a casual way without exploring on its *raison d’être*.<sup>57</sup> ‘May’ is an auxiliary verb qualifying the meaning of another verb by expressing ability, competency, liberty, permission, possibility, probability or contingency.<sup>58</sup> In legal sense the word ‘may’ usually is employed to imply permissive, optional, or discretionary, and not mandatory action or conduct.<sup>59</sup> But also stated that, regardless of the instrument, however whether constitution, statute, deed, contract or whatever, courts can construe ‘may’ as ‘shall’ or ‘must’ to the end that justice may not be the slave of the grammar.<sup>60</sup> However as a general rule the word ‘may’ will not be treated as a word of command unless there is something in context

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56 See Oxford or Webster’s Dictionary.

57 Report of the Panel, US – Section 110(5) Copyright Act, 15 June 2000, WTO Doc. WT/DS/160/R, at §6.74.

58 See, Oxford Dictionary.

59 See, Black Laws Dictionary; *US v Lexington Mill & CO.*, 232 US 399, 34 S.Ct. 337, 340, 58 L.Ed. 658.

60 *Shea v Shea, Okl.*, 537 P.2d 417, 418. See Black Laws Dictionary.

or subject matter of act to indicate that it was used in such sense.<sup>61</sup> Similarly in construction of statutes and rules word ‘may’ as opposed to ‘shall’ is indicative of discretion or choice between two or more alternatives, but context in which it appears is the relevant factor.<sup>62</sup> Thus it comes out that, while discretion and probability remains the basic rule of ‘may’, exceptions can be carved out for the effective treaty interpretation taking into account its context. Thus if ‘may’ is given an interpretation in the context of WTO, it definitely connotes an imperativeness. But if we view the difference in language in Article 13 and 30 as a deliberate treaty making, “may and shall” should be construed differently. Here also the negotiating history also does not shed any light over this difference in wordings. However it appears that, in course of negotiations on exceptions to patent rights, even when the countries opted for a non-exhaustive list of exceptions there came out only a very few and limited number of exceptions like prior use, private and non-commercial use, experimental use, extemporary preparations in pharmacy and governmental use.<sup>63</sup> So while a mandatory mechanism to control limitations or exceptions was inevitable in the field of copyright, it was not so compelling in the patent scenario. This might be the reason why TST appears to begin with more flexible standards in Article 30.

It is also to be noted that use of the word ‘may’ make it clear that not binding on the countries to introduce exceptions in case of patent rights. This takes away the possible uniformity in the law on exceptions which TST is trying to achieve. This can also result in a negative impact

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61 *Bloom v Texas State Bd. Of Examiners of psychologists*, Tex.Civ.App., 475 S.W. 2d 374, 377.

62 *US v Cook*, C.A.111.,432 F.2d 1093,1098.

63 TRIPS Negotiating Document, MTN\_GNG-NG11-14.mht, [online]. Available at [http://www.wto.org/gatt\\_docs/English/SULPDF/92080048.pdf](http://www.wto.org/gatt_docs/English/SULPDF/92080048.pdf). [Accessed on July 2010].

on user right to patent in the long run. It will be interpreted by technology advanced countries and their industrial units as a way to develop a proactive right oriented patent system, diluting the standard of user rights. This interpretation was visibly evident in the post-TRIPS scenario in the context of public health crisis and Free Trade Agreement's (FTAs).<sup>64</sup>

This basic principle is further qualified in case of copyright by the condition that, the countries while confining limitation and exceptions should confine it to 'certain special cases'. So the next question is the implication of the word 'certain' and its influence in tests procedure. The ordinary dictionary meaning is 'determined, fixed, settled, not variable or fluctuating.'<sup>65</sup> It also refers to something 'of positive yet restricted quantity, amount, or degree.'<sup>66</sup> It means that, as per TRIPS the copyright legislations should have an explicit and transparent set of user rights. Its objective was to put an end to the freedom enjoyed by the countries in introducing the user rights. But it is not clear whether it connotes a quantitative analysis or simply qualitative one. It is also controversial as to whether it suggests only a formal codification of the user rights or whether it means a rigid approach of clear cut and narrow set of user rights? According to Martin Senftleben, this analysis of the wording simply gives the impression of the need for a clear dividing line between

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<sup>64</sup> Free Trade Agreements (FTAs) have proved to be one of the best ways to open up foreign markets to the US exporters. Trade Agreements reduce barriers to US exports, and protect US interests and enhance the rule of law in the FTA partner country. The reduction of trade barriers and the creation of a more stable and transparent trading and investment environment make it easier and cheaper for US companies to export their products and services to trading partner markets. For a detailed study visit, [www.trade.gov/fta](http://www.trade.gov/fta) [online].

<sup>65</sup> See Oxford or Webster's Dictionary.

<sup>66</sup> See, Oxford or Webster's Dictionary.

different limitations.<sup>67</sup> For him it only means that an incalculable, shapeless provision exempting a wide variety of uses would not be allowed. But Ricketson, in his comment on Article 9 (2) Berne states that “a broad kind of justification would not be upheld.”<sup>68</sup> When we examine the TRIPS negotiating history, it goes in tune with the opinion of Senftleben.<sup>69</sup> It is a formal attempt to codify the limitations and to put an end to the surprising and startling era of user rights. It need not be interpreted in a rigid manner as an attempt to awe and admire the intellectual property rights only. It should be interpreted in the light of the sound public policy which they have to achieve. It should be kept in mind that, to maintain the stream of public interest flowing without any boundaries that the attempt to have an inclusive or specific set of limitations paved the way for this open-ended provision.

The third question is on the difference in the usages of ‘certain special cases’ and ‘limited exceptions’. Neither in the negotiating documents nor in the panel report, we see any discussion on this conceptual difference. Correspondingly, neither the legal language nor the ordinary English language suggests any valid differentiation.<sup>70</sup>

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67 Senftleben, M. (2004) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in international and EC Copyright Law*, Kluwer Law International, London, p.135.

68 Ricketson, S. (1987) *The Berne Convention for the Protection of Literary and Artistic Works: 1886-1986*, Kluwer Law International, London, p.325.

69 Reproduction by press, public lectures, quotations, reporting of current events, use of literary or artistic works for teaching purposes, etc were some limitations proposed to copyright. Similarly in the case of patents exceptions for scientific or experimental use, parallel importing, Bolar exceptions were proposed. All this were instances of public policy.

70 As per Black laws dictionary, the word limited means, ‘restricted, and bounded, prescribed, confined within positive bounds; restricted in duration, extent or scope’. An identical meaning can be seen in oxford dictionary also. The word exception as per Black Laws dictionary means, “act of excepting or excluding from a number designated or from, a description; that which is excepted or separated from others in a general rule or description; a person, thing, or case

Accordingly the usages, ‘certain special cases’ and ‘limited exceptions’ conveys the same meaning. It should not be perceived as mere ‘Freudian slip’. From an ordinary legal parlance, obvious that while ‘certain special cases’ sounds more sensitive, ‘limited exceptions’ has broader public interest perspective. The same rationale which we identified in the case of discrepancy of title holds good here also. The inclusion of compulsory licensing and abundance and superfluity of limitation appended to copyright might again be the reason for draping it in more restrictive words.

### **7.2.3 Second Step (‘No Conflict’ with a ‘Normal Exploitation of the Work’ / Do Not ‘Unreasonably Conflict with a Normal Exploitation of the Patent’)**

Here follows the second part of the three step test in copyright and patent. But when we go deep into the second or the third part of the three step test, it casts a doubt as to the arrangement of the three step test. also doubtful that whether it is a three step test or a two step test. After identifying the exceptions or limitations in special cases or limited exceptions to rights as the case may be, next task is to find out whether those cases or limited exceptions will conflict with a normal exploitation of the work. In the context of copyright, any kind of ‘conflict’ is restricted, in patent only ‘unreasonable conflicts’ that affects the normal exploitation of the right. So, first we have to look into the implication of ‘normal exploitation’ which remains common in both situations. Here again we have to resort to the literal method of interpretation. In legal sense the term “normal” means, “according to or constituting or not deviating from an established norm, rule or principle conformed to a

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specified as distinct or not included; an act of excepting, omitting from mention or leaving out of consideration. Express exclusion of something from operation of contract or deed”. Oxford dictionary also assigns a similar meaning - “a person or thing treated differently from others of the same class”.



type, standard or regular form, performing proper functions, regular, average, natural".<sup>71</sup> Common dictionary meaning is also analogous.<sup>72</sup> The ordinary meaning of the term "exploit" connotes "making use of" or "utilizing for one's own ends".<sup>73</sup> So normal exploitation means an established mode of utilizing or exploiting one's own ends. So in the intellectual property context, it refers to all those economic and moral rights attached to the copyright or patents as the case may be.

So the question here is to formulate a standard for ascertaining the 'normal means of exploitation of rights' by its owner. It is a twofold task. The first question is that whether it should be interpreted in the context of all embracing exclusive rights of the author, or in the context of the sacrosanct nature of limitations and exceptions. It is evident that any kind of enjoyment of rights without permission of the owner of copyright is an invasion on exclusive rights of author. But the moment defense of infringement attains the character of any of the user rights; it is obvious that the magnitude of invasion attains a new direction. In that context, the exclusive rights will be a little diluted for enabling an effective public policy purpose. So when 'normal exploitation' is interpreted in the context of Article 13, it should not be equated with full use of all exclusive rights conferred by copyrights since it would destroy the very objective of TST. It should be interpreted as meaning something less than full use of an exclusive right.

Next question is that whether the term normal means only actual exploitations or includes traditional and innovative ways of exploitation.

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71 See, Black Laws Dictionary.

72 Oxford Dictionary defines it as: "Conforming with or constituting an accepted standard, model or pattern, occurring naturally, implies conformity with the established norm or standard for its kind".

73 See Oxford English Dictionary.

One way of interpreting this is that a conflict with normal exploitation shall only be assumed if the exempted use in question enters into direct competition with traditional forms of exploitation. But this interpretation will be meaningless in the context of new technological challenges like digital environment. A more reasonable interpretation has been formulated by Sam Ricketson, when he says that “common sense would indicate that the expression normal exploitation refers simply to the ways in which an author might reasonably be expected to exploit his work in the normal course of events.”<sup>74</sup> But Senftleben criticizes this as a circular argumentation sheltering copyright limitations.<sup>75</sup> He feels that this will only result in etching the actual status quo of copyright law in stone.<sup>76</sup> This approach also has the drawback of traditional approach of remaining outdated to new technologies and new public demands and appears to be harmful from the perspective of both users and right holders alike. On the side of right holders, this could lead to a gradual abridgement of exclusive rights when new technologies have the possibility to misuse the limitations and exceptions. At the same time, from the perspective of users they will be in a disadvantaged position, because their traditional rights are not suitable to the new challenges. So an effective mechanism needs to be more normative and dynamic.

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74 Ricketson, S. (1987) *The Berne Convention for the Protection of Literary and Artistic Works: 1886-1986*, Kluwer Law International, London, p.483.

75 Senftleben, M. (2004) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in international and EC Copyright Law*, Kluwer Law International, London , p.172.

76 Ibid. ‘Ricketson line of reasoning, can therefore be easily be contented that a limitation does not conflict with a normal exploitation because the authors, normally do not gather revenue in this exempted area. The reason for author’s reticence is the limitation itself. Due to its existence, they refrain from exploiting their works in the privileged cases and concentrate on other areas. Their mode of exploitation simply mirrors the specific national system of grants and reservations of copyright law’.

The TRIPS negotiating documents also shows an unrelenting conflict among the countries on the issue of interpretation. Developing countries like India clamor for an interpretation of intellectual property concepts governed by the socio-economic, developmental, technological and public interest needs. They also cautioned that, it would not be appropriate for the discussions to focus merely on the protection of the monopoly rights of the owners of intellectual property. They emphasized that any discussion on the intellectual property system should keep in perspective that the essence of the system is its monopolistic and restrictive character.<sup>77</sup> However countries like, Australia, European Communities, Japan, the Nordic countries, Switzerland and the US stood for a strong right oriented approach. Prima-facia TST appears to make a balancing of these conflicts. By retaining the right of countries to formulate limitations and exceptions to suit their needs, it tries to maintain the credibility of the system. Thus while from a developing country perspective qualitative approach is appreciated, the developed ones opt for the right oriented quantitative approach.

The panel's extended the same line of reasoning in the first step to the second step also. The panel in both cases took the unanimous opinion that the term 'normal' can be understood to refer either to an empirical

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77 Senftleben, M. (2004) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in international and EC Copyright Law*, Kluwer Law International, London, p.172. They also asserted that it might be necessary to pay due regard to this interrelation between standards and principles on one hand, and effective enforcement on the other. Standards and principles should accommodate concerns raised by participants related to the underlying public policy objectives of their national systems for the protection of intellectual property, including developmental and technological objectives. They added that it should be borne in mind throughout the discussions that it was of paramount importance that the results of the negotiations on the protection of IPRs must attract the fullest participation. Further, in formulating standards and principles for each kind of intellectual property, it should be ensured that the promotion of effective and adequate protection of IPRs and the effective enforcement of these rights should not in any way become barriers to legitimate trade.

conclusion about what is common within a relevant community, or to a normative standard of entitlement.<sup>78</sup> Though normative claim was supported in the beginning, the final decision was based on economic analysis of actual and potential economic infringements to the right holder.<sup>79</sup> By giving an extensive interpretation connoting even potential economic detriments, the panel flouted not simply the basics of intellectual property system, but also that of general principles of liability. How can liability be cast on an action which has not yet taken place, but which is to occur at a later stage? Potential economic impact factor might have come under the influence of the US fair use doctrine.<sup>80</sup> But it should be noted that one among the four factors of fair use principle and not the sole criterion. Apart from this, after a sequence of juridical explanations, the position is now well settled that only substantial actual market impairments are relevant.<sup>81</sup> This predisposition of panel towards potential infringement instead into real market conditions is really a dangerous sign of a new face of economic colonialism. This also has some other dangerous potentialities. On the one hand, it could impose a status quo, preventing any extension of exceptions to new situations unforeseen by the letter of the text, but which could derive from its spirit. On the other hand, reference to future exploitations runs the risk of paralyzing exceptions every time a technical evolution allows controlling previously uncontrollable uses, thus creating new possibilities for exploitation. Bearing in mind the new controlling possibilities for right holders of the uses of their works through technical measures, this could

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78 Patent Panel Report, Para 7.54 and Copyright Panel Report, Para 6.116.

79 Patent Panel Report, Para 7.51-7.59 and Copyright Panel Report, Para 6.163-6.180.

80 The fourth factor listed in section 107 is “the effect of the use upon the potential market for or value of the copyrighted work”.

81 *Campbell v Acuff – Rose Music, Inc.*, 510 US 569 (1994), 11D.

even lead, in the long run, to the disappearance of limitations in the digital environment.<sup>82</sup>

Similarly the term “exploitation” was given a contextual interpretation distinguishing copyright<sup>83</sup> and patent<sup>84</sup> as including the all embracing exclusive rights. There also, the panel failed to appreciate certain inevitable public policy interests that may diminish the exclusive nature of right of exploitation. The panel in EC – Canada patent case while interpreting the term exploitation in Article 30, even went to the extent of glorifying the objective of patent law as simply the sentinel of patent rights.<sup>85</sup> This hints at the very objective of the patent system. While emphasizing the stimulation to innovation, the panel’s view fails to consider other equally essential objectives of the patent system. Once again the panel deliberately shuts its eyes to the noble public policy. While in the US copyright case the panel took shield for this neglect of public policy under the roof of sovereignty of the states, how can it escape in case of patent? Public interest, just like any concept can have international magnitude. While rights and duties form the two sides of

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82 Anderson, R.D. and Wager, H. (2006) ‘Human Rights, Development, and the WTO: The Cases of Intellectual Property and Competition Policy’, *Journal of International Economic Law*, 9 (3), 715.

83 Copyright Panel Report, Para 6.166. ‘We believe that "exploitation" of musical works thus refers to the activity by which copyright owners employ the exclusive rights conferred on them to extract economic value from their rights to those works’.

84 Patent Panel Report, Para 7.54. ‘The Panel considered that "exploitation" refers to the commercial activity by which patent owners employ their exclusive patent rights to extract economic value from their patent’.

85 The specific forms of patent exploitation are not static, of course, for to be effective exploitation must adapt to changing forms of competition due to technological development and the evolution of marketing practices. Protection of all normal exploitation practices is a key element of the policy reflected in all patent laws. Patent laws establish a carefully defined period of market exclusivity as an inducement to innovation, and the policy of those laws cannot be achieved unless patent owners are permitted to take effective advantage of that inducement once it has been defined.

the same coin, when patent rights are given international recognition, there was a significant failure to acknowledge public interest.

The second step in both articles is also worded differently. While in Article 13, any conflict with normal exploitation is an abridgement of copyright, in Article 30 only 'unreasonable' conflicts are deemed harmful. It is interesting to examine whether this adjective 'unreasonableness' implies something special on exceptions to patent rights? Literally the term 'unreasonableness' means something which is irrational, foolish, unwise, absurd, silly, preposterous, senseless and stupid. It can also be something not reasonable, having or showing little sense or judgment, not rational, excessive, immoderate or exorbitant.<sup>86</sup> Thus it signifies a rigid threshold than the term 'reasonableness'. The difference in approach creates a firsthand impression that, while each and every kind of conflicts are harmful to copyright, in patents it has to prove that not a simple conflict, but something extraordinary and unusual. Neither in the negotiating documents nor in the DSB panel reports, has any reference been made to the rationale for this distinction. It is to be noted that there will not be any single user right that can be exercised without any conflict on author's or inventor's right. So when Article 13, uses the term 'conflict with normal exploitation' it appears to be very sensitive and at the same time skeptical on rights of authors and users as well. If the objective of exceptions and limitations is the attainment of larger public interest, a more rational approach is needed. Just like the term normal has been interpreted as excluding some uses taking into account of the exigency of the situation, the term 'conflict' should also be understood in that sense. Thus it appears that Article 30 is more rational and consistent than Article 13 which appears to be more

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<sup>86</sup> See, Oxford dictionary.

emotional towards the rights of authors than towards the rights of users. But the question of difference in these usages remains unanswered. If we analyze the negotiating documents, clear that unlike that of patents, the issue of copyright infringement and the copyright limitations was very hotly debated. Apart from that international arena witnessed a mixture of user rights, threatening the very existence of author rights. It is also an established principle in intellectual property rights that copyrights when compared to patent rights are much minimal in its magnitude and strength. We have seen that the intellectual property rights regime has come out with inbuilt mechanism to cure this inherent weakness of the copyright with mechanisms like long duration, bundle of rights etc. Consequently, it appears that Article 13 is a deliberate legislative policy making to address all these issues.

#### **7.2.4 Third Step ('not unreasonably prejudice the legitimate interests of' the 'right holder' or "patent owner')**

If a limitation does not conflict with a normal exploitation, it may furthermore 'not unreasonably prejudice the legitimate interests of' the 'right holder' or "patent owner". This is the last regulatory element of three step test and it serves as the final balancing of interests<sup>87</sup>. Thus third step establishes three elements: firstly it refers to the "interests" of person who enjoy the rights – holders of right or patent owner - and not to the author or inventor. Secondly the circle of relevant interests is reduced to 'legitimate' ones and not to each and every concern. Thirdly prejudices to the circle of legitimate interest are permissible insofar as they are not 'unreasonable'. The use of the limiting words 'legitimate' and 'unreasonable' indicates that the rights of owners are not absolute

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<sup>87</sup> Senftleben, M. (2004) *Copyright Limitations and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law*, Kluwer Law International, London, p.211.

and, in certain situations, some derogation of those rights could be considered legitimate. Thus unlike the second step in Article 13, the third step appears to be more rational when it acknowledges that only unreasonable prejudices are taken care of, and not every prejudices. It admits that every limitation has the potential to cause some detriment to the authors. This result is accepted as long as the arising harm does not reach such an unreasonable level.

Unlike in the case of first two steps, a conceptual clarity was not the issue here.<sup>88</sup> Here the major question is the identification of a yardstick for measuring the unreasonableness of prejudice to the legitimate interests of the person enjoying the rights. Equally important task is the need to find a way to measure or quantify legitimate interests. Given that, any exception to exclusive rights may technically result in some degree of prejudice to the right holder, the key question is whether that prejudice is unreasonable. The yardstick can be either qualitative one focusing the general public interests or it can be a quantitative one focusing on the economic interests of the right holder. Just like in the first two steps, the age-old internal conflict within the intellectual property rights system between individual interests and public interests

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88 Of course a literal interpretation of the words was done by DSB in both cases. The term "legitimate" has the meanings of: "(a) conformable to, sanctioned or authorized by, law or principle; lawful; justifiable; proper; (b) normal, regular, conformable to a recognized standard type." Thus, the term relates to lawfulness from a legal positivist perspective, but it has also the connotation of legitimacy from a more normative perspective, in the context of calling for the protection of interests that are justifiable in the light of the objectives that underlie the protection of exclusive rights. We note that the ordinary meaning of "prejudice" connotes damage, harm or injury.<sup>88</sup> "Not unreasonable" connotes a slightly stricter threshold than "reasonable". The latter term means "proportionate", "within the limits of reason, not greatly less or more than might be thought likely or appropriate", or "of a fair, average or considerable amount or size". (Oxford English Dictionary, p. 2496). Para 6.223- 6.224 of Copyright Panel Report. A parallel initiative has been done by the DSB panel in EC-Canada Patent Case also. See Para's – 7.68 and 7.69 of Patent Panel Report.



persisted here as well. The usage of words ‘legitimate interests’ and ‘unreasonable prejudice’ in this last step clearly underscores an attempt to balance these two approaches.

So now we have to find out the implication of the term ‘legitimate interests’. also worth probing that while the second step refers to ‘rights’, why the third step uses the term ‘interests’? In the ordinary English parlance the term ‘interests’, refers to a legal concern, title, or right in property, archaic the selfish pursuit of one's own welfare; self-interest.<sup>89</sup> In legal jurisprudence ‘interests’ refers to claims, wants or desires.<sup>90</sup> It can also be defined as a demand or desire or expectation which human beings, either individually or in groups or associations or relations, seek to satisfy of which therefore the adjustment of human relations and ordering of human behavior through the force of a politically organized society must take account.<sup>91</sup> But rights are one of the various means of securing interests by the legal system.<sup>92</sup> In legal parlance interest's needs not mere legal protection, but legal recognition to gain the status of rights. So it comes out that, the term ‘interest’ has a wider scope than the term ‘rights’, since interest can be anything and can also be stretched to any extent. But its gravity and magnitude is very minimal when compared to the term rights.

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89 Available at [http://oxforddictionaries.com/view/entry/m\\_en\\_gb0416110#m\\_en\\_gb0416110.003](http://oxforddictionaries.com/view/entry/m_en_gb0416110#m_en_gb0416110.003) [ Accessed on 25.06.2010]

90 For a detailed study on this read, Ihering, Rudilf Von, (1968), (trans by Issac Husik), *Law as a Means to an End*, Boston University Press, New York.

91 Pound, R. (1959) *Jurisprudence*, West Publishing Co., London, p. 335.

92 *Ibid.* Legal powers, duties, liberties, liabilities, etc are various modes of securing interests. To say that a man has a right to something is to say that right for him to obtain it. This may entail that others ought to provide him with it, or that they ought not to prevent him getting it, or merely that it would not be wrong for him to get it. Rights are not concerned with interests, and indeed have been defined as interests protected by rules of right, that is by moral or legal rules. Yet rights and interests are not identical. Interests are things which are to a means advantage; he has an interest in his freedom or his reputation. His rights to these, if he has such rights, protect the interests, which accordingly form the subject of his right but are different from them.

So it comes out that, the term ‘interests’ in third step, is a deliberate legislative wisdom and not a mere fortuitous phenomenon. They consciously insert the term ‘interests’ to include not mere rights, but also duties and liabilities of the right holder. Further the qualification by the term ‘legitimate’ further amplifies this concern. Senftleben rightly points out that “the reference to interest instead of rights confirms that third criterion is located at the core of copyright’s balance.”<sup>93</sup> So it is definitely an attempt to maintain a room to maneuver for the reconciliation of the divergent interests.

The term ‘unreasonable prejudice’ means ‘prejudice’ connotes ‘injury, damage, hurt or loss.’<sup>94</sup> A prejudice can be regarded as ‘unreasonable’ if inequitable, unfair and unjustifiable<sup>95</sup> something beyond the limits of acceptability or fairness.<sup>96</sup> So, not each and every prejudice that is accountable, only those which have the potential to cause unreasonable harm to the interest of right holder that is relevant. From this proposition it comes out that there are certain prejudices which are reasonable per se and some which can be made reasonable. Thus, also explicit that, there are some prejudices that can be made reasonable by payment of adequate compensation. Here also the puzzle is to choose between the qualitative and quantitative aspects of interests. Primarily it must fulfill the qualitative criterion that, the limitation has a sound public policy objective. Secondly, it has to meet the quantitative test of least harm to the author. Placing a limitation on authors rights which is not

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93 See, Senftleben, Martin (2004), *Copyright Limitations and Three Step test, An Analysis of the Three – Step Test in International and EC Copyright law*, Kluwer Law International, London, p.216.

94 See, Oxford dictionary.

95 See, Oxford dictionary.

96 See, Oxford dictionary.

proportionate to this qualitative and quantitative analysis is definitely an unreasonable one.

In third step also DSB experiences the conflict of the two competing approaches. The copyright panel touched upon both. Its own legal positivist perspective focuses on the economic value of the exclusive rights conferred by copyright on their holders.<sup>97</sup> However the panel did not say that legitimate interests are limited to this economic value.<sup>98</sup> By contrast it referred to the report of the panel in the EC - Canadian patent case on patent protection of pharmaceutical products in Canada and, thus to the second approach. The patent panel understood the expression 'legitimate interests' as a 'normative claim calling for the protection of interests that are justifiable in the sense that they are supported by relevant public policies or other social norms.'<sup>99</sup> The line of argument of patent panel runs as follows: "if one is ready to conceive of patent protection as a means to induce inventors to disclose their invention to the public in order to facilitate the dissemination and advancement of technical knowledge, it appears illegitimate to prevent the experimental use during the term of patent."<sup>100</sup> Notwithstanding its own focus on the economic value of exclusive rights, however the copyright panel observed that the term 'legitimate' also has the connotation of legitimacy from a more normative perspective, in the context of calling for the protection of interest that are justifiable in the light of the objectives that underlie the protection of exclusive rights.'<sup>101</sup>

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97 Patent Panel Report, Para 7.69.

98 Copyright Panel Report, Para 6.227.

99 Patent Panel Report, Para 7.69.

100 Patent Panel Report, Para 7.69. See the examples given by the WTO panel.

101 Copyright Panel Report, Para 6.224.

In the last step also Article 30 comes with a slightly different approach. Unlike in the case of copyright, the unreasonable prejudice to rights of the patent owners is ascertained only after taking into account of the legitimate interest of the third parties. Apart from the conclusion that common sense makes this provision appears to be more rational and coherent than Article 13, in practice it makes no difference. Even in Article 13, to calculate the unreasonable prejudice to the right holder, a proportionality test between users and right holders is to be applied. But neither in DSB panel report or in the negotiating documents we could see any reason for this difference.<sup>102</sup> The only guidance we get from the panel report is that "legitimate interests of third parties" makes sense only if the term "legitimate interests" is construed as a concept broader than legal interests.<sup>103</sup> The major confusion which arises as to the interpretation of 'third parties' is that, 'who are they'? Whether it connotes the competitors of the right holder or the general public?<sup>104</sup>

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102 Patent Panel Report, Para 7.71. Whereas the final condition in Berne Article 9(2) ("legitimate interests") simply refers to the legitimate interests of the author, the TRIPS negotiators added in Article 30 the instruction that account must be taken of "the legitimate interests of third parties". Absent further explanation in the records of the TRIPS negotiations, however, the Panel was not able to attach a substantive meaning to this change other than what is already obvious in the text itself, namely that the reference to the "legitimate interests of third parties" makes sense only if the term "legitimate interests" is construed as a concept broader than legal interests.

103 Patent Panel Report, Para 7.71.

104 Patent Panel Report, Para 7.63. Following its position that "legitimate interests" are essentially legal interests, the EC went on to argue that the legitimate interests of competing producers are essentially the same as those of patent owners - that is, the full enjoyment of their legal rights. The legal rights of the patent owner's competitors, the EC argues, are the rights to make, use or sell the patented product on the day *after* the patent expires.<sup>104</sup> Such competitors, therefore, could have no "legitimate" interest in the rights granted by the regulatory review exception of Section 55.2(1), because they could have no legal right to "make" or "use" (or "sell") the patented product during the term of the patent.

Really appreciating that, the panel was carried away by the public policy argument of Canada and interpreted the third parties as general public.<sup>105</sup>

Thus at the end, it is really interesting that an international formula to harmonize limitations and exceptions itself has inbuilt discrepancy, taking into account, the inherent difference of the subject matter and its diverse objectives and roles in intellectual property system. It appears that Article 30 is more rational than Article 13 and the balancing mechanism is more sensible and judicious with respect to patents. Apart from the specific explanations which we arrived for this discrepancy two general observances is also possible for this. Primarily this difference might be due to the inherent difference of the two categories with respect to their role in serving the public interests. Patent appears to be more sensitive to public crisis than copyright. While the objective of copyright is ensuring maximum flow of information with minimum originality, the patent law aims at advancement of existing knowledge. Secondly, in the case of patents since TST was a pioneer attempt, the drafters seem to be

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105 Patent Panel Report, Para 7.69. "To make sense of the term "legitimate interests" in this context, that term must be defined in the way that often used in legal discourse - as a normative claim calling for protection of interests that are "justifiable" in the sense that they are supported by relevant public policies or other social norms. This is the sense of the word that often appears in statements such as "X has no legitimate interest in being able to do Y". We may take as an illustration one of the most widely adopted Article 30-type exceptions in national patent laws - the exception under which use of the patented product for scientific experimentation, during the term of the patent and without consent, is not an infringement. often argued that this exception is based on the notion that a key public policy purpose underlying patent laws is to facilitate the dissemination and advancement of technical knowledge and that allowing the patent owner to prevent experimental use during the term of the patent would frustrate part of the purpose of the requirement that the nature of the invention be disclosed to the public. To the contrary, the argument concludes, under the policy of the patent laws, both society and the scientist have a "legitimate interest" in using the patent disclosure to support the advance of science and technology. While the Panel draws no conclusion about the correctness of any such national exceptions in terms of Article 30 of the TRIPS, it does adopt the general meaning of the term "legitimate interests" contained in legal analysis of this type".

more cautious and have come with a careful balancing mechanism. Apart from that, while copyrights are easily subject to infringement, patent by their higher standard of novelty and non-obviousness is much tolerable to infringements.

The interpretation of the TST is therefore a highly contested area in international intellectual property debates. In practice the reaction to any interpretation of the test is characterized by intense lobbying by or on behalf of rights holders as well as user groups. The result is that if arguments concerning the public policy intentions of legislators introducing the exception are not considered as part of the interpretation at each step, possible that these issues could be completely excluded from the overall evaluation; particularly if they are not taken into account in step one. This has the potential to eliminate consideration of the anticipated wider social benefits of an exception from the test completely. However, each limb of the test does contain the potential for some consideration of the broader public policy basis of the exception or limitation in question and adopting an interpretive methodology that takes this into account may assist with ensuring that the wider social policy intentions of legislators form part of a balanced implementation of the test. The third step also revealed a conflict of these two approaches. The copyright panel touched upon both. Its own legal positivist perspective focuses on the economic value of the exclusive rights conferred by copyright on their holders.<sup>106</sup> However the panel did not say that legitimate interests are limited to this economic value.<sup>107</sup> The patent panel understood the expression ‘legitimate interests’ as a ‘normative claim calling for the protection of interests that are justifiable in the sense

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106 Patent Panel Report, Para 7.69.

107 Copyright Panel Report, Para 6.227.

that they are supported by relevant public policies or other social norms.’<sup>108</sup> The line of argument of patent panel runs as follows: “if one is ready to conceive of patent protection as a means to induce inventors to disclose their invention to the public in order to facilitate the dissemination and advancement of technical knowledge, it appears illegitimate to prevent the experimental use during the term of patent.”<sup>109</sup> Notwithstanding its own focus on the economic value of exclusive rights, however the copyright panel observed that the term ‘legitimate’ also has the connotation of legitimacy from a more normative perspective, in the context of calling for the protection of interest that are justifiable in the light of the objectives that underlie the protection of exclusive rights.’<sup>110</sup>

At the end of our analysis, it is also evident that the WTO DSB panel’s have miserably failed to uphold the cardinal principles of protection of public interests which the intellectual property system envisaged. The concern for human rights, fundamental freedoms and social and cultural aspirations which the intellectual property system preserved and sustained since its origin was totally ignored. Such an outlandishly restrictive conception of the demands of the “test” is quite unjustified, and is far removed from anything intended at the Stockholm Revision Conference when the “test” was first devised. At that point, it was regarded as a relatively loose constraint, permitting Berne Union members to retain their existing exceptions. The degree of narrowness envisaged here is also quite incompatible with the much broader understanding of the legitimate sphere of copyright exceptions that has traditionally prevailed in all major jurisdictions. Limitations

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108 Patent Panel Report, Para 7.69.

109 Patent Panel Report, Para 7.69 , See the examples given by the WTO panel.

110 Copyright Panel Report, Para 6.224.

and exceptions were given a new status as savior of rights, rather than as that of public interest. The panel reports also alarms us of the sovereign status of the member countries. A deep intrusion into the domestic sovereignty upon an issue on which there was no domestic dilemma is a sensitive matter to be redeemed. Ruth Okediji has suggested that this strategic use of DS will mean less certainty and uniformity in intellectual property right law, while for developing countries the uncertainties and cost may make it harder to make adequate use of the flexibility ("wobble room") afforded by the TRIPS.<sup>111</sup>

#### 7.2.4 The Potentiality of TST( What it can be?)

The TRIPS and its subsequent interpretation by WTO panel have thus resulted in an ever-expanding panoply of proprietary rights of intellectual property owners.<sup>112</sup> Before going to any criticism or conclusion on the efficacy of TST, the background of the TRIPS and its international politics should be kept in mind. At no point in negotiating history we find any incidence that TST is an international attempt to achieve the balancing of the interests of users and rights holders. WTO is primarily a trade regime. It does not have the primary responsibility for the development of intellectual property norms; instead, intellectual property protection is viewed through its impact on free trade, which provides a distinct gloss on the interpretation of TRIPS obligations that often disregards social, cultural and other public interests central to both

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111 Okediji, R.L. (2001) 'TRIPS Dispute Settlement and the Sources of (International) Copyright Law', *Journal of Copyright Society U.S.*, 49(4), 585.

112 Okediji, R.L. (2006) 'The International Copyright System: Limitations, Exceptions and Public Interest Considerations for Developing Countries', UNCTAD-ICTSD Project on IPRs and Sustainable Development ,p13-14, [online]. Available at [http://www.unctad.org/en/docs/iteipc200610\\_en.pdf](http://www.unctad.org/en/docs/iteipc200610_en.pdf) [Accessed on December 2010].



national and international intellectual property systems.<sup>113</sup> Even Article 7<sup>114</sup> & 8<sup>115</sup> which is often hailed as the champion of public interests is drafted very artfully. It is not the ordinary or common users that are addressed in Article 7, on other hand it refers to ‘technology users’. Similarly the compatibility clause in Article 8, underscores any national attempt to address their domestic public interest aspirations. The compatibility clause will vitiate any domestic law which does not comply with TRIPS minimum standards. The access to medicines and access to knowledge campaign in the early hours of twenty first century itself is a clear evidence of the structural imbalance in the TRIPS between the robust scope of rights granted to owners on the one hand, and the limited avenues to promote user interests on the other hand. How can users expect something from an Agreement which even fails to acknowledge them? It considers only right holders and not the creators of intellectual property. Through its incorporation into the TRIPS, what was essentially a norm of international copyright has morphed into a norm of

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113 Netanel, N. (1997) ‘The Next Round: The Impact of the WIPO Copyright Treaty on TRIPS Dispute Settlement’, *Virginia Journal of International Law*, 37(4), 441.

114 Article 7 of the TRIPS: “The protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations”.

115 Article 8 of the TRIPS : 1. Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.

2. Appropriate measures, provided that they are consistent with the provisions of this Agreement, may be needed to prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade or adversely affect the international transfer of technology.

international trade law. Thereby, it has lost much of its original normative content.<sup>116</sup>

But apart from this conservative critical attitude, TST can have a progressive perspective. Senftleben points out that the TST is both a limiting and enabling clause alike.<sup>117</sup> Its open ended lucid words are capable to accommodate and adapt to any user rights. But its cumulative nature is to be abandoned at any cost. The entire criticism leveled against TST can be cured by a slight change of its wordings. Instead of using the conjunctive ‘and’, the use of ‘or’ and converting it into three independent steps would relieve the international community from its burden. This approach has the obvious advantage of offering greater flexibility. A limitation might score low on, for instance, the first or second step, but could still be admitted by scoring high on the third test.<sup>118</sup> Indeed, such a “holistic” approach would do more justice to the proportionality test that in essence underlies the TST.<sup>119</sup> A little infusion of normative elements at the stage of interpretation will further accentuate this effort and will make it a golden step. We can have a glimpse of this in the post-TRIPS era in the next chapter.

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116 Dreyfuss, C.(2004) ‘TRIPS - Round II : Should Users Strike Back?’, *University of Chicago Law Review*, 71(1), 21

117 According to Senftleben, “ proportionality test which enables the weighing of the different interests involved at the national level so as to strike a proper balance between rights and limitations”.

118 Senftleben, M. (2004) *Copyright, Limitations and the Three-Step Test*, Kluwer Law International, London, pp.198-201.

119 Koelman, K. J. (2006) ‘Fixing the Three-Step Test’, *European Intellectual Property Review*, 28(6),407.

## LIMITATIONS AND EXCEPTIONS TO COPYRIGHT : POST TRIPS ARENA

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The inclusion of intellectual property into WTO legal framework resulted in the erosion of the age-old noble and righteous nature of

intellectual property and it increasingly became an economic phenomenon pliable by market mechanism. This paradigm shift from a creator based property approach to an investment related trade perspective has elevated both the creators of intellectual property and the users of intellectual property alike. At no time both in negotiation, incorporation or implementation, the role of limitations and exceptions in serving the public interest was mentioned and this also remained as part of a trade phenomenon. The new norms of intellectual property was devised as a potent weapon to combat piracy rather than as an instrument for disseminating knowledge and technology and it was perceived as a savior of rights rather than as a liberator of public interest. This had alarmed the international legal scenario and was detonated by the WTO DSB Panel reports which interpreted the open lucid and flexible wordings of “Three Step Test” (TST) in a restrictive economic sense. There, once again the international politics made it clear that the real actors and directors behind the international intellectual property norms were the MNC’s representing the pharmaceutical industry and entertainment industry. In this chapter an attempt is made to see whether these fears are real or mere hallucinations in legal vacuum. It has been noted that TST is a double edged sword which if wisely interpreted can be a boon and bane as well. So, how was this utilized by the different members states to achieve their policy objectives is the concern at this point. Whether the flexibility enjoyed by the countries in the pre - TRIPS era was preserved in its serene nature or was actually squeezed and condensed is the question to be examined. The way out for this is a peep into the legislative and judicial developments in select areas in copyright and patent in some of the countries in the post-TRIPS era.

## 8.1 Post-TRIPS Legislative Developments in the Copyright Arena

It is usually seen that every post-TRIPS literature starts from the nepotism induced notion that, TRIPS<sup>1</sup> had completely blocked the scope of flexibility to the countries making sovereignty, user rights and public interests as mere golden memories.<sup>2</sup> The following analysis of the post-TRIPS legislations points out the ludicrousness of these irrational presumptions. It proves that the glorified attempt of homogeneity and uniformity through international standardization remains, even now a herculean task. But in spite of its failure in achieving the esteemed

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- 1 The Agreement on Trade Related Aspects of intellectual property Rights (15 April 1994) LT/UR/A- 1C/IP/1 [online]. Available at [http://www.wto.org/english/docs\\_e/legal\\_e/27-trips.doc](http://www.wto.org/english/docs_e/legal_e/27-trips.doc) [Accessed on January 2011]. [Herein after TRIPS].
  - 2 He, H. (2010) 'The Development of Free Trade Agreements and International Protection of intellectual property Rights in the WTO Era - New Bilateralism and Its Future', *IIC*, 41 (3); Okediji, R.L. (2003) 'Public Welfare and the Role of the WTO: Reconsidering the TRIPS Agreement', *EMORY INT'L L. REV.*, 8 (6), 830; Okediji, R.L. (2001) 'TRIPS Dispute Settlement and the Sources of (International) Copyright Law', *J. Copyright SOC'Y.*, 49 (4), 585; Yu, P.K. (2004) 'Currents and Crosscurrents in the International intellectual property Regime', *LOY. L.A. L. REV.*, 38 (2), 323; Merges, R.P. (1990) 'Battle of the Lateralisms: intellectual property and Trade', *B.U. INT'L L.J.*, 8 (1), 243–44; Correa, C.M. (1997) 'Harmonization of intellectual property Rights in Latin America: Is There Still Room for Differentiation?', *N.Y.U. J. INT'L L. & POL.*, 29 (1), 126; Drahos, P. (2001), 'BITS and BIPs: Bilateralism in Intellectual Property', *J. of World Intell. Prop.*, 4 (5), 791 [online] Available at: <http://www.anu.edu.au/fellows/pdrahos/articles/pdfs/2001bitsandbips.pdf> [Accessed on March 2011]. Okediji, R.L. (2003-2004), 'Back to Bilateralism? Pendulum Swings in International intellectual property Protection', *University of Ottawa Law & Technology Journal*, 1 (1), 145. Available at <http://ssrn.com/abstract=764725> [Accessed on March 2011]; Okediji, R.L. (2004) 'Back to Bilateralism? Pendulum Swings in International intellectual property Protection', *U. OTTAWA L. & TECH. J.*, 1 (1); Leaffer, A. (1991) 'Protecting United States intellectual property Abroad: Toward a New Multilateralism', *IOWA L. REV.*, 76 (2) 295; Keith, E. Maskus and Reichman, J.H. (2004) 'The Globalization of Private Knowledge Goods and the Privatization of Global Public Goods', *J. INT'L ECON. L.*, 7 (2), 300; Reichman, J.H. (1997) 'From Free Riders to Fair Followers: Global Competition Under the TRIPS Agreement', *N.Y.U. J. INT'L L. & POL.*, 11 (1), 28; Basheer, S. (2005) 'India's Tryst with TRIPS: The Patents (Amendment) Act 2005', *Indian Journal of Law and Technology*, 15 (1), 30; Sell, S.K. (2003) *Private Power, Public Law: The Globalization of intellectual property Rights*, Cambridge University Press, London, pp. 39-53

aspirations, it was successful in laying the seeds in a very hybrid manner itself, which could be reaped very soon.

Limitations and exceptions to patents or copyrights in the post-TRIPS legislations were not at all a relic or artifact of TST. They retained the inherent diversity, uncertainty, discrepancy and multiplicity which they have since the inception.<sup>3</sup> The countries drafted the limitations in a haphazard manner sometimes towards their domestic needs, at others under influence of political powers and at odds with copies of other legislations. In this process as we have concluded in earlier chapter, social, economic, political, geographical and international cataclysms have played their own roles.

In spite of a century of inexorable international attempt in unifying the copyright limitations, the diversity was the finale in post-TRIPS status of copyright limitations as well. However unlike their predecessors the post-TRIPS copyright legislations began to manifest a craving towards the economic rights of the author. The concepts of ‘economic rights’, ‘legitimate interests’ and ‘unreasonable prejudice’ got a new orientation from a trade (right holder) perspective in a majority of these new legislations. Another, incredible development of the period was the fair dealing provisions with wordings similar to TST. The US four factor test also manifested in a series of legislations. In sum the post-TRIPS scenario lives through a narrow stream of user rights.

For example in the copyright law of Andorra, each and every instance of fair use is subject to the triple test. After fulfilling the first step by identifying the special situations, the law reproduces

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3 This we have discussed in detail in our earlier chapter.

the TST in its full vigor by saying that such use ‘should not conflict with a normal exploitation of the work and does not otherwise unreasonably prejudice the legitimate interest of the author or other owner of copyright’.<sup>4</sup> TST with its cumulateness can be seen in the copyright legislations of Zambia,<sup>5</sup> Poland,<sup>6</sup> Romania,<sup>7</sup> Rwanda,<sup>8</sup> Serbia,<sup>9</sup> Thailand<sup>10</sup> and Uzbekistan.<sup>11</sup> Even the least developing countries like Uganda<sup>12</sup> and Tonga<sup>13</sup> incorporates TST in

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4 Copyright Law of Andorra, 1999, Article 7-16.

5 Copyright Act of Zambia, 1994, Article 23 (2) An Act which— (a) conflicts with the normal commercial exploitation of a work; or (b) unreasonably prejudices the legitimate commercial interests of the owner of the copyright in a work; shall not, for the purposes of subsection (1)— (i) be treated as fair dealing with the work; or (ii) be treated as an Act to which paragraph (f) of subsection (1) applied.

6 Copyright Act of Poland, 1994, Article 35. Lawful use shall not be prejudicial to the normal exploitation of the work or to the legitimate interests of the creator.

7 Copyright Law of Romania, 2003, Article 33 (1) “The following uses of a work already disclosed to the public shall be permitted without the author’s consent and without payment of remuneration, provided that such uses conform to proper practice, are not at variance with the normal exploitation of the work and are not prejudicial to the author or to the owners of the exploitation rights”.

8 intellectual property Law, Rwanda, 2009, Article 203: “use of any work in cases where reproduction would conflict with a normal exploitation of the work or would otherwise unreasonably prejudice the legitimate interests of the author or other owner of the copyright is not permitted”.

9 Copyright Law of Serbia, 2009: Article 41: the scope of limitation of exclusive rights may not conflict with a normal exploitation of the work nor may unreasonably prejudice the legitimate interests of the author.

10 Copyright Act of Thailand, 1994, Section 32. An Act against a copyright work under this Act of another person which does not conflict with normal exploitation of the copyright work by the owner of copyright and does not unreasonably prejudice the legitimate rights of the owner of copyright shall not be deemed an infringement of copyright

11 Copyright Law of Uzbekistan, 1996, Article 27. The use for personal reasons of another’s work that has been disclosed is authorized without the consent of the author and without payment of remuneration, provided that such use does not adversely affect the normal exploitation of the work or prejudice the author’s legitimate interests.

12 Copyright Law of Uganda, 2006, Section 15: Fair use of works protected by copyright (j) subject to conditions prescribed by the Minister, a reproduction of a literary, artistic or scientific work by a public library, a non-commercial

their copyright laws. After carefully specifying the instances of fair dealings as per the requirement of TST, these laws stipulate that, these acts should not conflict with a normal exploitation of the work and does not otherwise unreasonably prejudice the legitimate interest of the author or other owner of copyright'.<sup>14</sup> Thus a visible influence of TST can be seen in post-TRIPS legislations. But here too, just as in the case of international scenario it still remains as a distilling test without appreciating its real nature and scope. It is to be noted that in international arena, it was devised as a yard stick with which countries are capable of structuring their copyright law to meet their domestic needs. It arises out of the incompetency in unifying the diverse interests of the countries. This was also a compromise on the varied domestic interests of the members. But in the domestic arena, it was capable to be used simply as a policy matter through which the countries can design their user rights in accordance with the typical needs of their concerned users. But we can see that, the countries miserably failed to identify its function as an extrinsic aid for interpretation, and made a direct application of the test. They designed TST as a ceiling limit on all user rights, irrespective of the nature and scope of the use. Thus in copyright laws of Uganda and Tonga we can see that TST acts as a dual filtering mechanism. At first, the user rights have to fulfill the minimum traditional obligations and to that an additional layer of control is put by mandating the fulfillment of TST.

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documentation centre, a scientific institution or an educational institute if the reproduction and the copies made— (i) do not conflict with the normal exploitation of the work reproduced; ii) do not unreasonably affect the right of the author in the work.

13 Copyright Act of Tonga , 2002, Section 8 (e) : use of any work in cases where reproduction would conflict with a normal exploitation of the work or would otherwise unreasonably prejudice the legitimate interests of the author or other owner of the copyright is an infringement.

14 Copyright Law of Zambia,1994, Article 21.



This direct incorporation of TST in its full vigor, without any dilution itself creates an imminent feeling of blocking of user rights. The status of these least developing countries to satisfy the bare minimum needs of access to knowledge is thus really deplorable. It comes out from the incapacity of these countries in realizing and articulating their needs. Unilateral international standardization ignoring these factual realities makes the situation beyond control. It also gives an impression that the identification of special needs of the society is left to judicial interpretation rather than a definite policy choice of the State.

Another perceptible development in the copyright legislations in the pre-TRIPS era was their charming inclination to the US fair dealing provision. For example, under the Israeli law even in cases of bona fide educational use, the use is subject to the four factor test in the US law.<sup>15</sup> Similarly the copyright law of Taiwan also incorporates this US fair use doctrine.<sup>16</sup> The law on fair use begins itself by the stipulation that no reproduction should cause any prejudice to the economic interests of the author.<sup>17</sup> Similarly in cases of compilations for educational use, the economic rights are asked to be protected.<sup>18</sup> The copyright law of Jamaica<sup>19</sup> and Philippines<sup>20</sup> also has a similar provision.

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15 Copyright Act of Israel , 2007,S.19 - (1) The purpose and character of the use; (2) The character of the work used; (3) The scope of the use, quantitatively and qualitatively, in relation to the work as a whole; (4) The impact of the use on the value of the work and its potential market.

16 Copyright Law of Taiwan Province of China , 2010, Article 65.

17 Copyright Law of Taiwan Province of China, 2010, Article 44 .

18 Copyright Law of Taiwan Province of China , 2010, Article 62.

19 Copyright Law of Jamaica, 1993, Section 54 “ For the purpose of determining whether an Act done in relation to a work constitutes fair dealing, the court determining the question shall take account of all factors which appear to it to be relevant, including— (a) the nature of the work in question; (b) the extent and substantiality of that part of the work affected by the Act in relation to the whole

Another major step in the post-TRIPS legislations are a general narrowing down of the user rights provision. Even the traditional contours of permissible uses are subject to equitable remuneration as a reverence to the economic rights of author. For example, it is the copyright law of Korea that has a broad and comprehensive fair use provision in the post-TRIPS legislations.<sup>21</sup> Even the use of copyrighted works for judicial purposes is subject to the legitimate interests of the rights holder.<sup>22</sup> Similarly even in cases of reproductions for library use or educational use, it is subject to equitable remuneration to the author.<sup>23</sup> The copyright law of Nepal, 2002 mandates that there is no unreasonable prejudice to the legitimate interest of economic rights of authors even in cases of fair dealing for the purpose of libraries, educational use or broadcasting for the general public.<sup>24</sup> The copyright law of Oman obliges to respect the legitimate interest of authors in cases of use of their work for educational or library use.<sup>25</sup> Thus the legislations are extremely and exceedingly conscious of the rights of authors even in cases of pure instances of traditional fair use. How can these types of remunerations to the right holder be justified in cases of bona fide

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of the work; (c) the purpose and character of the use; and (d) the effect of the Act upon the potential market for, or the commercial value of, the work”.

20 Philippines intellectual property Code, 1997 –Section 185: In determining whether the use made of a work in any particular case is fair use, the factors to be considered shall include: (a) The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit education purposes; (b) The nature of the copyrighted work; (c) The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (d) The effect of the use upon the potential market for or value of the copyrighted work.

21 Copyright Law of Republic of Korea , 2009.

22 Copyright Law of Republic of Korea , 2009, Article 23.

23 Copyright Law of Republic of Korea , 2009, Articles 24 to 35.

24 Copyright Act of Nepal , 2002, Article 16.

25 Copyright Act of Oman, 2000, Section 6 (c).

educational use, library use, or use by vulnerable sectors like the visually handicapped and physically challenged.

## 8.2 Post-TRIPS Legislative Developments in the Patent Arena

Even in the case of exceptions for ‘scientific or experimental purposes’ which remains the most common and traditional among the various limitations to patent rights, post-TRIPS legislations also retained diversity and uncertainty as to its nature, extent and scope. While some confined it to ‘experiments relating to the subject matter,’<sup>26</sup> others restricted it to pure ‘scientific research,’<sup>27</sup> while a third category took a very liberal approach by permitting any kind of non-commercial experiments.<sup>28</sup> Astonishing are patent laws of countries like Bahrain, Bangladesh, Georgia etc., who in spite of having provisions on patent limitations fails to have experimental or research uses even in this twenty first century of innovation and R&D.<sup>29</sup> No country remaining under the

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26 Albania Industrial Property Act, 2008, Article 38; Article 23 (4) (C) of Andorra Patent Law, 1999; Belize Patent Act, 2000; Section 15 of Bhutan Industrial Property Act, 2000; Article 44 of Patents & Utility Models & Industrial Designs Law of Cambodia, 2003; Article 18 of Czech Republic Industrial Property, Law (Amendment, No. 116), 2000; Article 11 of German Patent Act of 2009; Section 75 of Hong Kong Patent Act, 2010; Article 3 of Iceland Patent Act- 2003; Article 42 of Ireland Patent Act, 1992; Article 15 of Iran Patent and industrial designs and trade mark Law, 2007; Section 3 of Norway, Patent Act, 2004, Article 72 of Philippines intellectual property code, 1997; Article 66 of Singapore Patent Act, 2005; Article 52 of Spanish Patent Law of 1998; Article 86 of Sri Lanka Copyright and Industrial Property Law, 2003; Article 13 of Tonga Industrial Property Act, 1994.

27 Industrial Property Law of Armenia, 2008, Article 17.

28 Patent Law of Cyprus, 1998; Article 27 of Ghana Patent Law, 1992; Article 30 and Article 10 of Egyptian Patent Law, 2002; Article 37 of Malaysian Patent Law, 2003; Article 18 of Mongolian Patent Act, 1999; Article 68 of Mozambique Industrial Property Code, 2006; Article 17 of Namibia Industrial Property Bill-1999; Article 96 of Republic of Korea, Patent Law, 2009; Article 57 of Taiwan Patent Law, 2003; Article 75 of Turkey Patent Law, 1999; Article 28 of Uganda Patent Law, 2003.

29 Industrial Property Law of Bahrain 2006; Bangladesh Law of 2003 and the Georgian Patent Law of 1999 have foreign vessel exception.

most sophisticated umbrella of TRIPS can take such a reluctant and unscientific isolated policies. Equally disappointing are countries like Antigua and Barbuda,<sup>30</sup> Jordan,<sup>31</sup> Kyrgyzstan,<sup>32</sup> Portugal,<sup>33</sup> Saudi Arabia,<sup>34</sup> Serbia,<sup>35</sup> United Arab Emirates<sup>36</sup> and Zimbabwe<sup>37</sup> who even do not have the internationally accepted patent exception like foreign vessels exception. Thus when we analyze the Patent legislations in the post-TRIPS, we hardly find any instance of influence of TST. Even when the patent legislations remain impervious and impassive to TST, there is a general embarrassed and discomfited approach towards patent exceptions. The comparative analysis of the experimental use exception in the post-TRIPS era itself manifests a tendency of tapering down in scope and extent even in the midst of diversity. A majority of the legislations confines its scope to experiment relating to subject matter and it is only a very few countries that are having a broad provision allowing any kind of non-commercial experiments.<sup>38</sup> It is also unfortunate, that in spite of decades of international promise and assurance of technology transfer and assistance, a vast majority of countries are still ignorant of the potential ways in which the technology

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30 Patent Law of Antigua and Barbuda, 2003.

31 Patent Law of Jordan, 1999.

32 Patent Law of Kyrgyzstan, 1997.

33 Consolidated Patent Act of Portuguese, 2008.

34 Industrial Property Law of Saudi Arabian, 2004.

35 Patent Law of Serbia, 2004.

36 Patent Law of UAE, 1992.

37 Patent Act of Zimbabwe, 1994.

38 Article 38 of Albania Industrial Property Act , 2008; Article 23 (4) (C) of Andorra Patent Law, 1999; Belize Patent Act, 2000, Section 15 of Bhutan Industrial Property Act, 2000; Article 44 of Cambodia Patents & Utility Models & Industrial Designs Law, 2003; Article 18 of Czech Republic Industrial Property, Law (Amendment, No. 116), 2000.

can be transferred and utilized. Thus, while the multilateral initiatives are very sharply focused to protection of rights, they consciously flout the requirement of well established user rights.

### **8.3 Comparative analysis of development in Copyrights and Patents in the post- TRIPS era**

While the post-TRIPS copyright arena was strappingly influenced by TST and showed a clear tapering of limitations, the patent arena remained impassive. Thus the real basis for this difference is worth probing. Here comes the significance in the wordings of Article 13 and Article 30. Whether it is because of the mandatory nature of Article 13 and permissive nature of Article 30, which has made this difference? Or is it because that the US entertainment industry is far more powerful in these countries than its pharmaceutical industry in persuading the international arena towards its undisclosed agenda? The real picture supports both arguments. It appears to be a combination of both. In addition to this lack of industrialization in these countries coupled with the dominant understanding that a trade centered strong intellectual property regime could initiate the process of industrialization lead by foreign industries also seems to be an influential factor.

It is really appalling that in spite of a decade of cry for public health; we hardly find any patent legislation incorporating provisions for upholding the public health even with these flexible wordings in Article 30. This was also proved to be the concerted effort of the multinational pharmaceutical industry. For example during the para.6 negotiations,<sup>39</sup> as

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39 “Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health”, Second Communication from the United States, IP/C/W/350, July 9, 2002.WTO Press Release 426 [online]. Available at [http://www.wto.org/English/news\\_e/news\\_e.htm](http://www.wto.org/English/news_e/news_e.htm) [Accessed on July 2011].

during the original negotiations leading to the TRIPS, there were disagreements on the scope of Article 30, with many developing countries arguing that an amendment to Article 31(f) was not necessary because Article 30 already provided sufficient scope to allow the manufacture and export of generic versions of essential medicines under the terms of a compulsory license.<sup>40</sup> On October 4, 2001, developing countries proposed an Article 30 solution.<sup>41</sup> Paragraph 9 of the developing country proposal stated that: “Under Article 30 of the TRIPS, Members may, among others, authorise the production and export of medicines to persons other than holders of patents on those medicines to address public health needs in importing Members.”<sup>42</sup>

Recourse to Article 30, therefore, would allow generic exports to meet a public health need with only a one-time change in the exporting country's legislation, without requiring authorisation from the patent holder, compensation or the issuing of licences.<sup>43</sup> While an Article 31(f) approach envisaged issuing a compulsory licence specific to a particular country, predominantly for the supply of the domestic market to meet the

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40 For a detailed analysis of this proposal See, Shanker, D. (2004) ‘The Paragraph 6 Solution of the Doha Public Health Declaration and Export under the TRIPS Agreement’, *Journal of World Intellectual Property*, 7 (3), 365.

41 Draft Ministerial Declaration on the TRIPS Agreement and Public Health, (2001) ‘Proposal from a Group of Developing Countries’, WTO Doc.IP/C/W/312, WT/GC/W/450, October 4, 2001 [online]. Available at: [www.wto.org/english/tratop\\_e/trips\\_e/mindecdraft\\_w312\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/mindecdraft_w312_e.htm) [Accessed on June 2011]. The group of developing countries comprised: the African Group, Bangladesh, Barbados, Bolivia, Brazil, Cuba, the Dominican Republic, Ecuador, Haiti, Honduras, India, Indonesia, Jamaica, Pakistan, Paraguay, the Philippines, Peru, Sri Lanka, Thailand and Venezuela. ‘PhRMA Welcomes TRIPS and Public Health Agreement’, PhRMA Press Release, 30, 6 December 2005 [online]. Available at: [www.phrma.org/mediaroom/press/releases/06.12.2005.1335.cfm](http://www.phrma.org/mediaroom/press/releases/06.12.2005.1335.cfm) [Accessed on March 2011].

42 *Ibid.*

43 Gopakumar, K..M. (2003) ‘The WTO Deal on Cheap Drugs. A Critique’, *Journal of World Intellectual Property*, 4 (6), 99 - 112.

requirements for a particular product, the approach under Article 30 would instead focus on a general exception to the rights of a patentee under a country's patent law through general exceptions like research exemption or the “Bolar exception”. The advantage of an Article 30 exception over one based on Article 31 would have been that, while the latter requires the granting of compulsory licences on a case-by-case basis, an Article 30 exception permitting, for instance, generic manufacturers to produce essential medicines to export to developing countries with insufficient or no manufacturing capacity of their own, would have been by means of a general exception to patent rights which, by its nature, would be more readily available than compulsory licences as a flexible mechanism to alleviate public health crises in developing countries.<sup>44</sup> However the US asserted that Article 30 should be construed narrowly on grounds that it is: “intended to apply to statutory exceptions already provided for in many countries' laws at the time the TRIPS was negotiated, situations such as non-commercial experimental use and prior user rights”.<sup>45</sup>

Under the US interpretation, using Article 30 to allow WTO members to amend their patent laws to permit compulsory licences to be granted in order to authorise the manufacture and export of patented pharmaceutical products to developing countries might unreasonably prejudice the legitimate interests of the patent owner and contravene

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44 Abbott, F.M. (2005) ‘The WTO Medicines Decision: World Pharmaceutical Trade and the Protection of Public Health’, *American Journal of International Law*, 99 (2), 317 ; Matthews, D. (2004) ‘The WTO Decision on Implementation of Paragraph 6 of the Doha Declaration and the TRIPS Agreement and Public Health: A Solution to the Access to Essential Medicines Problem?’, *Journal of International Economic Law*, 73 (1), 86.

45 “Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health”, Second Communication from the United States, IP/C/W/350, July 9, 2002. WTO Press Release 426 [online]. Available at [www.wto.org/english/news\\_e/news\\_e.htm](http://www.wto.org/english/news_e/news_e.htm) [Accessed on March 2011].

Article 28. It was strongly opposed by developing countries like Brazil, asserting the wide amplitude of Article 30 in addressing any public interest.<sup>46</sup> During the initial negotiations on a Para.6 solution, proposals to use Article 30 as a mechanism to alleviate public health crises were not limited to developing countries. Initially, the European Union also advocated an Article 30 solution.<sup>47</sup> The competency of Article 30, to ensure access to medicines in developing countries was highlighted on grounds that it was the most direct, administratively simple and least contentious approach. So an activity falling within an Article 30 exception is not an infringement of the patent and did not need permission from the patent holder or even notice to be given to the patent holder or compensation to the patent holder arranged, as under the Article 31 compulsory licensing provisions.<sup>48</sup> However, all these suggestions were met with fierce opposition from the US and, reportedly,

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46 A communication from Brazil asserted that: “such exceptions do not unreasonably conflict with the normal exploitation of the Patent and do not unreasonably prejudice the legitimate interests of the Patent owner. In the context of the proposed authoritative interpretation of Article 30, the limited exceptions address public health problems outside the territory of the Member and therefore do not conflict with the normal exploitation of the Patent”. “Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health”, communication from Brazil on behalf of the delegations of Bolivia, Brazil, Cuba, China, the Dominican Republic, Ecuador, India, Indonesia, Pakistan, Peru, Sri Lanka, Thailand and Venezuela, IP/C/W/355, 25 June, 2002. “TRIPS Health Amendment Evokes Harsh NGO Reaction, Industry Caution”, IP-Health, 7 December, 2005 [online]. Available at [www.ip-watch.org/weblog/index\\_test.php?p=169](http://www.ip-watch.org/weblog/index_test.php?p=169) [Accessed on June 2011].

47 Concept Paper Relating to Paragraph 6 of the Doha Declaration, ‘Communication from the EC to the TRIPS Council’, IP/C/W/339 [online]. Available at [www.wto.org/english/news\\_e/news\\_e.htm](http://www.wto.org/english/news_e/news_e.htm), 4 March 2002 [Accessed on March 2011].

48 The full text of the joint letter from CPTech, Essential Action, MSF, Oxfam International, Health GAP Coalition, and the Third World Network to the WTO TRIPS Council of January 28, 2002 [online]. Available at [www.cptech.org/ip/health/art30exports.html](http://www.cptech.org/ip/health/art30exports.html) [Accessed on March 2011].



from other industrialized countries.<sup>49</sup> As a result, the developed country focus reverted primarily to a solution based on a waiver to Article 31 (f) and ignored Article 30 purposefully realising its potential to meet the exigencies of public health.<sup>50</sup> Thus even any discussion on the scope of Article 30 to meet the demands of public health was not encouraged and any attempt was suppressed with iron hand.

This was the policy the US adopted on patent exceptions even in FTAs.<sup>51</sup> While they carefully drafted provisions on compulsory

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49 Vandoren, P. and Eeckhaute, V.J.C. (2003) 'The WTO Decision on Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health: Making it Work', *Journal of World Intellectual Property*, 6 (6) , 779-783.

50 WTO Press Release, 'Decision removes final Patent obstacle to cheap drug imports', 30 August 2003, Press/350/Rev.1 [online]. Available at [www.wto.org/english/news\\_e/pres03\\_e/pr350\\_e.htm](http://www.wto.org/english/news_e/pres03_e/pr350_e.htm). [Accessed on March 2011]. 'Australia, Canada, the European Communities with, for the purposes of Article 31 *bis* and this Annex, its Member States, Iceland, Japan, New Zealand, Norway, Switzerland, and the United States', Proposal for a Decision on an Amendment to the TRIPS Agreement, IP/C/41, December 6, 2005: para.3, fn.3 of the proposed Annex to the TRIPS Agreement [online]. Available at [ictsd.org/downloads/bridges/bridges7-2.pdf](http://ictsd.org/downloads/bridges/bridges7-2.pdf) [Accessed on March 2011].

51 Since the failure of the Seattle Ministerial of WTO in 1999, developed countries like the US and the European Union have initiated negotiations on a large number of bilateral and Regional Trade Agreements. They are turning to a new bilateralism because FTAs are permitted in the WTO, and in this context developing countries, which face intense competition in the global market in the wake of the WTO, are willing even eager to trade off non-tariff benefits, including stronger IPR protection, for preferential tariff treatment under FTAs. The traditional wisdom of tying IPR issues to bilateral trade negotiations works here. By taking this strategy, developed countries, such as the United States, have made great progress in upgrading international IPR protection. To a considerable extent, however, the IPR provisions reached in the FTAs are not bilateral but global in nature. They are shaping international IPR protection. Developed countries, especially the United States, have been quick to incorporate "the highest international standards" into FTAs. For a detailed study on FTAs and their impact on international intellectual property norms in post- WTO era See, Roffe, P. (2004) 'Bilateral Agreements and a TRIPS-plus World: The Chile-US Free Trade Agreement', TRIPS Issues Papers [online]. Available at <http://www.quno.org/geneva/pdf/economic/Issues/Bilateral-Agreements-and-TRIPS-plus-English.pdf>. [Accessed on February 2011]. Drahos, P. (23 April 2011), 'Bilateralism in Intellectual Property', (Paper prepared for Oxfam), Available at <http://www.maketradefair.com/assets/english/bilateralism.pdf> [Accessed on February 2011]; Nanto, D. (2008) 'The US-Singapore Free Trade

licensing, exceptions to patentability, test data requirements of pharmaceuticals, they shrewdly and cleverly avoided any user rights. In FTAs by the US between countries like Vietnam, Jordan, Chile, Singapore, Australia, Morocco and Bahrain, the US was successful in even limiting the existing user right regimes particularly in those developing countries.<sup>52</sup> These FTAs enabled patent holders to limit parallel import of pharmaceutical products through licensing contracts.<sup>53</sup> Similarly data exclusivity for pharmaceutical products was extended for a period of five years.<sup>54</sup> In some FTAs like that between Morocco and

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Agreement: Effects after three years’ (CRS Report for Congress) [online]. Available at <http://www.fas.org/sgp/crs/row/RL34315.pdf> [Accessed on January 2011]. Drahos, P. (2001) ‘BITS and BIPs: Bilateralism in Intellectual Property’, *J. of World Intell. Prop.*, 4 (6),794 [online]. Available at: <http://www.anu.edu.au/fellows/pdrahos/articles/pdfs/2001bitsandbips.pdf>; [Accessed on March 2011]. Okediji, R.L. (2003-2004) ‘Back to Bilateralism? Pendulum Swings in International intellectual property Protection’, *University of Ottawa Law & Technology Journal* [online]. Available at: <http://ssrn.com/abstract=764725>; [Accessed on February 2011]. Surana, A. (2005) ‘RTA as a Building Block to Multilateralism - Arguments For and Against’ [online]. Available at: <http://ssrn.com/abstract=840404>; [Accessed on March 2010]. Cooper, W. (2009) ‘Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy’, CRS Report for Congress, RL 31356 (13 January 2009) [online]. Available at: <http://fpc.state.gov/c27818.htm>; [Accessed on February 2011]. Drahos, P. (2003) ‘Expanding Intellectual Property’s Empire: The Role of FTAs’ [online]. Available at: [http://www.grain.org/rights\\_files/drahos-fta-2003-en.pdf](http://www.grain.org/rights_files/drahos-fta-2003-en.pdf); [Accessed on February 2011]. Vivas-Eugui ,D. (2003) ‘Regional and Bilateral Agreements and a TRIPS-Plus World: The Free Trade Area of the Americas (FTAA)’ TRIPS Issues Papers 1, (4). QUNO/QIAP/ICTSD (Geneva 2003) [online]. Available at: <http://www.quno.org/geneva/pdf/economic/Issues/FTAs-TRIPS-plus-English.pdf> [Accessed on February 2011]. Deere, C. (2008) *The Implimentation Game: The TRIPS Agreement and the Global Politics Of intellectual property Reform in Developing Countries*, Oxford University Press, London, pp. 302-324; Malbon, J. and Lawson, C. (2008) *Implementing and Interpreting TRIPS Agreement: Is it Fair*, Edward Elgar Publishers, London, pp. 46-71

- 52 All these FTAs are available in [www.ustr.gov/trade-agreements](http://www.ustr.gov/trade-agreements). [Accessed on 20.02.2011]. The US currently has FTAs in force with 17 countries.
- 53 For example see Article 17.9 (4) of US-Australian FTA, Article 15.9 (4) of US-Morocco FTA, Available in [www.ustr.gov/trade-agreements](http://www.ustr.gov/trade-agreements)[Accessed on February 2011].
- 54 For example see Article 15.10 of US-Morocco FTA, Article 17 (10) of US – Chile FTA, Available at [www.ustr.gov/trade-agreements](http://www.ustr.gov/trade-agreements) [Accessed on February 2011].

Bahrain, the US even provided for an additional three year data exclusivity triggered by ‘new clinical information’.<sup>55</sup> These provisions were deviously incorporated to minimize the potential impacts of ‘Bolar’ and compulsory licensing provisions, thereby hampering the availability of generic drugs even after the expiry of the patents.<sup>56</sup> This will result in much higher prices of medicines and block research and development of local drug manufacturers, as generic drugs cannot be developed and there

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55 For example see Article 14.8 (6) of US-Bahrain FTA , Article 15.10 of US-Morocco FTA [online]. Available at [www.ustr.gov/trade-agreements](http://www.ustr.gov/trade-agreements) [Accessed on February 2011].

56 For example through link test data protection to the Patent term, generic manufacturers may not obtain marketing approval at any time during the Patent period, even when a compulsory license is issued, and even in preparation to enter the market upon Patent expiry, both of which are allowed under TRIPS. Thus, and without question, a period of data exclusivity increases the final cost of the marketed product as well as possibly delays its entry onto the market. Data exclusivity can also Act as a *de facto* Patent, ensuring a minimum period of monopoly for pharmaceutical companies, preventing competition, and in some instances, it may even prohibit a generic manufacturer from seeking registration in a country. Furthermore, a period of exclusivity relying upon the registration in another country potentially deprives a country of the drug for the entirety of that period. Similarly with the linkage of market approval to Patent status, a period of data exclusivity could be detrimental to countries taking advantage of a compulsory license. Again, a manufacturer granted authority to produce a generic drug under compulsory license still must be registered by the national drug regulatory authority and if the generic manufacturer cannot rely on existing data to gain regulatory approval it cannot respond to the compulsory license and supply the needed drug. Thus, where a medicine is protected by Patent, data exclusivity effectively could render the compulsory license meaningless if it cannot make effective use of the license without repeating time-consuming and costly tests to obtain marketing approval of its drug. Therefore, exclusivity provisions can effectively prevent the use of compulsory licensing during the Patent term as well as extend the life of the Patent For a detail study read: Elizabeth Siew-Kuan N.G. (2010) ‘The impact of the bilateral US-Singapore Free Trade Agreement on Singapore's post-TRIPs Patent regime in the pharmaceuticals context’, *Int. T.L.R.*, 16 (5), 121-128; Weissman, R. (2004), ‘Dying for Drugs: How CAFTA Will Undermine Access to Essential Medicines’ [online]. Available at [www.health-now.org/site/article.php?articleId](http://www.health-now.org/site/article.php?articleId) [Accessed on January 2011]; Mercurio, B. ‘TRIPS-Plus Provisions In FTAs: Recent Trends’ [online]. Available at [http://papers.ssrn.com/sol3/papers.cfm?abstrAct\\_id=947767](http://papers.ssrn.com/sol3/papers.cfm?abstrAct_id=947767) [Accessed on December 2010].

would be no supply of patented active ingredients.<sup>57</sup> Thus FTAs were very consciously drafted to nip in the bud, any effort by WTO member countries, to utilise the inherent flexibilities in TRIPS in forging a robust patent regime that meets their domestic needs.

Likewise, when we analysed the copyright legislations in the post-TRIPS era, one common feature among the various legislations was their fair dealing provision identical to the “four factor test” of the US. This is perceived to be the product of the US policy of incorporating their intellectual property laws into developing countries when negotiating FTAs.<sup>58</sup> This approach could reduce legislative costs as well as learning costs for its domestic companies when doing business in the markets of their trade partners.<sup>59</sup> However this incorporation of the US “four factor test” into native legislations was a welcome measure in the context of its potential in achieving a laudable public policy. But melancholy was in the miming of the US DMCA provisions into the copyright laws of contracting parties through these FTAs.<sup>60</sup> As the US experience itself

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57 “TWN seminar warns about WTO-plus issues and rules in bilateral and regional FTAs” TWN Info Service on WTO and Trade Issues (Sept05/4), 18 Sept 2005 posted 22-September-2005 [online]. Available at <http://www.bilaterals.org/spip.php?article2720>. [Accessed on December 2010].

58 Elizabeth Siew-Kuan N.G. (2010) ‘The impact of the bilateral US-Singapore Free Trade Agreement on Singapore's post-TRIPs Patent regime in the pharmaceuticals context’, *Int. T.L.R.*, 16 (5), 121-128.

59 Roffe, P. (2004) ‘Bilateral Agreements and a TRIPS-plus World: The Chile-US Free Trade Agreement’, TRIPS Issues Papers p.4 [online]. Available at <http://www.quno.org/geneva/pdf/economic/Issues/Bilateral-Agreements-and-TRIPS-plus-English.pdf> [Accessed on March 2011].

60 US Congress enacted the Digital Millennium Copyright Act (“DMCA”) in 1998 in response to two pressures. First, Congress was responding to the perceived need to implement obligations imposed on the U.S. by the 1996 World intellectual property Organization (WIPO) Copyright Treaty. Second (as reflected in the details of section 1201, which go well beyond anything the WIPO treaty required), Congress was also responding to the concerns of copyright owners that their works would be widely pirated in the networked digital world.

with the DMCA illustrates, overbroad legal entrenchment for technological protection measures can have serious unintended consequences beyond areas governed by copyright law, including on the technology sector and on educational and research activities.<sup>61</sup> It was in

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Section 1201 which remains the most controversial from user right perspective contains two distinct prohibitions: a ban on Acts of circumvention, and a ban on the distribution of tools and technologies used for circumvention. The "Act" prohibition, set out in section 1201 (a) (1), prohibits the Act of circumventing a technological measure used by copyright owners to control access to their works ("access controls"). So, for example, this provision makes it unlawful to defeat the encryption system used on DVD movies. This ban on Acts of circumvention applies even where the purpose for decrypting the movie would otherwise be legitimate. The "tools" prohibitions, set out in sections 1201 (a) (2) and 1201 (b), outlaw the manufacture, sale, distribution, or trafficking of tools and technologies that make circumvention possible. These provisions ban both technologies that defeat *access* controls, and also technologies that defeat use restrictions imposed by copyright owners, such as *copy controls*. These provisions prohibit the distribution of software that was designed to defeat CD copy-protection technologies, for example. Section 1201 includes a number of exceptions for certain limited classes of Activities, including security testing, reverse engineering of software, encryption research, and Law enforcement. These exceptions have been criticized as being too narrow to be of use to the constituencies they were intended to assist. A violation of any of the "Act" or "tools" prohibitions is subject to significant civil and, in some circumstances, criminal penalties. For a useful overview of the many issues surrounding the interpretation of the DMCA's anti circumvention provisions, see Ginsburg, J.C. (1999) 'Copyright Legislation for the Digital Millennium, *COLUM.-VLA J.L. & ARTS*, 23 (1), 137; Reese, F.A. (2003) 'Will Merging Access Controls and Rights Controls Undermine the Structure of Anti circumvention Law?', *BERKELEY TECH. L.J.*, 18 (4), 654-55; Cohen, J and Schrag, Z. 'Fair Use Since the Digital Millennium Copyright Act of 1998' [online]. Available at [http://correctingcourse.columbia.edu/paper\\_tushnet.pdf](http://correctingcourse.columbia.edu/paper_tushnet.pdf) [Accessed on March 2011].

61 Since they were enacted in 1998, the "anti-circumvention" provisions of the Digital Millennium Copyright Act ("DMCA"), codified in section 1201 of the Copyright Act, have not been used as Congress envisioned. Congress meant to stop copyright infringers from defeating anti-piracy protections added to copyrighted works and to ban the "black box" devices intended for that purpose. In practice, the anti-circumvention provisions have been used to stifle a wide array of legitimate Activities, rather than to stop copyright infringement. Experience with section 1201 demonstrates that it is being used to stifle free speech and scientific research. The Lawsuit against *2600* magazine, threats against Princeton Professor Edward Felten's team of researchers and prosecution of Russian Programmer Dmitry Sklyarov have chilled the legitimate Activities of journalists, publishers, scientists, students, programmers, and members of the public. By banning all Acts of circumvention, and all technologies and tools that can be used for circumvention, the DMCA grants to copyright owners the power to unilaterally eliminate the public's fair use rights. Already, the movie industry's

the midst of these controversies of DMCA in restraining access to knowledge and unilateral tilting of copyright balance that, the US callously incorporated these provisions into their FTAs.<sup>62</sup> The contracting parties in their eagerness to enjoy market concessions and tariff reductions have accepted these provisions without appreciating the deplorable consequences of DMCA even in an economically, politically, socially and culturally developed economy like the US. Some of these FTAs like that between Chile, Morocco and Bahrain have much higher standards than the US DMCA, when they eliminate the element of knowledge in copyright infringement and also fails in incorporating the user rights which even DMCA accepts as inevitable for attaining the larger public interests.<sup>63</sup> The consequence of this miming of a copyright

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use of encryption on DVDs has curtailed consumers' ability to make legitimate, personal-use copies of movies they have purchased. Rather than focusing on pirates, some have wielded the DMCA to hinder legitimate competitors. For example, the DMCA has been used to block aftermarket competition in laser printer toner cartridges, garage door openers, and computer maintenance services. Similarly, Apple has used the DMCA to tie its iPhone and iPod devices to Apple's own software and services. For details see: Unintended Consequences: Five Years under the DMCA".EFF White Paper [online]. Available at <https://www.eff.org/wp/unintended-consequences-under-dmca> [Accessed on March 2011].

62 For example see the provisions in US FTAs - Jordan (Article 4 (13)), Singapore (Article 16.4 (7)), Chile (Article 17.7 (5)), CAFTA (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic) (Article 15.5 (7)), Australia (Article 17.4 (7)), Morocco (Article 15.5 (8)) and Bahrain (Article 14.4 (7)). The full text of Free Trade Agreements with the US can be downloaded from: [http://www.ustr.gov/Trade\\_Agreements/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Section_Index.html) [Accessed on March 2011].

63 The full text of Free Trade Agreements with the US can be downloaded from: [http://www.ustr.gov/Trade\\_Agreements/Section\\_Index.html](http://www.ustr.gov/Trade_Agreements/Section_Index.html). [Accessed on February 2011]. For a detailed study on the politics behind US *FTA's* see: Okediji, R. (2003) 'Back to Bilateralism? Pendulum Swings in International intellectual property Protection' *U Ottwa Law & Tech J*, 1 (1) 131–32; Shashikant, S. 'In Third World Resurgence' *No.167/168 (pages 14-20) [online]*. Available at [www.twinside.org.sg](http://www.twinside.org.sg) [Accessed on March 2011]. ; El-Said, H. and El-Said, M. (2005) 'TRIPS, Bilateralism & Implications for Developing Countries: Jordan's Drug Sector' *MJIEL*, 2 (1), 59.

policy of a net exporter of knowledge goods by the net importers of it is certainly an idiotic policy choice.

Thus here again, comes out the success story of the US entertainment and software industry in putting dead bolts to the TRIPS flexibilities by carefully closing all doors of policy space without leaving a single foot span.<sup>64</sup> The user rights were once again overthrown by the economic interests of industrial lobbies. So the post-TRIPS era alarms us of the vanishing and sometimes of the evaporation of the golden principles of user rights. Cognizant moves were made to ensure that, the lucid words of TST are never given a progressive interpretation.

But here starts a new twist in the international political game on limitations and exceptions. The very moment the intellectual property balance was tilted unilaterally favouring the authors, the international arena witnessed a strong sense of annoyance and disturbance from the users. Even though it was manifested for the first time in the Doha while answering the international outcry for public health, it got a hefty

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64 For FTA signatories who are net *importers* of the US informational and entertainment intellectual property, this would result in a *net transfer of wealth* from signatory countries' domestic economies to U.S. copyright owners. For a detailed study on impact of FTAs on international intellectual property system read: comments on FTAs Available at [www.eff.org](http://www.eff.org), and [www.bilaterals.org](http://www.bilaterals.org). [online]. Also visit [www.twinside.org.sg](http://www.twinside.org.sg) and also see the UNCTAD study reports on impacts of FTAs Available at [www.unctad.org](http://www.unctad.org). Also read: Bernieri, R.C. (2006) 'intellectual property Rights in Bilateral Investment Treaties and Access to Medicines: The Case of Latin America', *J. World Intell. Prop.* 9 (4), 548-572; F.M Abbott, (2007) 'The Doha Declaration on the TRIPS Agreement and Public Health and the Contradictory Trend in Bilateral and Regional Free Trade Agreements' [online]. Available at (<http://quno.org/>) [Accessed on March 2011]; Mohammed El-Said and Hamed El-Said (2007) 'TRIPS-Plus Implications for Access to Medicines in Developing Countries: Lessons from Jordan–United States Free Trade Agreement', *J. World Intell. Prop.* 10 (6), 438-475; Tetteh, K.E. (2011) 'Pharmaceutical Innovation, Fair Following and the Constrained Value of TRIPS Flexibilities', *J. World Intell. Prop.* 14 (2), 202-228.



platform in WIPO through the ‘New Development Agenda’ proposed by Brazil and Argentina in 2004.<sup>65</sup> The central philosophy of the agenda appears to be that while recognizing that intellectual property is relevant, they stresses that intellectual property is not an end in itself, but a means for promoting public interest, innovation, access to science and technology and the promotion of diverse national creative industries, in order to ensure material progress and welfare in the long run.<sup>66</sup> They demanded the same extent of flexibility which developed countries enjoyed at the comparative stage of development.<sup>67</sup> It should be

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65 At the 2004 WIPO General Assembly (27 September - 5 October) a group of 14 developing countries, namely Argentina, Bolivia, Brazil, Cuba, the Dominican Republic, Ecuador, Egypt, Iran, Kenya, Peru, Sierra Leone, South Africa, Tanzania and Venezuela - known as the Group of Friends of Development (FOD) - co-sponsored a proposal for the “Establishment of a Development Agenda for WIPO”. The proposal received overwhelming support from the floor during the General Assembly (GA) from a large number of developing countries including Egypt (on behalf of the African Group) and Sri Lanka (on behalf of the Asia Group), India, Pakistan, the Philippines, China, Oman, Senegal, Ethiopia, Benin, Peru, Colombia, El Salvador, Nicaragua, Uruguay, Trinidad and Tobago and Jamaica. To establish a “Development Agenda” for WIPO, the FOD submission contains four concrete proposals: (1) a review of the mandate and governance of WIPO; (2) promotion of pro-development norm-setting in WIPO; (3) establishing principles and guidelines for WIPO’s technical assistance work and evaluation; (4) establishing guidelines for future work on technology transfer and related competition policies. The proposal was based on the premise that, being a UN agency, development concerns should be given emphasis in WIPO’s Activities, since several international organizations have recognized that much more needs to be done to reach effective results that meet the challenges of development.

66 See for details the Brazils statement on Development Agenda made at WIPO Development Agenda meeting [online]. Available at, <http://www.cptech.org/ip/wipo/da.html>. [Accessed on March 2011].

67 See for details the ‘Statement of India made at WIPO Development Agenda Meeting’ [online]. Available at <http://lists.essential.org/pipermail/a2k/2005-April/000241.html>. [Accessed on February 2011]. According to India, “The real “development” imperative is ensuring that the interest of intellectual property owners is not secured at the expense of the users of IP, of consumers at large, and of public policy in general. The primary rationale for intellectual property protection is, first and foremost, to promote societal development by encouraging technological innovation”.



perceived as a reaction against the realisation of the fact that harmonization of intellectual property laws across countries with asymmetric distribution of intellectual property assets resulted in serving the interest of rent seekers, who are predominantly in developed countries, rather than that of the public in developing countries.<sup>68</sup> It was a concerted movement against the broken promises of development given by the developed world to their fellow beings in developing world in exchange for an elevated standard of IP.

But it is still mysterious why these friends of development were courageous enough to initiate such a proposal in an international forum which pushed for a TRIPS plus standard through its ‘Patent agenda’<sup>69</sup> and ‘Digital agenda’.<sup>70</sup> It is really interesting that during the discussions on patent

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68 Khor, M. ‘Brazil - India Statements at the WIPO on the Development Agenda’ [online]. Available at [www.twinside.org.sg](http://www.twinside.org.sg). [Accessed on March 2011].

69 It is an initiative begun by WIPO’s Director General in 2001, aimed to create an international Patent system geared towards the upward development and harmonization of Patent Laws. It is designed to benefit the users of the Patent system, *i.e.* the Patentees, which are mostly from developed countries - the US, Japan and Europe. This “Patent Agenda” is expected to disseminate Patent systems modeled on developed countries to developing countries. For a detailed study see the Patent agenda Available at [www.wipo.int/Patent/agenda/en/](http://www.wipo.int/Patent/agenda/en/) [Accessed on March 2011].

70 Among the various proposals of digital agenda, the most controversial are the “WIPO Copyright Treaty” (WCT) and the “WIPO Performances and Phonograms Treaty” (WPPT), known together as the “WIPO Internet Treaties”. The WCT is the most controversial and has been very strongly criticized as it goes beyond what is required under TRIPS Agreement. Some critics have suggested that this treaty is a way of ensuring that US copyright standards, which face strong opposition even in the US itself, become international standards which would thus have to be implemented worldwide. For example, the WCT requires countries to provide for effective legal remedies against circumvention of technological protection measures which are promoted by copyright industries in response to the digital technology which allows for the creation of unlimited, perfect and costless copies and their instant distribution worldwide. Critics argue this will reduce the ability of teachers, students, researchers and consumers, particularly from developing countries, to access information. For a detailed study see the texts Available at; [www.wipo.int/treaties/en/ip/wct/index.html](http://www.wipo.int/treaties/en/ip/wct/index.html), [www.wipo.int/treaties/en/ip/wppt/index.html](http://www.wipo.int/treaties/en/ip/wppt/index.html), [www.wipo.int/copyright/en/digital\\_agenda.htm](http://www.wipo.int/copyright/en/digital_agenda.htm), and also read Sangeeta

agenda which touched each and every aspect of domestic and international patent system, the members kept a conscious silence and feigned ignorance of the user rights realizing its creative destruction. They even discussed about compulsory license and government use in an absurd manner allowing countries to utilise the opportunity to meet their domestic needs. Even at that point of discussion, no reference was made to the free user rights like research use, regulatory review or parallel importing. But a diametrically opposite stand was taken in the case of copyright. Just like any post-TRIPS development every effort was made to maneuver the copyright limitations to protect the interest of the right holder. In spite of the inclusion of the TST in its ditto, the internet treaties casted an absolute duty to protect TPMs, which in effect made the user rights an illusion.<sup>71</sup> Thus while the WIPO Treaties set forth the

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Sashikant, ‘ intellectual property and the WIPO Development Agenda’ available at [www.twinside.org.sg](http://www.twinside.org.sg) [Accessed on February 2011].

- 71 Article 11 of the WIPO Copyright Treaty provides: “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 and that restrict Acts, in respect of their works, which are not authorized by the authors concerned or permitted by Law.” Article 18 of the WIPO Performances and Phonograms Treaty contains a parallel provision. For a detailed study see the texts Available at: [www.wipo.int/treaties/en/ip/wct/index.html](http://www.wipo.int/treaties/en/ip/wct/index.html) [Accessed on March 2011] and [www.wipo.int/treaties/en/ip/wppt/index.html](http://www.wipo.int/treaties/en/ip/wppt/index.html). [Accessed on February 2011]. Also read, Jacques de Werra, (2001) ‘The Legal System of Technological Protection Measures under the WIPO Treaties, the Digital Millennium Copyright Act, the European Union Directives and other National Laws’ [online]. Available at <https://litigation-essentials.lexisnexis.com>[Accessed on March 2011]; Fisher, (1988) ‘Reconstructing the Fair Use Doctrine’, *Harv.L. Rev.*, 101 (9), 1659;. Nimmer, Melville, B. (1970) ‘Does Copyright Abridge the First Amendment Guaranties of Free Speech and the Press?’, *UCLA L. Rev.*, 17 (8), 1180, 1200-04; Diane Leenheer Zimmerman, (1994) ‘Copyright In Cyberspace: Don’t Throw Out the Public Interest with the Bath Water’, *Ann. Sur. Am. L.*, 71 (3),403, 405; Leval, P.N. (1990) ‘Toward A Fair Use Standard’, *Harv. L. Rev.*, 103 (8), 1105, 1111; Landes,W. M. & Posner, R.A. (1989) ‘An Economic Analysis of Copyright Law’, *J. LegalStud.*,18 (1), 325, 326; Netanel, N.W. (1996) ‘Copyright and Democratic Civil Society’, *Yale L. J.*, 106 (3), 339, 362; Okediji, R. (2001) ‘Givers, Takers, and Other Kinds of Users: A Fair Use Doctrine for Cyberspace’, *Fla. L. Rev.*, 53 (1), 107.

general prohibition against the circumvention of technological protection measures, debate has ensued over how this general principle should be implemented in national law maintaining the age-old copyright balance. Thus while the treaty left no ambiguity in protecting and recognising the author's right in the digital dilemma, they lacked any clarity with respect to user rights. This was evident from the cold responses and initial oppositions to the new perspective of development proposed. The developed ones stood for some cosmetic changes only and they wanted to confine this as a mere technical assistance program.<sup>72</sup> It was in this 'forum' that the developing countries had come with their new agenda. Here we can think the other way round. If development agenda was not proposed in this forum at that time, WIPO might have come up with some new agendas spear headed by the developed world to further strengthening the intellectual property rights focusing on enforcement mechanism. So even though it may not be possible to agree that a paradigm shift has taken place as some scholars argue, one should appreciate that the developing countries were at least successful in developing an international consensus for public interest.<sup>73</sup> This shift in focus toward developing-country issues could also be viewed as a historical rebalancing of a past in which developing countries' needs and

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72 Shashikant,S. 'Continuing Differences at WIPO Development Meeting' [online]. Available at [www.twinside.org.sg](http://www.twinside.org.sg) [Accessed on February 2011]. Also read Commission on intellectual property Rights (CIPR), "Integrating intellectual property Rights and Development Policy", Final Report, London, September 2002 [online]. Available at [www.iprcommission.org/graphic/documents/final\\_report.htm](http://www.iprcommission.org/graphic/documents/final_report.htm) [Accessed on March 2011]. Musungu, S.F and Dutfield, G. (2003), 'Multilateral Agreements and a TRIPS-Plus world: The World intellectual property Organization (WIPO)', Quaker UN Office, Geneva [online]. Available at [www.geneva.quino.info/pdf/WIPO\(A4\)final0304.pdf](http://www.geneva.quino.info/pdf/WIPO(A4)final0304.pdf) [Accessed on March 2011].

73 Jeremy De Beer & Sara Bannerman (2010) 'Foresight into the future of WIPO's Development Agenda', *W.I.P.O.J.*, 1 (2), 211-231.

interests had not been adequately taken into account.<sup>74</sup> International developments towards access to knowledge, access to technology and on minimum limitations and exceptions in relation to copyright and patent protection are really promising.<sup>75</sup> The most efficient mechanism for enforcement, monitoring and analysis of impact of intellectual property and development is yet to be decided. Similarly the capacity of developing countries to articulate their needs is also cynical. Equally challenging is the diversity in needs and aspirations of developing countries. They considerably differ in their priorities and posture.

#### 8.4 Judicial developments in post-TRIPS era

Unlike the legislative developments, TST did not leave any remarkable impact in the judicial arena. Just like in the pre-TRIPS era, the judicial doctrines across the countries varied considerably, leaving no

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74 WIPO Development Agenda itself is built on the basic principle that , “WIPO technical assistance shall be, *inter alia*, development-oriented, demand-driven and transparent, taking into account the priorities and the special needs of developing countries, especially LDCs, as well as the different levels of development of Member States and Activities should include time frames for completion. In this regard, design, delivery mechanisms and evaluation processes of technical assistance programs should be country specific”. It also urges the members to approach intellectual property enforcement in the context of broader societal interests and especially development-oriented concerns, with a view that “the protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations”, in accordance with Article 7 of the TRIPS Agreement.

75 WIPO initiative for a draft treaty for visually impaired, its study on library use, educational use, fair use in digital era are really noteworthy. WIPO’s SCCR offers a timely opportunity to present the analysis and research in this area to an informed audience of policy makers, negotiators and experts. Recently WIPO Standing Committee on Copyright and Related Rights (SCCR) has prepared a comparative list of the proposals related to copyright limitations and exceptions and the needs of the visually impaired and other persons with print disabilities, submitted by the Member States of WIPO and the European Union as of March 16, 2011. See [www.wipo.int/edocs/mdocs/copyright/en/sccr\\_22/sccr\\_22\\_8.pdf](http://www.wipo.int/edocs/mdocs/copyright/en/sccr_22/sccr_22_8.pdf) [Accessed on 12.05.2011].

sign of uniformity and predictability. It is only in a few handful of cases that we can see a direct reference to TST. Even then, it is really interesting that the steps have been interpreted in accordance with local whims and prejudices. Both the liberal and restricted instinct of TST was maneuvered in accordance with the domestic interests. For example the French court in *Mulholland Drive*,<sup>76</sup> Brussels Court of First Instance in *Google Inc v. Copiepresse SCRL*<sup>77</sup> and the Dutch court in two significant judgments in cases concerning, respectively electronic internal press reviews in government ministries (Ministry Press Reviews)<sup>78</sup> and Private Copying from Illegal Sources<sup>79</sup> have made a very restrictive economic application of TST. In *Mulholland Drive*, the French Supreme Court held that the private copy exception under French copyright law is not a positive right and must be construed in accordance with the “three-step test” under Article 9(2) of the Berne Convention. This being so, it held that, in the digital environment, the existence of an exception permitting

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76 *Drive*, M. (2006) French Supreme Court, *I.I.C.*, 28 (February) 760, reversing Paris Court of Appeal, April 22, 2005 (2006), *I.I.C.*, 37 (June), 112; For discussion, See Geiger, C. (2008) ‘The Answer To The Machine Should Not Be The Machine: Safeguarding The Private Copy Exception In The Digital Environment’, *E.I.P.R.*, 30 (2), 121; Geiger, C. (2006) ‘The Three-Step Test, a Threat to a Balanced Copyright Law?’, *I.I.C.*, 37 (6), 683; Maxwell, W. and Massaloux, J. (2006) ‘French Copyright Law Reform: French Supreme Court Upholds Legality of DVD Anti-Copy Measures’, *Ent. L.R.*, 70 (2), 145.

77 Laurent, P. (2007) ‘Brussels High Court Confirms Google News’ Ban – *Copiepresse SCRL v Google Inc.* - Prohibitory Injunction/Stop Order Of The President Of The High Court Of Brussels, 13 February 2007 Opposition Procedure Against The First Default Stop Order By The Same President’ [online]. Available at <http://www.crid.be/pdf/public/5512.pdf> [Accessed on March 2011].

78 Rechtbank Den Haag, March 2, 2005, case no.192880, LJN AS 8778 [2005] *Computerrecht* 143 (comment K Koelman). See also Stols, D. (2008) ‘Netherlands--Copying--Home Copying’ *Ent. L.R.* N-48; Senftleben, M. (2009) ‘Fair Use in the Netherlands--a Renaissance?’, *AMI* 1; Griffiths, J. (2009) ‘The ‘Three-Step Test’ in European Copyright Law - Problems and Solutions’, *I.P.Q.*, 4 (4), 428-457.

79 Jonathan Griffiths, J. (2009) ‘The Three-Step Test’ in European Copyright Law - Problems and Solutions’, *I.P.Q.*, 4 (4), 428-457.

the making of private copies of DVDs would impair the normal exploitation of the copyright work and would, accordingly, violate the second step of the “test”. The Supreme Court considered that an impairment of the normal exploitation of the work would arise because there was an increased risk of piracy in the digital environment and because DVD distribution was highly significant for the movie industry. In coming to this decision, it effectively interpreted the statutory private use exception (which was not, at that time, technology-specific) in the digital context.<sup>80</sup> Similarly the Dutch court in the first case held that given the growing importance of digital news sources and the impact of electronic press reviews on this market, the ministries' activities were held to endanger a normal exploitation of the relevant works and unreasonably to prejudice the publisher's legitimate interests in digital commercialization.<sup>81</sup> In the latter case the Dutch court even went to the extent of declaring a private copying as an infringement.<sup>82</sup> Following this line the Brussels court also took a very restrictive stand in Google's case

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80 This case was brought by a purchaser of a DVD copy of David Lynch's film *Mulholland Drive* who wanted to transfer the film into VHS format in order to watch it at his mother's house. Technological protection measures (TPMs) on the DVD prevented him from doing so. Consequently, he brought proceedings, arguing, inter alia, that the private copy exception under Article L.122-5 of the French intellectual property Code gave him a right to make private copies of the copyright works contained on the DVD and that the denial of his ability to make such copies violated this right. Also read, Jonathan, G. (2009) 'The 'Three-Step Test' In European Copyright Law - Problems And Solutions', *I.P.Q.*, 4 (4), 428-457.

81 In *Ministry Press Reviews*, the District Court of The Hague considered whether the practice of unauthorized scanning and reproduction of press articles for internal electronic communication in ministries was covered by statutory exceptions under the Dutch code (notably the exception for press reviews). The court decided that it was unnecessary to conclude whether these Activities fell within the detailed terms of the relevant statutory exceptions because, in any event, the use did not satisfy the “three-step test” as set out in Article 5 (5) of the Information Society Directive.

82 In this case the same court had to consider whether private copying from an illegal source fell within the terms of the provision of the Dutch Code concerning private copying.

by confining TST in its economic perspective and ignored the user right claims like criticism, quotations and news reporting on the ground that it causes economic harm to the copyright owner.<sup>83</sup> All these cases can be regarded as exemplifying a strict approach to the TST. In all these cases, the risk of economic harm to right holders was, alone, sufficient to veto even genuine claims of user rights. No attempt to balance that risk against any other relevant factors was made by the court.

The restrictive view of the “three-step test” outlined above contrasts sharply with a much more flexible approach adopted in some other European national courts. Two particularly clear examples of this latter approach are provided by the decision of the German Supreme Court in *Supply of Photocopies of Newspaper Articles by a Public Library, Re*<sup>84</sup> and the decision of the Swiss Federal Court in *ProLitteris v Aargauer Zeitung AG*.<sup>85</sup> In addition, in a striking decision concerning Google's caching activities (Google--Caching), the Barcelona Court of Appeal appears to have employed the TST in an extremely liberal manner

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83 *Google Inc v Copiepresse SCRL* [2007] E.C.D.R. 5 at [120]. In this case the claimant, a copyright management society acting on behalf of a number of newspaper publishers, sued Google for infringement of copyright arising as a result of its French language “Google. News” service, which automatically searched websites carrying current news, extracted articles from those websites and reproduced them. The claimant argued that this Activity infringed the copyright holders' exclusive right to control the reproduction and communication to the public of the articles. The defendant relied, inter alia, upon the Belgian statutory limitations for quotation and news reporting and supported its argument by reference to the right of freedom of expression protected under Article 10 of the European Convention on Human Rights. The Court of First Instance of Brussels held that Google's Activities were not covered by the statutory limitations and that Article 10 ECHR did not preclude this conclusion. *Google Inc v Copiepresse SCRL* [2007] E.C.D.R. 5 at [120]

84 *Supply of Photocopies of Newspaper Articles by a Public Library, Re* [2000] E.C.C. 237

85 *ProLitteris v Aargauer Zeitung AG* (2008) 39 I.I.C. 990. For discussion, see C. Geiger, (2008) ‘Rethinking Copyright Limitations in the Information Society--the Swiss Supreme Court Leads the Way’ *I.I.C.*, 38 (8), 943.



closely resembling the open-ended fair use doctrine in the US copyright law.<sup>86</sup> In the ‘public library’ case the German court was really enthusiastic to give a broader perspective to the library use exception under the copyright law in a way to make the maximum utilization of the opportunities of the digital technology.<sup>87</sup> It arrived at the conclusion by a holistic application of TST and it even denied the need for providing compensation to the author on the principle of TST itself that, the library reproductions are not causing any unreasonable prejudice to the author.<sup>88</sup>

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86 This case has not been reported in English, but has been discussed by Kur in, ‘Of Oceans, Islands and Inland Water’, *Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper Series No.08-04*, p. 34.

87 In this case the library had an electronic catalogue and sent copies of articles from scientific periodicals to users on request. It charged a fee for this service and advertised throughout the world. A representative body for publishers and booksellers claimed that the library's Activities infringed the reproduction and distribution rights of the authors of the articles at issue. In response, the defendant argued that its Activities were covered by the personal/private use exceptions under the German Copyright Act, which permitted some forms of personal/private use to be carried out by third parties on a user's behalf. The Supreme Court held that the library's Activities were covered by the exception. However, it also held that, as a result of technological advances in the communication of catalogues and copies, the library's copying service had begun to make more intensive use of works than previously and, therefore, had a greater capacity to compete with the distributors of the original periodicals. In such circumstances, it was held that, while the library's Activities were permissible under the exception, the authors of the copied works had a statutory right to a reasonable fee for the use of their work. *Re Supply of Photocopies of Newspaper Articles by a Public Library* [2000] E.C.C. 237 at [60].

88 In identifying the authors' entitlement to reasonable compensation for the library's Activities, the Supreme Court placed explicit reliance on the “three-step test” as set out in Article 9 (2) Berne and Article 13 TRIPs. It held that, in order for national copyright Law to be interpreted compatibly with the third step of the “test”, authors had to be remunerated in return for the uses covered by the exception: “Permission for reproduction by a copying service without compensation in the form of a reasonable fee did not unreasonably prejudice the legitimate interests of authors, given the circumstances which previously prevailed. In view of the far more limited technical facilities at that time for library use, supplying copies did not, until very recently, have the importance it now has as a means of supplying end users with copies of even the very latest periodical publications within the shortest possible time. Consequently it was justifiable to treat the supply of copies as a use of less importance following on from publication and to exempt it under section 53 of the Copyright Act from the author's right of prohibition, without giving him a right to a fee appropriate for



By a similar broad interpretation of TST, the Swiss federal court was successful in evolving a liberal fair use exception for press use and private use.<sup>89</sup> The Swiss court made a very detailed application of TST in its most harmonious manner upholding the interests of users.<sup>90</sup> Just like the German court, the Swiss court was also not worried with the economic rights of author. On the other hand they viewed author rights in the larger context of their obligation in fulfilling the public interest.<sup>91</sup>

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this method of use of the work ....” The Supreme Court's focus on the third step of the test allows it to “balance” the interests of authors and users in a manner that is likely to seem rather radical to Lawyers from jurisdictions in which the judicial creation of a statutory licence by analogy would be regarded as constitutionally improper. *Re Supply of Photocopies of Newspaper Articles by a Public Library*, [2000] E.C.C. 237 at [47].

89 In this case a newspaper group challenged the right of a collecting society (established to receive remuneration for the reproduction of literary and artistic works) to collect fees from certain press review agencies, which produced electronic compilations of articles from newspapers and journals (paper and web-based) for commercial and public authority clients. The clients of the press review agencies specified keywords against which the agencies' employees searched to produce the reviews. The fees were only legally payable to the defendant collecting society under the provisions of the Swiss Federal Act on copyright and Related Rights if the agencies' Activities fell within that Act's statutory exception for private use. Effectively, therefore, the newspaper group's claim challenged the application of the private use exception to the agencies.

90 It concluded that the first step of the “three-step test” did not prohibit the extension of the private use exception in this case because it served only to preclude generalized and poorly targeted exceptions. In this instance, there was no difficulty because the court was simply applying an existing exception to a case in which a third party made a copy of a work on behalf of a person entitled to make private use him or herself. The second step of the “test” required the court to examine the reasonableness of potential markets for the exploitation of the copyright works in question. In this instance, the normal exploitation of a newspaper was the sale and use of online editions and electronic papers. The newspaper group's claim that the Activities of the press agencies had led to a decline in print runs and a loss of readers was, according to the court, unsubstantiated. There was therefore no infringement of the second step. *ProLitteris v Aargauer Zeitung AG* (2008) 39 *I.I.C.* 990 at Para 6.1. For discussion, see Geiger, C. (2008) ‘Rethinking Copyright Limitations in the Information Society the Swiss Supreme Court Leads the Way’, *I.I.C.*, 38 (8), 943.

91 At the third step the court held that: “a reasonableness examination is to be applied in a narrower sense. An intervention in the legitimate interests of the right holder is unlawful if it cannot reasonably be expected of him. The impairment

It is really welcome that Barcelonan Supreme Court gave a very progressive and proactive interpretation to the TST by holding that, TST not only regulates the scope of existing statutory exceptions, but also functions to impose boundaries on a right holder's exclusive rights. In coming to this conclusion, it made explicit comparison with the “fair use” doctrine in the US and referred to the four factors set out in section 107 of the US Copyright Act to the facts of the case before it.<sup>92</sup> Thus in these three cases the court applied the TST which is hailed to be the most ‘author centric’ and ‘egotist’ test in a most flexible manner upholding the user rights even ignoring the potential economic harm to the authors.

Similarly it is also interesting that even on certain unique instances of fair use the countries had come out with different standards. For example while the Canadian Supreme Court was very clear in upholding the fairness of judicial documents for public use,<sup>93</sup> the decision of Indian Supreme court lacked clarity.<sup>94</sup> However the Indian Supreme Court made a good attempt to interpret the concept of originality to retain the

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cannot reasonably be expected if the interests of the third party do not outweigh those of the right holder. The payment of a reasonable fee can mitigate the infringement of legitimate interests caused by a limitation so as to avoid an infringement of the third step of the test”. *Pro Litteris v Aargauer Zeitung AG* (2008) 39 I.I.C. 990 at Para 6.2. For discussion, see Geiger, C. (2008) ‘Rethinking Copyright Limitations in the Information Society--the Swiss Supreme Court Leads the Way’, *I.I.C.*, 38 (8), 943.

92 This case concerned the caching of content by Google in the operation of its search engine service. Right holders argued that the exemption of Google's Activities from liability for copyright infringement would violate the “three-step test”, which had been explicitly incorporated in the Spanish copyright legislation. For details read Kur, “Of Oceans, Islands and Inland Water”, Max Planck Institute for Intellectual Property, Competition & Tax Law Research Paper SeriesNo.08-04, p. 34.

93 *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 (1) SCR 339.

94 *Eastern Book Co. v D.B. Modak*, (2008) 1 SCC 1.

public domain space for promoting creativity and competition.<sup>95</sup> Similarly on the issue of ‘parody’ as fair use, while the American judiciary took a positive stand,<sup>96</sup> the German Federal Court held it to be an instance of copyright infringement.<sup>97</sup>

Just like in the case of post-TRIPS legislative developments, in the judicial arena also the diversity and flexibility was evident. The US Judiciary in *Madey v. Duke University*<sup>98</sup> and *Integra Lifesciences I, Ltd. v. Merck KGaA*,<sup>99</sup> continued the restrictive approach in interpreting the experimental use exception. The judicial stance was to apply the exception in its literal sense without even looking to the nature of research and consequences of research.<sup>100</sup> This has the potential to upset the equilibrium regarding research uses of patented inventions and may heighten any problems raised by uncertainty over the reach of the

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95 The judicial pronouncements of the Apex Court would be in the public domain and its reproduction or publication would not infringe the copyright. To secure a copyright for the judgments delivered by the court, it is necessary that the labour, skill and capital invested should be sufficient to communicate or impart to the judgment printed in SCC some quality or character which the original judgment does not possess and which differentiates the original judgment from the printed one For detailed comments see, Gopalakrishnan, N.S. (2009) ‘ Intellectual Property Laws’, XXXVII ASIL, 373-394.

96 Bavarian Higher Regional Court, ZUM 1991, p. 432 et seq., at p. 434. For a discussion on the case read; Postel, H. ‘The Fair Use Doctrine In The U. S. American Copyright Act And Similar Regulations In The German Law’, *Chi.-Kent J. Intell. Prop.*, 5 (1) , 142 – 157.

97 *Campbell v Acuff - Rose Music, Inc.*, 510 U.S. 569 (1994).

98 In *Madey v Duke Univ.*, 307 F.3d 1351 (Fed. Cir. 2002) the court held that the experimental use privilege does not apply to Activities that are “in keeping with the alleged infringer’s legitimate business”, even though the business of the defendant, Duke University, was nonprofit research.

99 331 F.3d 860, 867 (Fed. Cir. 2003);

100 "Regardless of whether a particular institution or entity is engaged in an endeavor for commercial gain, so long as the act is in furtherance of the alleged infringer’s legitimate business and is not solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry, the act does not qualify for the very narrow and strictly limited experimental use defense. Moreover, the profit or nonprofit status of the user is not determinative." *Madey v Duke Univ.*, 307 F.3d 1351 (Fed. Cir. 2002) at p. 323.

experimental use defence. The UK also followed the suit.<sup>101</sup> In Monsanto's decision the Court concluded that "experimental purposes" would include trials carried out "in order to discover something unknown, or to test a hypothesis, or even in order to find out whether something which is known to work in specific conditions will work in different conditions". The emphasis was on acts which generate new knowledge.<sup>102</sup> But some jurisdictions like Germany<sup>103</sup> and Japan<sup>104</sup> took

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101 In *Monsanto v Stauffer* (1999) RPC 397 CA, the court of appeal limited the word 'experimental' in accordance to its size, scale, recipient and methodology. The court held that experiments done at one's own premises were held to be not infringing. However those done outside in different conditions or to amass information to satisfy a third party were held to be infringing. In *Inhale Therapeutic systems Inc v Quadrant Healthcare Plc* (2002) RPC 21, the Patents court held that since the defendant had carried out experiments to exploit and sell the technology to third parties, experimental use exception would not apply.

<sup>102</sup> *Monsanto v Stauffer* (1999) RPC 397 CA at p.403.

103 The German Federal Court in *Klinische Versuche I (clinical trial I)*[1997] R.P.C. 639, the court found that using a Patented polypeptide in tests to ascertain further medical uses for the Patented product fell within the statutory experimental use exemption. The court gave a broad interpretation to the word "experiment," holding that it includes any procedure for obtaining information irrespective of the intended use of the information, provided that the experiment relates to the subject matter of the invention. Following this interpretation, any experiment directed at gaining information for scientific research into the subject matter of the invention is permitted as an experimental use. This includes use of the invention. Importantly, the court held that because the statutory language contains neither quantitative nor qualitative limits on the experiments that may be performed, it does not matter whether the experiments are performed solely to verify statements made in the Patent claim or to extract further unknown information. It also does not matter whether these experiments are employed for wider purposes such as commercial interests. Once the initial requirement of an experimental purpose is satisfied the exemption will be granted regardless of the way in which the results of the experiment are used. The Court's interpretation was particularly informed by the view that further technical development is in the public interest and is the aim of Patent Law. In *Klinische Versuche II (clinical trials II)* [1998] R.P.C. 423 the court held that: According to the wording of the Law it does not make any difference whether the experiments supply scientifically or commercially usable results, or whether the test achieves the aim of obtaining data for legal pharmaceutical permission, thus preparing the access to the market for after the expiration of the term of protection of the Patent. The court found that using a patented polypeptide in tests to ascertain further medical

a very liberal attitude. Germany allowed experimental uses irrespective of nature and object of research. The judicial in-activism in this field once again clearly corroborates the lack of awareness of the international community on the potential of patent limitations in serving the wider public interest. Thus diversity and flexibility never ends in the pre-TRIPS era. Even in this era French culture of individual liberty did not ban the judiciary from taking a restrictive attitude towards social interest. Similarly the German culture of broader social outlook also kept untouched. Thus the judicial developments also portrays that TST is never couched in iron clothes. It has the potential and prospective in addressing the larger social interests. At the same time it has also the competency to remain as an author centric phenomenon. The influence of the international trade lobby is definitely a determining factor in a country making the above policy choice.

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uses for the patented product fell within the statutory experimental use exemption.

- 104 In the case of *Ono Pharmaceutical Co. Ltd. v Kyoto Pharmaceutical Co. Ltd* (1999, August), the Japanese Supreme Court has held that it is not an infringement of a Patent for a new chemical compound or a medicine for a third party to carry out any necessary testing that will be required to obtain approval to market a medicine containing the same Active ingredient after the Patent on it has expired. The Japanese Patent Law contains a specific provision excluding from infringement Acts carried out for the purposes of experiment or research. The court reasoned that to read this exception narrowly so as to allow Patentees to prevent experiments required to allow others to market a medicine that had been the subject of Patent protection until after the Patent had expired would have the effect of extending the effective life of the Patent. At the same time, the Supreme Court reaffirmed that any use beyond that strictly required for the purpose of securing marketing approval, such as manufacture and stockpiling of product prior to the Patent expiration preparatory to a launch immediately after the Patent's expiration, would be an infringement. For discussion see [online]. Available at, <http://www.ladas.com/BULLETINS/1999/BULLETIN.0899.html> [Accessed on February 2011]

## 8.5 Indian posture on limitations and exceptions in the post-TRIPS era

India is a typical developing country that was least influenced by the TST, especially of its claimed rigidity. At the same time, the dynamism and enthusiasm which the post-TRIPS patent and copyright amendments showed towards user rights, substantiated the scope of flexibility and adaptability of TRIPS in meeting domestic exigencies. Though not full-fledged, India experienced a robust user right regime in the post-TRIPS era.

Since its inception, by granting limitations to patent rights a two tier protection (primarily as an absolute condition to the grant of the patent and secondly as defense in infringement suits),<sup>105</sup> our patent law was relatively a user friendly legislation. However, while defining the scope of research exemption; the use of the expression ‘merely for experiment’ gave it a narrow outlook leaving uncertainty and ambiguity. Apart from that, it failed to incorporate provisions for private use, parallel importing, Bolar exception extemporaneous preparation in pharmacy etc. But the triumph of the Indian pharmaceutical industry in the world market in full vigor, made her bold enough to survive with the current policy. But simultaneous with change in the patent policy, when she realized that she could not survive with the existing user right regime she made some bold moves through the patent amendments in 2002 and 2005. These amendments have been usually criticized for the unilateral upgradation of patent standards in tune with international mandate ignoring the domestic needs. But the incorporation of Bolar provisions and parallel importation rights in 2002, with its scope being broadened by the subsequent amendment in 2005 should be upheld as an attempt of maintaining the intellectual property balance.

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105 See Sections 47,48,49,66, 82 and 107 of Indian Patent Act, 1970.

India was bold enough, when it excluded from infringement “the act of making, using or selling a patented invention” for the purpose of obtaining information to be submitted to a regulatory authority under any law in India or in any other country that regulates the manufacture, construction, sale or use of any product.<sup>106</sup> Thus our regulatory review exemption was applicable to any product irrespective of their nature and it was not mandatory that activities exempted are for any law applicable in India. Hence it extends even to acts of making, using or selling a patented invention for a regulatory review procedure in territories outside India. Thus it has the potential to attract industries in countries with no similar exemption to India to conduct research including selling and using of the articles and thereby we have more chances for R&D. Our law is again too broad when it says any act of making, using, or selling in association with a regulatory review process is exempted. The exemption is not confined for experimental and research activities. It was a clear reflection of the anxiety and agonies’ which Indian pharmaceutical industry envisaged on the change of patent policy. They were devising means to combat the adverse impacts of the abolition of distinction between a ‘process patent’ and ‘product patent’ regime. And this nervousness was much hastened up in 2005 with the deadline for TRIPS compliance. It resulted in further broadening the regulatory review provision to include within its ambit of excluded activities ‘importing’ along with ‘use, sale or make’.<sup>107</sup> This will no doubt aid the efforts of generic manufacturers, who are exploring all possible means to help mitigate the adverse consequences of a pharmaceutical patent regime.

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106 S.107A of the Patent Act 1970 inserted by the Amendment Act of 2002.

107 In section 107A of the principal Act,— (a) in clause (a),— (i) for the words "using or selling", the words "using, selling or importing" shall be substituted; (ii) for the words "use or sale,", the words "use, sale or import" shall be substituted - Patent (Amendment) Act, 2005.

They can now import patented products or process from outside and can use, make or sell them for any regulatory review process without any control. But how far we can subsist with this broad provision is really doubtful. It appears to be really ephemeral, in the context of TRIPS. The lucid and open ended wording of TST is capable of accommodating any public interest policy. It has also the inborn potential and propensity to outlaw them. Consequently the validity of the provision before DSB panel is unpredictable.

It is only a few countries like Iceland, Bhutan, Albania, Korea, Canada and Poland that have incorporated regulatory review provisions in their patent laws. Even then, except Canada which had a broad provision<sup>108</sup> similar to that of India, rest of the countries have drafted the Bolar provisions confining to Pharmaceutical industry. For example, when regulatory review provision was incorporated into the Patent law of Iceland in 2006, it was clear that the exception is applicable only to studies and trials and other related procedures that are necessary to make possible an application for marketing authorization for e.g. a generic medicinal product and an improved pharmaceutical form.<sup>109</sup> Parallel provisions were incorporated in the patent laws of Bhutan,<sup>110</sup>

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108 Canada Patent Act, 1985, amended on 1993: 55.2 (1) Exception, 55.2. (1) “It is not an infringement of a Patent for any person to make, construct, use or sell the Patented invention solely for uses reasonably related to the development and submission of information required under any Law of Canada, a province or a country other than Canada that regulates the manufacture, construction, use or sale of any product’.

109 Iceland Patent (amendment) Act, 2006.

110 Bhutan Industrial Property (amendment) Act, 2007.S.15: “conduction of necessary researches and tests for the purpose of filing a marketing authorization request for a generic medical product to be used in the human medicine or a generic medical product to be used in the veterinary medicine, as well as any other Act related to subsequent practical requirements in connection with the filing of the request.



Bahrain,<sup>111</sup> Poland<sup>112</sup> and Korea.<sup>113</sup> They confine the exception for conducting trials and experiments for regulatory approval to pharmaceuticals, especially to generic drugs. Thus from a comparative perspective, Indian law on Bolar use appears to be too broad. India remaining as a generic pharmaceutical hub of the world, this broad provision is really going to be a boon to the developing world to continue the availability of drugs at reasonable prices.

Parallel importing was also the counterpart of this liberal social policy. In 1970's itself we have identified the need for parallel importation when the Patent Act provides that every patent is subject to the absolute right of the government to import medicines or drugs.<sup>114</sup> But

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111 Bahrain Industrial Property Law, 2006, Article 13 : “Use of the Patent subject for purposes of supporting an approval to market a pharmaceutical product provided that the product is not manufactured, used or sold in the Kingdom unless it is for the sole purpose of meeting the terms of the approval to market the product upon elapse of the Patent protection period. In this case it is prohibited to export the product outside the Kingdom unless for the purpose of meeting the terms of approving the marketing of the product in the Kingdom” - Bahrain Industrial Property Law, 2006.

112 Poland, Industrial Property Law 2000, Article 69 (iv) “the exploitation of an invention to a necessary extent, for the purpose of performing the Acts as required under the provisions of Law for obtaining registration or authorisation, being, due to the intended use thereof, requisite for certain products to be allowed for putting them on the market, in particular those being pharmaceutical products”.

113 Republic of Korea, Patent Law, 2009, Article 96 “ (i) working a Patented invention for research or experimental purposes (including researches and experiments for item permits and reports of medical supplies under the Pharmaceutical Affairs Act and for registration of agrochemicals under the Agrochemical Management Act)”.

114 Indian Patent Act, 1970 - Section 47 (4) of : “in the case of a Patent in respect of any medicine or drug, the medicine or drug may be imported by the Government for the purpose merely of its own use or for distribution in any dispensary, hospital or other medical institution maintained by or on behalf of the Government or any other dispensary, hospital or other medical institution which the Central Government may, having regard to the public service that such dispensary, hospital or medical institution renders, specify in this behalf by notification in the Official Gazette.”

the provision was too restrictive as it confined the right of importation to the government and that too for medicine and drugs. It was also mandatory that the imported articles are used in government owned dispensaries. We did not feel the need for a much strong provision for parallel importing, since we were the major exporters of pharmaceutical products in the world. But, the changed patent policy and the emergence of pharmaceutical giants throughout the world, made us to change our stand. Much strength was added to the thought by Doha Declaration when it declared that member countries have the absolute discretion to frame the policy of exhaustion in accordance with their domestic needs.<sup>115</sup> Consequently when we incorporated parallel importation in 2002 as an exception to patent infringement we found no hurdles in the international context.<sup>116</sup> And we end up in unique provision with rich flexibility. It provided that the importation of patented products by any person from a person, who is duly authorized by the patentee to sell or distribute the product, shall not be considered as an infringement of patent rights.<sup>117</sup> So now there is no ceiling on the nature of person, nature

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115 Article 5 (d) of the Doha Declaration states that “the effect of the provisions in the TRIPS Agreement that are relevant to the exhaustion of intellectual property rights is to leave each member free to establish its own regime for such exhaustion without challenge ...”

116 Article 28 of TRIPS mandates that every patentee shall have the exclusive right to make, use, offer for sale, sell, or import the patented product or process in question. However, footnote (6) to Article 28 adds a small caveat to the exclusive right to import, by clarifying that “This right [i.e. the right of importation], like all other rights conferred under this Agreement in respect of the use, sale, importation or other distribution of goods, is subject to the provisions of Article 6.” Article 6 in turn states that “nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.” The meaning of Article 6 is made clear by Article 5 (d) of the Doha Declaration.

117 Indian Patent Act, 1970, (S.107) - Defenses, etc. in suits for infringement: (1) In any suit for infringement of a Patent, every ground on which it may be revoked under section 64 shall be available as a ground for-defence. (2) In any suit for infringement of a Patent by the making, using or importation of any machine, apparatus or other article or by the using of any process or by the importation,

of products or purposes for which importation is permitted. Any person is allowed to import any patented products with the only condition that it should be from a person duly authorized by patentee. So doubt arises that, whether the system envisages a licensee or assignee or those category of persons having a firsthand contact with the patentee and excludes others. Thus it remained as a real hurdle to identify the persons duly authorized by patentee in a global market. And it will finally strike at the validity of importation itself. Such an interpretation would thwart the very idea of international exhaustion and the laudable intent of helping Indian consumers avail of lower prices, when the patentee has already placed a product in the global market and made profits on the first sale thereon. Apart from this, it should be noted that parallel importing is based on the doctrine of ‘first sale’ and the moment the patentee exercise his right, he moves out from the scene. It is irrelevant that products are obtained from persons duly authorized by the patentee. So this requirement is something beyond the real philosophy of parallel importing. Thus to cure this anomaly, the law was amended in 2005, which held that it is not an infringement provided that importation is from “a person duly authorized by law”.<sup>118</sup> Therefore, in

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use or distribution of any medicine or drug, it shall be a ground for defence that such making, using, importation or distribution is in accordance with any one or more of the conditions specified in section 47.

S. 107A: Certain Acts not to be considered as infringement : For the purposes of this Act,— (a) any art of making, constructing [using, selling or importing] a Patented invention solely for uses reasonably relating to the development and submission of information required under any Law for the time being in force, in India, or in a country other than India, that regulates the manufacture, construction [use, sale or import] of any product; (b) importation of Patented products by any person from a person [who is duly authorized under the Law to produce and sell or distribute the product], shall not be considered as an infringement of Patent rights.]

118 Section 107A (b) read: “importation of Patented products by any person from a person who is duly authorized under the Law to produce and sell or distribute the product shall not be considered as an infringement of Patent

contrast with the earlier position under the 2002 Act, once the “first sale” of any product had been authorized by the law of the country, a parallel importer could buy that product from any reseller and not necessarily from the one that had the express permission of the patentee to resell or distribute. In other words, such importer does not need to ensure that any of the sellers from whom he buys the goods (whether second, third or fourth) were expressly or impliedly authorized by the patentee.<sup>119</sup> This can accommodate situations of compulsory licensing also. It is evident that this is much broader in scope and can capture more instances. It permits importation of patented products even from countries not recognizing patent for that invention as even in such cases the importing person or the person from whom he buys it is acting legally. The word ‘patented product’, used in this section, only means the product patented in India, and not in the country from where the product is imported, as the exclusion from infringement is evidently of the patent granted in India.<sup>120</sup> Similarly the word ‘law’ used in this section is the law applicable in the country from where the product is imported and not the Indian law. In addition, this can also cover importing of products from countries where there exist no patent right. Thus the new provision has wider amplitude of including both instances of authorization by the patentee and by law. Likewise while a majority of the patent laws confine the exhaustion right to domestic or regional

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rights”. This clearly indicates that India has opted for the international exhaustion principle.

119 Basheer, S. and Kochupillai, M. (2008) ‘TRIPS, Patents and Parallel Imports in India: A Proposal for Amendment’, (October 19, 2008). *Indian Journal of intellectual property Law*, Vol. 2, pp. 63-86, 2009 [online]. Available at SSRN: <http://ssrn.com/abstract=1286823>, [Accessed on March 2011].

120 *Id.*

arenas, India adopts the principle of international exhaustion.<sup>121</sup> Thus from a comparative analysis of parallel importing provisions across the countries, we can see that India is fully flavored with public interest. The main reason seems to be the healthy debate that took place in India in the post-TRIPS era on the negative impact of strengthening intellectual property rights ignoring the social realities. It appears that the intervention of public interest groups put pressure on policy makers to make policy choices giving due weight to public interest while promoting trade. Thus it comes out that the Indian provision is structured to take the full advantage of the flexibility available under the TRIPS to make the patented products available to the Indian public at cheapest possible price through market mechanism.

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121 For example see -Albania Industrial Property Law, Article 39 Exhaustion of rights: “The rights conferred by a Patent shall not extend to Acts committed in the Republic of Albania with regard to a product protected by the Patent after the said product has been put on the market in the Republic of Albania by the Patent's owner or with his consent”. Article 23 of Patent Law of Andorra 1999, (4) The rights conferred by a Patent shall not extend to: Acts concerning a product covered by the Patent after that product has been put on the market by the proprietor of the Patent, or with his express consent, in Andorra or in any other territory specified in the Implementing Regulations. Article 69 Patent Law of Republic of China 1984 - The following shall not be deemed to be Patent right infringement: (1) After a Patented product or a product directly obtained by using the Patented method is sold by the Patentee or sold by any unit or individual with the permission of the Patentee, any other person uses, offers to sell, sells or imports that product. Article L613-6 of French intellectual property Code, 2006: The rights conferred by a Patent shall not extend to deeds concerning a product covered by that Patent which are done on French territory after such product has been marketed in France or in the territory of a State party to the Agreement on the European Economic Area by the owner of the Patent or with his express consent. Ghana Patent Law, Article 30 --The rights under the Patent shall— (a) extend only to Acts done for industrial and commercial purposes and in particular not to Acts done for scientific research; (b) not extend to Acts in respect of articles which have been put on the market in Ghana by the owner of the Patent or with his express consent.

The Copyright amendments also witnessed a corresponding progression of limitations. Each amendment was a reflection of the innate relation of copyright laws with technological developments. While remaining technology sensitive, these amendments were also sensible to the noble role of copyright in ensuring access to knowledge. However, unlike the contemporary copyright laws they did not exhibit an inclination towards TST or to an author oriented economic perspective. They were also true specimen of a TRIPS flexibility maneuvered to meet the domestic interests.

When computer programs were brought under the ambit of literary work in 1984 the law was very conscious of the rights of authors but it was silent on the issue of user rights. This resulted in much confusion on the scope and nature of fair use in digital context. Confusion rose whether all the fair dealing provisions, applicable to literary works can be extended to computer programmes or whether they need some specific provisions. But this silence on user rights had the benefit of extending all the fair dealing provisions of literary works to computer program. However this silence can be perceived as a deliberate policy to protect our domestic software industry which was witnessing a promising development in the global market. Though it was too broad, it was a viable mechanism. But the functional nature of computer programmes compelled to evolve a new regime of user rights. Equally challenging was the potential of copyright infringements in the existing user right regime. Hence the 1994 amendment was an attempt to cure this anomaly. In its haste to protect authors, apart from introducing a broad definition for computer programmes<sup>122</sup> and introducing rental

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122 The 1994 amendment Act came with a broad definition of computer programmes. Section 2 (ffc) "computer programme" means a set of instructions expressed in words, codes, schemes or in any other form including a machine,

rights to the author of a computer programme,<sup>123</sup> the Act took out all the fair dealing provisions applicable to literary works from the ambit of computer programme.<sup>124</sup> The amendment took a very restrictive attitude towards user rights. It failed to appreciate the need for de-compilation, reverse engineering, security testing, data correction etc which the contemporary copyright legislations foreseen. The only permitted uses were those for the reproduction and adaptation of the computer programme by a lawful possessor for the purpose for which it was supplied and for making back up copies for the temporary protection against loss, destruction or damage.<sup>125</sup> It also took away the legitimate fair use of literary works by the users. The incompetency of the law in meeting the public interest and that of industrial demands was very evident. Even the most developed countries like the US and European Union were having much broader user right provisions.

So within a short span, we amended the law to make it more user friendly.<sup>126</sup> At this time though our law had a close resemblance to the

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readable medium capable of causing a computer to perform a particular task or achieve a particular result.

- 123 Section 14 (b) - “ in the case of a computer programme,-- (i) to do any of the Acts specified in clause (a); (ii) to sell or give on hire, or offer for sale or hire, any copy of the computer programme, regardless of whether such copy has been sold or given on hire on earlier occasions”.
- 124 In section 52 of the principal Act, in sub-section (1),-- (1) in clause (a),-- (i) after the words "artistic work", the words, "not being a computer programme" shall be inserted (Copyright Amendment Act of 1994).
- 125 After clause (a), the following clause shall be inserted, namely:-- " (aa) the making of copies or adaptation of a computer programme by the Lawful possessor of a copy of such computer programme, from such copy-- (i) in order to utilise the computer programme for the purpose for which it was supplied; or (ii) to make back-up copies purely as a temporary protection against loss, destruction or damage in order only to utilise the computer programme for the purpose for which it was supplied".
- 126 In section 52 of the Principal Act, in sub-section (1),— (a) after clause (aa), the following clauses shall be inserted, namely:— “ (ab) the doing of any Act necessary to obtain information essential for operating inter-operability of an

US and European Union regulations, we drafted it in a manner most suiting our domestic needs. This was most evident in the provision dealing with the inter-operability of computer programmes. The wordings are so liberal that all type of reverse engineering acts, including the most contentious ‘de-compilation method’ is arguably covered under the act.

For example while the contemporary legislations allowed inter-operability and decompilation subject to numerous conditions, we had a liberal stand. The only condition under our law is that it should be done by a lawful possessor and should be for information which is otherwise not readily available. There is no quantitative and qualitative limit of copying. Similarly, there is no condition on the extent and nature of activities that are permitted. Starting from the issue of persons entitled to carry decompilation Indian law took a liberal stand. Under our law any lawful possessor of a computer programme can do decompilation. The Act does not lay down any guideline as to who is a lawful possessor. From a legal perspective it can be any person except the possessor of an infringing copy. The UK also took an analogous approach.<sup>127</sup> However some countries like Australia,<sup>128</sup> Andorra<sup>129</sup> and Singapore<sup>130</sup> mandates

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independently created computer programme with other programmes by a Lawful possessor of a computer programme provided that such information is not otherwise readily Available; (ac) the observation, study or test of functioning of the computer programme in order to determine the ideas and principles which underline any elements of the programme while performing such Acts necessary for the functions for which the computer programme was supplied; (ad) the making of copies or adaptation of the computer programme from a personally legally obtained copy for non-commercial personal use”.

127 UK Copyright Act- 1988, Section 50 B .

128 Article 47 D (a) the reproduction or adaptation is made by, or on behalf of, the owner or licensee of the copy of the program (the original program) used for making the reproduction or adaptation – inserted by the Australian Copyright amendment Act, 1999



that such decompilation should be done by or behalf of the owner or licensee of a computer programme. Indian law is too liberal on the nature of permissible activities and extent of those of activities. Our law permits doing any acts necessary to carry decompilation. Analogous to it, there is no restriction on the extent of these permissible activities in course of decompilation. But unlike Indian law which uses the expression ‘any act’, the European Union Directive lists the specific nature of activities permitted for the fair dealing of computer programmes.<sup>131</sup> The directive also mandates that those acts are confined to the parts of the original program which are necessary in order to achieve interoperability.<sup>132</sup> We can see parallel provisions in Australian law also. But there is no such quantitative restriction in Indian law. Similarly in the UK, Australia, European Union etc decompilation of a program is permitted only for the purpose of obtaining the information necessary to create an independent program which can be operated with the program decompiled or with another program and the information so obtained should not be used for any purpose other than the permitted objective. Under Indian law there is no similar provision on "the permitted objective". So there is no restriction on the purpose for which the information obtained though decompilation is obtained. It can be used for any lawful purpose. In countries like the UK,<sup>133</sup>

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129 Copyright Law of Andorra, 1999 , Article 13 (a) : “these Acts are performed by the licensee or by another person having the right to use a copy of a program, or on their behalf by a person authorized to do so;”

130 Singapore Copyright Act, 1996, Article 39 A.

131 As per Article 5 of the EU Directive, the permitted activities are loading, displaying, running, transmission or storage of the computer program.

132 EU Directive, Article 6 (c).

133 UK Copyright Act, Section 50 A.

Australia<sup>134</sup> and Israel<sup>135</sup> using the information for an unpermitted objective is infringement. So even though the preparatory activities may be legal, its subsequent use will throw it out from the scope of fair use. Under some copyright laws passing of such information to third parties are prohibited.<sup>136</sup> So under Indian law there can be chances for subsequent misuse of the information obtained. Whether such activities will be vetoed by law is a practical matter which needs to be seen.

Finally it comes out that we had a unique and liberal provision on fair use of computer programme. But being lucid, the wordings have the potential to be interpreted narrowly subsidizing the objective of technology transfer and knowledge dissipation. Extension of ‘adaptation’ right is a similar situation. Adaptation in its pure sense as applicable to literary works includes abridgement, rearrangement or alteration of the work. This situation rises questions that whether such a wide ambit is perceived for computer programmes also. Equally challenging is the uncontrolled decompilation without any quantitative, qualitative and purposive limits on the scope of author’s right. Likewise, when the fair dealing for the observation, study or test of functioning of the computer programme is couched in broad terms, it has the prospective of including both less contentious ways of reverse engineering as a limited research use and also can include complex decompilation methods. Likewise, while a majority of copyright legislations expressly bars ‘non-commercial private use’ of computer programmes from

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134 For a detailed study see Australian Digital Copyright Agenda [online]. Available at <http://www.wipo.int/wipolex/en/details.jsp?id=297> [ Accessed on 12.05.2010].

135 Israel Copyright Act, 2004, Article 24.

136 Copyright Law of Kazakhstan 1996, Article 24 (3) - “the information may not be transmitted to other persons, except where necessary to ensure the interactive capability of the independently created computer program with other programs and may not be used for the development of a computer program of a type essentially comparable to the decompiled program”.

the ambit of fair use being alarmed of the supremacy of technology in making copyright infringements, the Indian law takes a bold step ahead.<sup>137</sup>

The ultimate question here is, whose public interest are we addressing through the fair dealing provisions. Whether it is the unilateral public interest of the software industry that we are addressing? It failed to incorporate a bundle of user rights within the scope of computer programme. Interestingly if we look into the Copyright Law of Thailand, we can see that computer programmes are freely available for research or study, personal use, comment, criticism and preparation of compilations, reporting of news, educational use and use in judicial and administrative proceedings. The scope of computer programmes in serving multiple facets of public interest have been fully realized and exploited in Thai legislation. Why India remaining too broad and liberal towards fair use, has shut its eyes towards the challenges of digital technology towards users? Definitely it will never be an instance of legislative imprudence. On other hand, it will be a deliberate policy of the government. Equally deplorable is our failure to devise leeway to overcome the hurdles of licensing contracts on fair use. However considering that public access to copyrighted knowledge has been the cornerstone of Indian Copyright Law, any contract that prohibits fair use is prima-facie void.

Indian fair use policy reaches its zenith in the proposed Copyright Amendment Bill, 2010 by its enthusiastic extension of fair dealing to

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137 Private non commercial use is expressly barred in a majority of legislations like Rwanda, Andorra, Albania, Kazakhstan, Australia, UK, European Union etc.

‘any’ works.<sup>138</sup> Earlier we confined it to literary, artistic, dramatic or musical works. Realizing the impact of digital technology in communication and dissipation of information, the Bill attempts to create a safe harbor for Internet Service Providers (ISPs) and Online Service Providers (OSPs) in Indian copyright law through amendments to Sections 52(1) (b) and 52(1) (c) of the Indian Copyright Act, 1957.<sup>139</sup> It is anticipated that the proposed Section 52(1) (b) would primarily apply to ISPs and that the proposed Section 52(1) (c) would focus on OSPs, and shield them from accusations of copyright infringement in respect to User Generated Content uploaded without their consent, and, presumably, without their encouragement and/or facilitation. There is, however, nothing in the proposed amendments which makes this differentiation clear, and the distinction may be drawn not from the explicit words of the proposed amendments but from the kinds of activities each of these provisions exempts from the scope of copyright

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138 In section 52 of the principal Act, in sub-section (1),— (i) for clause (a), the following clause shall be substituted, namely:— “ (a) a fair dealing with any work, not being a computer programme, for the purposes of— (i) private or personal use, including research; (ii) criticism or review, whether of that work or of any other work; (iii) the reporting of current events, including the reporting of a lecture delivered in public. For details see, Copyright Amendment Bill [online]. Available at <http://copyright.gov.in/Documents/CopyrightAmendmentBill2010.pdf> [Accessed on March 2011].

139 The safe harbour is proposed to be established as follows: firstly, it is proposed to incorporate a provision in Section 52 (1) (b) which would state that “the transient and incidental storage of a work or performance purely in the technical process of electronic transmission or communication to the public” would not constitute copyright infringement. In addition to this, it has been proposed to include, vide amendments in respect of Section 52 (1) (c), provisions which would state that the “transient and incidental storage for the purpose of providing electronic links, access or integration, where such links, access or integration has not been expressly prohibited by the right holder, unless the person responsible is aware or has reasonable grounds for believing that such storage is of an infringing copy” would also not constitute copyright infringement. Further, a person takes down allegedly infringing content pursuant to the issue of a takedown notice may require whoever has issued the notice to produce an order from a competent court within 14 days for continued takedown.

infringement. Interestingly, there have been some recommendations which have been made by those active in the digital world suggesting, however, that the proposed Section is not wide enough, and that it should not exempt merely the “transient and incidental storage” but the “transient or incidental storage” of works or performances purely in the technical process of electronic transmission or communication to the public.<sup>140</sup> But from a syllogical construction of the conjunction ‘and’, it appears that it can cover all those situations.

Another significant innovation in the proposed amendment is a fair dealing provision for persons suffering from disabilities. The law permits the adaptation, reproduction, issue of copies or communication to the public of any work in a format, including sign language, specially designed only for the use of persons suffering from a visual, aural or other disability that prevents their enjoyment of such works in their normal format.<sup>141</sup> But the provision has been criticized by the stakeholders for its restrictive scope. However a plain reading of the section reveals its broad vision. Interestingly a comparative analysis of the sister provisions in contemporary legislations also substantiates that ours is a well foresighted provision.<sup>142</sup> The scope of permissible activities under our law is too wide when it allows ‘adaptation, reproduction, issue of copies or communication to the public’. In the international arena there are only few countries that allows this much activities.<sup>143</sup> Though we do not explicitly mention about audio recordings

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140 For details see : ‘INDIAN COPYRIGHT - Exploring copyright and related issues from an Indian perspective’ [online]. Available at <http://copyright.Lawmatters.in/2010/07/osp-isp-liability-and-copyright.html> [Accessed on March 2011].

141 Section 52 (zb) of Indian Copyright Act,1957.

142 WIPO study for visually impaired.

143 The exceptions provided in Austria, the Czech Republic, Estonia, Germany, Hungary, Latvia, Slovenia, Ukraine and the United States of America, as well as

and making the work available through broadcast, adaptation and communication to public, which include within its ambit any kind of most modern developments. Likewise on the nature of works that can be made accessible, while countries are concerned that the work has already been published or otherwise disclosed or disseminated to the public, we have an unreserved policy.<sup>144</sup> In India it is immaterial that whether the works have been published or otherwise made accessible. On the

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making reproductions of works, it is clearly possible to distribute the accessible copies made, and in Australia and Italy the exceptions provide for reproduction and communication to the public, with sound broadcasting being specifically possible too under a separate exception in Australia. There is scope to provide visually impaired people with accessible copies that have been made in Slovakia and Sweden by more than one method as both these countries have exceptions that apply to both distribution and communication to the public as well as reproduction, although in the case of Slovakia, distribution cannot be by sale but does include lending, and in the case of Sweden more conditions apply where there is communication to the public. In the Dominican Republic, El Salvador and Panama, the exceptions only permit what is in effect a performance in public of a work where the end beneficiaries are at the performance. The Law in France permits reproductions, and also a performance for the personal use of the end beneficiary of the exception [online]. Available at [http://www.wipo.int/meetings/en/html.jsp?file=/redocs/mdocs/copyright/en/sccr\\_15/sccr\\_15\\_7.html](http://www.wipo.int/meetings/en/html.jsp?file=/redocs/mdocs/copyright/en/sccr_15/sccr_15_7.html) [Accessed on 21.02.2011].

- 144 Australia and the UK, the permission depends on the question that whether the work has been published or not. It is quite common for exceptions to include a requirement that the work to be used has not been published already in a special format for visually impaired people. Examples of countries that include this sort of provision are Azerbaijan, Georgia, Kazakhstan and Kyrgyzstan, most of which also have a requirement regarding publication. All the countries that express the limitation to works that can be used by ruling out works already made in special formats for visually impaired people do, in fact, only permit Braille or other specialized formats to be produced so this limitation is quite logical. In Moldova, the test seems to be only to check that there is not a Braille copy already available, but this is logical too as only accessible formats in Braille can be made under the exception. In some countries, the test is not so much whether there is a special format already available, but whether there is an accessible format, which could, of course, be a format that has not necessarily been made Available specifically for visually impaired people, but is nevertheless capable of being accessible to them in some way. Examples of countries that include a test of this sort are Germany and Slovenia. A more developed form of this sort of test, which has already been mentioned above in connection with the making of sound recordings in Australia, involves considering how difficult and how expensive it is to obtain an accessible version that has already been made.

question of beneficiary of the exception too, we have a broad vision. We extend the privilege to persons suffering from any kind of disability.<sup>145</sup> But there is restriction on the type of formats in which a work can be made accessible.<sup>146</sup> We are also not concerned about the commercial or non-commercial nature of use<sup>147</sup> and are least bothered about the persons

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145 Often countries define the scope of beneficiary. Australia which targets people with a print disability, defined as a person without sight, a person whose sight is severely impaired, a person unable to hold or manipulate books or to focus or move his or her eyes, or a person with a perceptual disability; and Canada which targets people with a perceptual disability, defined as a disability that prevents or inhibits a person from reading or hearing a literary, musical, dramatic or artistic work in its original format, and includes such a disability resulting from (a) severe or total impairment of sight or hearing or the inability to focus or move one's eyes, (b) the inability to hold or manipulate a book, or (c) an impairment relating to comprehension. In United States of America test of disability includes those who are eligible or may qualify to receive books for blind people under other legislation; and in France there is a numerical measurement of the extent of the disability, measured against relevant standards. Another, arguably more flexible, type of test where impairment other than blindness is at least partly judged against those who have normal sight or perception is provided in countries such as: - Norway which targets blind people and people whose sight is impaired and others who due to a disability cannot perceive the work in the normal way; and - the United Kingdom which targets a visually impaired person defined as a person (a) who is blind, (b) who has an impairment of visual function which cannot be improved by the use of corrective lenses to a level that would normally be acceptable for reading without a special level or kind of light, (c) who is unable through physical disability to hold or manipulate a book, or (d) who is unable through physical disability to focus or move his eyes to the extent that would normally be acceptable for reading.

146 Some countries like Cameroon, China, Iceland, Indonesia, Republic of Moldova and Ukraine, confines the conversion into Braille only. Countries like Australia, Czech Republic and Germany have a comprehensive covering including even electronic versions.

147 In countries, such as Ireland and New Zealand, the body that is permitted to undertake the Activity under the exception in order to assist visually impaired people must not be profit-making. A requirement of this type also applies to bodies undertaking Activity under exceptions in Singapore and the United Kingdom, except where the body is an educational establishment. In Canada, this same type of limitation applies to Activity by an organization, but Activity by individuals is also possible and is not similarly constrained. A limitation to Activity by not-for-profit organisations could be achieved in, for example, Nigeria and Japan where the Activity under the exception is undertaken by government approved establishments.

who can utilize the exception.<sup>148</sup> So sometimes the law appears to ignore the right of authors and has the risk of tilting the copyright balance. But taking into account of the righteous objective of the provision, any prejudice to the right holders can be ignored.

But the proposed amendment to the exceptions in favor of library and educational use, not only fails to appreciate the growing demands of access in the context of digital technology, but also narrows the existing provision. The use of the expression ‘instructional use’ instead of ‘educational use’ in clause (h) definitely narrows the scope of the provision. ‘Instruction’ refers to act of instructing, teaching or imparting knowledge. ‘Education’ on the other hand refers to a systematic development and cultivation of natural powers or knowledge through instruction. Education is a wider phenomenon embracing instructional activities also. So while all instructional use can be an educational use, every educational use need not be an instructional use. Likewise by adding the adjective ‘non-commercial’ to the term public library, the existing scenario has been more complex. Even the use of the expression public library itself was controversial because of its restricted scope.<sup>149</sup> The changed scenario now makes it clear that earlier the law had a wider perspective of embracing all libraries to which public has access.

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148 Only bodies or organisations which are specifically authorised or designated are able to make sound recordings in Japan and Nigeria. In the Republic of Korea, there may still be no restriction on who can make sound recordings, but those recordings can only be used at facilities established for the promotion of the welfare of the blind and as prescribed by Presidential Decree. In Finland and Sweden, a greater range of copies can be made without any restriction regarding who can do this, but only institutions as defined by decree can make copies that are sound recordings.

149 See S.52 (o) of the Copyright Act,1957: “ the making of not more than three copies of a book (including a pamphlet, sheet of music, map, chart or plan) by or under the direction of the person in charge of a public library for the use of the library if such book is not Available for sale in India”.



Perplexingly, the proposed bill thus exacerbates the ambiguities and uncertainties on educational use and library use.

The judicial attitude is also not different. The judicial developments in the post-TRIPS era corroborate this. On the issue of re-publication of certain works, Madras High Court re-instating the public interest in access to works ended up in a new motto for copyright, “let *hundred flowers and thousand thoughts contend*”.<sup>150</sup> The court held that, when right to property creates a monopoly to which public must have access, withholding same from public will amount to unfair trade practice.<sup>151</sup> The court also held that in our constitutional scheme, statutory monopoly is not encouraged.<sup>152</sup> This was not a novel policy evolved by the court. On the other hand it followed the dicta established by Supreme Court in *Entertainment Network (India) limited’s* case, wherein the court held that property rights vis-à-vis individual rights are incorporated within the multiversity of human rights and any claim of adverse possession has to be read in consonance with human rights.<sup>153</sup> A holistic approach was followed by the court in *Gramophone Company’s* case to uphold the public interest targeted by the copyright amendment act of 1994.<sup>154</sup> But it

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150 *Periyar Self Respect Propaganda Institution v Periyar Dravidar Kazhagam* 2009 (41) PTC 448 (Mad), Para-42. The case was about the issue of re-publication of the works (various articles, write-ups and various things covering political, economic and social thoughts) of EV Ramaswamy, in his newspaper Kudiয়ারasu by a reporter of the news paper Kumudam.

151 *Periyar Self Respect Propaganda Institution v Periyar Dravidar Kazhagam* 2009 (41) PTC 448 (Mad), Para-34.

152 *Id.*

153 *Entertainment Network (India) limited v Super Cassette Industries Ltd*, (2008) 13 SCC 301, para25. Though it was on the issue of compulsory licensing of certain sound recordings the court held that copyright is not absolute and it is always subject to the interests of the society.

154 *Gramophone Company of India Ltd v Mars Recording Pvt Ltd*, 2000 (28) PTC 487. By the amendment Act of 1994, the word ‘and’ has been deleted. Court held that this makes it clear that the legislature intended that these two provisions of Law should

should be noted that the Indian judiciary is never carried away by public interest ignoring the rights of authors.<sup>155</sup> It acknowledges the need for rewarding the creativity of the author and recognizing his creativity for a robust copyright regime. Thus a balanced approach, with a tinge of socialism was evident.

At the end of the analysis, we represent a most promising and competent regime of user rights. As nothing is infallible there are some loopholes and puzzles in our law too. But it comes out that we were least concerned on following the same wording of TST. From a positive perspective we can acknowledge that India attempt to avail the maximum of the flexibility available in the international era. It also substantiates that there is enough ‘wiggle room’ left out by TST which can be effectively calibrated by the international community.

## 8.6 Conclusion

The legislative and judicial developments in the post-TRIPS era portrays that TRIPS has been a ‘veritable nightmare’ for developing countries. However it is to be noted that, not at any single point in the post-TRIPS era the international arena was disturbed by the unbending and unyielding wordings of TST. On the other hand we can see that, be it at the time of Doha development agenda, FTAs or WIPO Development Agenda, the policy makers were confronted with the proper utilization of the flexibilities of TRIPS. In Doha and WIPO development agendas, the

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be read separately thereby giving a meaning to the effect that the exemptions for infringement is made Available either by sending the records of work or with license or consent of the owner of the right in the work or the person making sound recordings notice of his intention. If those provisions are read conjointly, s.52 (j) (ii) becomes redundant and such narrow interpretation cannot be given to defeat the very object and purpose of s.52 (1) (j) (ii).

155 *Syndicate of Press of University of Cambridge v B.D Bhandari* 2005 (31) PTC 58 (Del); *Syndicate of Press of University of Cambridge & Anr v Kasturilal & Sons* 2006 (32) PTC 487 (Del).

countries were struggling to devise means to effectively use the flexibilities. They did not complain about the rigidity of TRIPS wordings. Similarly the Bilateral Agreements were the manifestation of frustration of the developed world with TRIPS standards which they considered to be too minimum. The “flexibilities” and options open to developing countries in interpreting and in implementing obligations are often removed or reduced through provisions in the FTAs that are proposed by developed countries. TRIPS plus standards set by WIPO through the patent agenda and digital agenda also corroborates this. Thus the international initiatives in the post-TRIPs era were smart shots to smash the ‘policy space’. Thus it comes out that TST was flexible enough to meet any social exigencies. It also points out the incompetency of TST to find a solution to the issues which it was addressed. It was neither successful in shielding the rights of creators by combating piracy, nor in defending the noble rights of users. But the restrictive interpretation sermonized by the DSB panel reports, nipped in bud, the potentialities of the flexibility inherent in TST. It might be the draconian impact of DSB panel reports, that the countries thereafter became reluctant to take a liberal attitude towards permissible uses. So once again the international arena is strained to devise a viable mechanism to maintain the age-old balance of intellectual property rights.

But how to exploit this policy space is the crucial matter. In the above analysis we come across some legislation that do not even have the basic user rights provisions like research use of patents, Bolar use, regulatory review, library use, educational use and even fair dealing of computer programmes. There are instances where countries remain technology neutral and also remain outdated to the growing demands of the user community. Our law on educational use and library use is a classical example for this. Equally challenging is the legality of bold

moves some legislation make. For example the legality of Indian Bolar use or that of fair dealing of computer programmes or that for visually impaired in the proposed amendment bill before a DSB panel is really unpredictable. But the situation can to a great extent be overcome by a balanced interpretation of TST as proposed by a group of experts.<sup>156</sup> We should accept that there is nothing in TST which urges us to interpret it narrowly. But the real task is to create an international awareness on the scope of policy space and also on the scope and nature of bountiful stream of limitations and exceptions.

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156 Declare as follows: 1. The Three-Step Test constitutes an indivisible entirety. The three steps are to be considered together and as a whole in a comprehensive overall assessment. 2. The Three-Step Test does not require limitations and exceptions to be interpreted narrowly. They are to be interpreted according to their objectives and purposes. 3. The Three-Step Test's restriction of limitations and exceptions to exclusive rights to certain special cases does not prevent (a) legislatures from introducing open ended limitations and exceptions, so long as the scope of such limitations and exceptions is reasonably foreseeable; or (b) courts from - applying existing statutory limitations and exceptions to similar factual circumstances *mutatis mutandis*; or - creating further limitations or exceptions, where possible within the legal systems of which they form a part. Limitations and exceptions do not conflict with a normal exploitation of protected subject matter, if they are based on important competing considerations or have the effect of countering unreasonable restraints on competition, notably on secondary markets, particularly where adequate compensation is ensured, whether or not by contractual means. 5. In applying the Three-Step Test, account should be taken of the interests of original right holders, as well as of those of subsequent right holders. The Three-Step Test should be interpreted in a manner that respects the legitimate interests of third parties, including - interests deriving from human rights and fundamental freedoms; interests in competition, notably on secondary markets; and other public interests, notably in scientific progress and cultural, social, or economic development. The declaration is available at, [http://www.ip.mpg.de/shared/data/pdf/declaration\\_three\\_steps.pdf](http://www.ip.mpg.de/shared/data/pdf/declaration_three_steps.pdf). [Accessed on March 2011].

The study on the limitations and exceptions to copyright and patent was mainly characterized by its diversity and flexibility. The unique feature of limited monopoly appended to intellectual property was always a matter of wide controversy. The philosophical enquiry substantiated that property rights had an axiomatic correlation in duties. It can be argued that property is essentially a relation created by law and the proprietary norms are molded in accordance with the social system in which the legal system operates and are aimed towards the norms and values of the social system. Even during the classical Roman era of individualism and even in the classical individualist theories of natural law school, individual rights were always regulated for the larger social interest. The existence of absolute rights without corresponding duties remained as a fairytale in our analysis. There are always the rights of escheat and eminent domain, and numerous restrictions on property. It was also obvious that these restrictions vary in nature and scope in accordance with the changing needs of society.

When it comes to intellectual property specifically, Locke's sufficiency limitation and spoilage limitation together with the requirement of common stock and social contract finds a clear theoretical and pragmatic manifestation. The fulfillment of limitations (provisos) were not left to the discretion of the individuals, but were mandatory duties which they have to comply at the stage of acquisition. Otherwise their acquisitions are not justified. Thus each and every individual was assured

with the right of equitable access to the commons and this right was protected with the duty appended to each and every individual to comply the provisos. Thus while the laborer had a right over his product of labor, the society was also assured with their equitable right over commons which was maintained through the duties appended on the laborer. So when we extend these provisos to intellectual property rights and justify the limitations appended to the rights of the patent and copyright owner, it is quite evident that these provisos should operate as absolute duty on the right holder or it should be incorporated as the fundamental user rights, otherwise the whole balance of acquisition and intergenerational equity which the proviso is trying to achieve will be meaningless. Hegel expressly emphasizes that works of art and products of genius should be left to the enjoyment of the public at large, since potential creativity demands it. In Hegelian philosophy of right, he makes it imperative that all individual rights have their correlated duties and is subordinate to the larger social interest. He views the right ensured by intellectual property system as a negative phenomenon which is justified only because of its larger positive social benefit. Thus his individualistic theory also built up rights with their concomitant social duties. Thus from a philosophical perspective the requirement of a vigorous regime of pre-grant and post-grant limitations to intellectual property was an inevitable requirement for its existence and survival as a social phenomenon. It is also evident that these limitations and exceptions to intellectual property rights are not mere social privileges, but are fundamental user rights which every legal system has to assure to its subjects as the quid pro quo for the award of right.

The historical analysis substantiated this instrumentalist philosophy of intellectual property . The crucial objective of patent system was in effect to promote the growth of human capital. When a useful trade or

invention was brought to the kingdom the king granted the monopoly patent for some reasonable time until the subject may learn the same. So it was evident that these grants were aimed to encourage transfer of valuable trades and technologies to the kingdom. To attain that purpose conditions of local working requirement and apprentice clause were incorporated as post grant limitations. The copyright grants were also a paramount sovereign policy of censorship. The patent grant in Statute of Monopolies was conditional upon it not being contrary to law or mischievous to the State in some way. The patent strategy in this pioneer statute itself was a reflection of the economic policy of the realm. Similarly the statute of Anne by declaring the objective of copyright as an encouragement of learning through the preamble and by limiting the term of copyright and also by its library deposit requirement heralded the arrival of public interest dimension to copyright. Thus limitations and exceptions to patent and copyright were designed to serve some vested and solid social, economic and political aspirations of the contemporary sovereign heads. It was also evident that they remaining the brawny and muscular tool in the armory of sovereign for attainment of domestic interests, there existed a wide diversity on the nature and scope of limitations across the territories. These diversities were quite unpredictable and were also very rich in the absence of international mandate. However in the midst of these diversities the domestic intellectual property regimes maintained a well balanced system. Privileges were issued to attain certain social and economic causes. Rights were a valid subject to the fulfillment of those social duties and stand revoked in their failure to perform the duties. Thus rights and duties enjoyed an equal status and existence of right was dependent on the execution of duties.

The international era immediately preceded this domestic arena tilted this balance. There was an unprecedented growth of international

trade by the middle of nineteenth century and towards this move this diversity was not preferred because of rampant piracy. Consequently the first international conscience was to strengthen and unify rights on a uniform scale and the Berne and Paris was immensely successful towards this move by establishing a minimum set of rights. They took a uniform policy towards limitations and exceptions by leaving it as a matter of sovereign prerogative. This policy can be interpreted in two different ways. One, we can view it as a genuine case of safeguarding domestic public interest. It can also be viewed as a calculated and conscious effort to strengthen the rights at the international level without corresponding duties towards this. Whether it was pre-meditated or not, the consequence of this international policy was that 'rights' appended to intellectual property grants attained a new dimension. They got managed to get a prime recognition without the corresponding duties. Rights began to be upgraded without appreciating its domestic impacts from a public interest perspective. The instrumentalist function of intellectual property shifted from the public interests to private interest. But at the same time these conventions left open the policy space which the countries enjoyed in the pre-international era. So it was an era of minimum obligations with maximum flexibility. The copyright law of Angola as a whole, translation right in Barbados, the provisions dealing with press use in Pakistan, Israel and Austria, library exception in Kenya and Nigeria and finally the teaching exception in countries like Israel and Malaysia are typical examples of these flexibilities. The technological advancement made by Japan through its broad experimental use exception is also an illustration of the utilization of this flexibility.

But it was also quite unfortunate that a vast majority of countries have failed to manipulate the policy space for accomplishing their domestic needs and priorities. We have seen that quite often the



legislations were drafted in an unscientific and haphazard manner under the influence of geographical affinity and colonial or imperial influences. Typical example for this was the narrow experimental use provisions in countries like Kenya, Ghana, Tanzania, India etc. Indian law on library use and educational use are also a clear demonstration of the failure of a large group of developing countries in appreciating the need for well articulated user rights. Sometimes there were certain legislations which were a carbon copies of other countries legislation without appraising even the actual or potential impacts. The wide diversity in the legislations of Kenya and Nigeria illustrates this. Very often they lacked the institutional, infrastructural and technological capacity to articulate their needs. There was no international consensus to delegate the technical or legal expertise to these countries in distress.

It was at this point of time that the TRIPS under the initiative of the US private sector activists from knowledge-based industries owed its origin with false promises to the developing world of technological assistance and technology diffusion. In the negotiating rounds concentrating on the issue of piracy a vigorous attempts were made to strengthen rights to prevent piracy and at no point in negotiation or drafting did any public interest issue receive the attention. Limitations and exceptions with its binding nature were added into it to fortify rights and not as a public interest mechanism with its righteous duties. It seems that the TST is based on the assumption that the use of works is in principle controlled by the rights holder and exceptionally exempted on the condition that it “does not conflict with a normal exploitation of the work” and “does not unreasonably prejudice the legitimate interests of the author”. Therefore, when we interpret the Three-step test literally, it limits the capacity for the national legislature to implement limitations and thus it produces a biased result in favor of the author. This author

centric economic interpretation to Articles 13&30 got a solid footing with DSB panel reports when it interpreted each and every step in a restrictive cumulative economic sense. It is really interesting to ask how the DSB panel arrived at such a decision in the context of Article 7, 8 and especially in the context of its gracious wordings in the preamble. Article 7 of the TRIPS lays down a principle of balance between rights and obligations and emphasizes that the Agreement has the goal to foster not only the economical development, but also social welfare. This means that while interpreting the provisions of TRIPS the single economic perspective cannot be followed exclusively. Similarly Article 8 of TRIPS goes in the same direction, as it allows the member States to adopt measures for the promotion of “the public interest in sectors of vital importance to their socio-economic and technological development”. Furthermore, the preamble of the TRIPS refers to the objective of promoting effective intellectual property but also adequate protection mechanisms, recognizing the “underlying public policy objectives of national systems” and even for least developed countries, the needs “in respect of maximum flexibility in the domestic implementation”. Thus the DSB panel report made it clear that all these public interest provisions in the TRIPS are a mere eye wash. This nascent jurisprudence of WTO dispute panels elevates economic benefits of control over economic benefits of diffusion. This jurisprudence, also fails to accommodate the dynamic nature of the creative enterprise. With this express provision on limitations and exceptions as a limit to user right rather than as limitations to author right, the status of user right was again degraded.

The post-TRIPS scenario came with unforeseen and unintended consequences. While the countries were already in a highly elevated standard of intellectual property rights with minimum flexibility and

maximum obligations, post-TRIPS arena witnessed international efforts for TRIPS plus standard. The FTAs under the auspices of developed countries reduced the scope of limitations and exceptions in a considerable manner. In FTAs by the US between countries like Vietnam, Jordan, Chile, Singapore, Australia, Morocco and Bahrain, was successful in even limiting the existing user right regimes particularly in those developing countries. These FTAs enabled patent holders to limit potential impacts of parallel import, 'Bolar' use and compulsory licensing provisions, thereby hampering the availability of generic drugs. Similarly the newly enacted intellectual property legislations of the Middle East and African countries incorporated TST with its economic ramifications without appreciating the domestic needs. Even now, countries like Jordan, Kyrgyzstan, Portugal, Saudi Arabia, Serbia and United Arab Emirates do not have a fair use provision. Further, in spite of international initiative for harmonization, the diversity and unpredictability on the nature, scope and extent of limitations persists. In effect, despite over a century of international norm setting in the field of copyright, limitations and exceptions have largely remained "unregulated space."

Why, a policy matter which was developed as a duty concomitant to the right at the time of the privilege system and in early intellectual property legislations have deteriorated to the status of defense to infringement and termed as instances of permissible uses. It is true that, some legislations have given user rights the primary role when incorporating them as restrictions to rights. But even in those countries rights and duties were not parallel and the control mechanism which the premier statutes had were also absent. In those prime legislations, the duties were under the incessant scrutiny of sovereign and any deviation from the assigned duty was met with revocation of patent. When human

creativity was assigned the status of property rights, the sovereigns were very clear that these rights are purely instrumental in nature and so private rights were given only the same legal status as that of public interest. But subsequent developments witnessed a right biased approach, with continuous deterioration of limitations to rights in nature, scope and use. But the rights showed a tremendous and progressive development in accordance with technological developments and economic dimensions. Thus in this transformation, the intellectual property law has lost touch with its basic rationale: to serve the interests of society. So, what happened in this course of evolution is to be found out and cured. We began the study from a legal space characterized by diversity and flexibility and end up in that legal space being characterized by homogeneity and standardization.

If the status of the rights and duties has diminished proportionately, this could have been perceived as an inevitable legal collapse. But since, it was an iniquitous development; it was quite evident that there is a clear lobbying by the other side. With the unveiling power in the hands of intellectual property rights holders, the users were in a very weak bargaining position and were deprived of their age old rights. Just like the sovereigns of 12<sup>th</sup> and 13<sup>th</sup> centuries, sovereigns of the contemporary era were also concerned with the immediate, and of course the competing economic development of their concerned territories. However the sovereigns of the contemporary international era are in a very weak bargaining position unlike their predecessors who were czars in their respective territories. It comes out that widening horizons of economic rights and its lobbying by the right holders resulted in setting a new agenda of maximum protection with minimum limitations. So now the laws both at the national and international era are framed and reframed to suit the vested economic interests of a handful of multinational corporate

giants. Their claims are, undoubtedly legitimate, but certainly incomplete from the perspective of the public policy.

Another puzzling question is, why the countries took a liberal approach to limitations and exceptions in their nascent stage of economic development and restricted them the moment they became technologically proficient? So what is the real nature of these limitations? Thus in course of time, the philosophical and pragmatic nature of the terms 'user' and 'user rights' acquired a new economic status. This new paradigm shift itself was something that flouts the underlying cannons of IP. The philosophical enquiry has clearly substantiated that even the most ardent supporters of individual rights, subjugated that for the larger social interest. Similarly, the historical foundations to intellectual property also corroborated that limitations to rights played a significant role in satisfying the quest for access to knowledge and flow of information. For example, when Justice Story developed the experimental use exception the rationale he found was satisfaction of philosophical curiosity and not simply technological and economic advancement. Similarly when Statute of Anne, insisted for library deposit it also had a noble vision of learning and knowledge. As well they were not bothered with the economic rights of the author or patentee as the case may be. Thus along with the degradation of status from user right to mere user defence, its intrinsic righteous nature was also seriously affected.

It is quite unfortunate that the policy makers paid scant attention to this uneven tilting of intellectual property balance. The impact was not simply on individual users or their collective user rights, but the shocking impact was definitely felt on the intellectual property structure itself. The platform which the intellectual property system has

maintained since its inception for future creativity and innovation stood disturbed. It appears the policy makers are of the strong belief that once a minimum standard of development is achieved, the intellectual property will maintain the balance itself. If the principle of creativity and innovation is based on the principle of standing on the shoulders of giants, how can the system promise a minimum creativity or innovation by blocking access to knowledge through this gradual progression of rights?

So, not an individual or a group of individuals, not a nation or a group of nations, but the whole intellectual property system from a national and international level is affected. Though some section of the world population will be very severely affected, the problem is unique from an international perspective. The adverse impact of a set of narrowly tailored limitations to rights in DMCA in the US and its subsequent revisions is an epitome for this. The questions relating to the scope of flexibility in the pre-TRIPS era, impact of TRIPS and finally the status of limitations in post-TRIPS are clear. So, now the questions to be answered are, whether the splendid harmony and diversity in pre-TRIPS era is to be restored, or is TRIPS itself adequate or should we go for an innovative solution shifting from TRIPS taking into account of the exigency of the situation. The equally important task is to suppress with an iron hand any bilateral and multilateral move to expressly overcome the flexibility in TRIPS by negotiating for a trade oriented narrow set of limitations and exceptions to patent or copyright through the FTAs. So the attempt to bring back the pre-TRIPS era or thinking about the adequacy of the TRIPS is worthless in the current scenario, because the national and international intellectual property framework has to accept TRIPS as a universal truth. So now the only solution is to have a holistic approach from within the TRIPS.

Towards this move, the Declaration on Balanced Interpretation of TST in a joint project of the Max Planck Institute for intellectual property and the School of Law at Queen Mary, University of London by a group of experts and an International Instrument on Limitations and Exceptions propounded by Okediji and Hugenholtz are really welcome. The declaration will give a bit of guidance and courage to the countries in interpreting and implementing TST and will also remove the myth surrounding the vagueness and at the same time lucidness associated with TST. The declaration would have been more effective if it had a procedural guidance as how to persuade DSB or national policy makers in adopting such a balanced approach. Further it would have been more appreciable if it had a provision to the effect that in case of conflict between private rights and public interest, the public interest will prevail.

Equally appreciating is the international consensus towards an instrument on limitations and exceptions. The push is not from a group of developing countries like Brazil or LDC'S, but it should be viewed as a voice from developed countries, depicting the realization of a universal catastrophe. It is a realisation of the principle that maximum protection will undermine the foundational commitment of intellectual property rights to the public good. But the core principle on which they base their instrument is flexibility and autonomy to the States in meeting their social and cultural needs. Because countries vary in their state of development and policy interest, any rigid and uniform system of limitations is undesirable. But with that grund norm, it is quite impracticable to have an instrument of limitations and exceptions. It will be quite illogical and irrational to classify limitations and exceptions as mandatory and permissible. What may be mandatory for a country may be only permissive for the other, due to the disparity in technological development and cultural aspirations. However, their core concern for

extending technical and legal assistance for countries in need is also well-timed. But, even WIPO is encountering a series of difficulties in fulfilling this task as part of its Development Agenda. These include the ability of developing countries to articulate their own needs and approaches with regard to intellectual property, the ability of developing countries to participate in the project-based approach to implementation, and financial assistance for developing country participation. So, not all an easy task, it is really a hectic task. Who will initiate, who will enforce and who will bear the financial and technical burden are to be properly envisaged. However a minimum mandatory set of international limitations addressing the most pressing uses and users is highly preferable.

At the end, we are left with three complex issues to be resolved. Primarily, we have to devise a solution to the iniquitous right oriented upgradation of intellectual property rights. The second task is to maintain the international flexibility and sovereignty which the countries enjoyed in the pre-TRIPS era and a way out has to formulate to rectify the inherent defects of TST. And finally, we have to develop a binding international obligation towards extending technical and legal assistance to the developing countries to utilize the flexibilities and also to avail the potentialities inherent in limitations and exceptions to meet their domestic exigencies.

So the primary task is to elevate the status of limitations and exceptions. From the status of defense to infringement, they should be incorporated as concomitant duties to the author rights. Users' rights must transcend the whole of the intellectual property system to match the rights of owners. Just like the philosophical rationale of duties or restrictions to property rights, intellectual property policy should be



reframed to give holders of intellectual property and users of intellectual property an equal footing. It is not all an innovative challenge for policy makers. Because, since from the very inception intellectual property laws were drafted in that model only. Along with the grant of privileges corresponding duties were affixed and its observance was under rigorous surveillance, subject to revocation of privileges. So an absolute duty should be cast on the legislatures to counterbalance an extension of rights by an extension of the scope of the correlated duties. Towards this, it is proposed that since patent rights or copyrights as the case may be are individual in nature, the right holders will automatically enforce and monitor its violation. But on the other hand since user rights are public rights and since State is the guarantor and supporter of public interest, the State should itself monitor and enforce the user right. An administrative body should be constituted under the intellectual property legislations with enough judicial powers to monitor the public interest functioning of the intellectual property system itself. A nodal agency to administer various categories of rights and its duties can be constituted on a national level where right holders will deposit their rights and users can access them subject to proper guidelines. Similarly it is also proposed to shift the burden of proof to right owners in infringement suits where public interest defenses are pleaded and let the right owners substantiate their economic loss. This will also raise the status of user rights and users, especially vulnerable sections like the blind will be more benefitted.

Here comes the relevance of an international instrument on limitations and exceptions. An international mandate with minimum user rights, which each and every country has to enforce despite their diverse social, economic, technological and cultural ideologies is an ideal solution. It is high time to eliminate the inconsistency and

unpredictability of limitations and exceptions across the borders. It has been explained in a working paper of ICTSD that a new international instrument on limitations and exceptions could help eliminate diverging interpretations of the TRIPS TST across national jurisdictions and thus provide coherence and predictability in an environment of dynamic innovation. While in the copyright arena, the new mandatory minimum exceptions and limitations is required to foster private use, education, libraries and archives and facilitate uses by disabled persons, in patent we need an international standard for minimum research and non-commercial uses. This international mandate should be made in such a way that they may not be contracted away. It should also positively oblige right holders to ensure that beneficiaries can exercise their exceptions in spite of any contract or license Agreement to the contrary, and all such contractual agreements restricting the minimum user rights should be held null and void. Such an international instrument has the defect of again ignoring the domestic priorities. But there we have the argument of minimum standards, which will continually maintain the sovereignty. But this will again revert to the issue of harmonization, because the minimum standards will result only in heterogeneity. There, it should be emphasized that our task is not to achieve international uniformity, but recognition and enforcement of a set of basic user rights form an international level.

The issue of flexibility and restrictiveness in the context of TRIPS is the next challenging task. Before devising flexibility to TST, the question to be answered is whether such a mechanism is desirable in the context of TRIPS. Even though it is not desirable in the context of mandatory nature of TRIPS together with its enforcement mechanism, since an umbrella instrument for intellectual property a deletion of the fundamental characteristic of intellectual property is not preferable. So

the only way out is to make the provision more user friendly. If we go for a progressive interpretation discarding the classical approach, it is possible to perceive TST as no more than a “proportionality test” allowing national legislatures a relatively broad measure of discretion in codifying limitations and exceptions while balancing the interests of right holders against those of users and society at large. But, it is really challenging to contemplate TST as a limiting and enabling clause alike at the same time. So it should be clarified. Unlike the other provisions, anyhow these articles dealing with limitations and exceptions should be immunized from the enforcement mechanisms taking into account of the sovereignty of States in meeting their domestic exigencies. No absolute liability is imposed on the member countries with respect to the public interest mechanism. So an open ended, lucid and discretionary wording is suggested. So that it will allow nations to retain their autonomy to interpret the limitations in accordance with their local values.

Equally important is reorienting the structure of TST in the context of our first policy suggestion. TST now will sound like a formula for protecting authors from any kind of limitations. It commands the policy makers to be more cautious while delimiting the rights of authors or the patentee as the case may be. It is an extension of rights simply. Apart from the primary rights, a secondary right to protect the primary right from any kind of encroachment appears to be the objective. So TST has to be completely restructured keeping the fundamental cannons of limitation and exceptions. It should be streamlined in TRIPS as a user right and not at all as a legal mechanism to protect the authors. Or it should be incorporated as a correlated duty of each and every right assured by the Agreement. It should be worded in such a way that, no exclusive right assured by the Agreement will impede the public interest aspirations of the intellectual property system. Realizing the potential of

limitations and exceptions in meeting public interest, at least in this particular provisions, TRIPS should forgo their imperial interest. Here the TRIPS has to accept that it was, and the only potent weapon through which intellectual property law can achieve the larger social interest. It is also to be realized that, public interest is not something solely related to economic perspectives. Public interest is multi dimensional. So, what is suggested is to amend Article 13 and 30 of the TRIPS. So users' rights must be woven into the very fabric of TRIPS.

All this policy making and academic writings will be futile without concrete practical efforts. What happened to WIPO Development Agenda and the international call for amending Article 31 of TRIPS in the context of Doha Development Agenda? We have seen that, even in pre-TRIPS era in the midst of flexibilities, a very few countries had utilized it to meet their local needs. The major reason for this is the lack of institutional capacity and technical expertise of a vast majority of the countries. In the Uruguay round of TRIPS, Doha and finally in WIPO through its Development agenda, a dozen of promises are given to the countries on technical assistance and legal expertise. A host of recent studies and surveys depict that absence of the institutional capacity and local technical expertise still continues to be the major impediment to put TRIPS flexibilities into practice. The technical and legal support offered in the process of implementation, being primarily provided by industrialized countries and organizations influenced by them, is not at all directed towards an optimal use of those options for flexibility in the interest of developing countries.

Enabling developing countries to act in their own interests is crucial and, to this end, a first step towards improving this situation should be ensuring that technical assistance donors provide advice that is

appropriate for the needs of developing countries. So the first task is to ascertain the real nature of technical and legal expertise which each country needs. For this mandatory initiative under the auspices of WTO, TRIPS council and active participation from NGO's like WIPO is to be coordinated. Further the technical assistance programs can be made more effective with the enhanced South-South regional or bilateral co-operation, with developing countries breaking their dependency on advice provided by developed nations and instead drawing upon each other's experience. As part of this, the exchange of detailed information on all exceptions and limitations provisions in national or regional legislations, as well as on the experience of implementation of such provisions among the countries as proposed by Brazil in WIPO is a welcome measure. A look into why and how countries use or how they understand the possibility of using the limitations and exceptions provided in their legislations is also preferable and also important to evaluate how national capacities affect the use of exceptions and limitations. The elaboration of an exceptions and limitations manual, in a non-exhaustive manner, to serve as a reference to WIPO Members is also considerable under the auspices of WIPO (proposal from Brazil). So it is finally suggested that in order for the developing countries to have a good bargaining power and efficiency to utilize the flexibilities, they should coordinate themselves as a supra power in the multilateral and bilateral level. Then they will be in a position to utilize the policy space in which they may implement domestic policy to suit their public interest and will also gain the confidentiality to ward off the US and European Union threats.

In conclusion it is submitted to reorient the intellectual property framework in the context of the noble public interest objectives. It is to be recognized that intellectual property rights are not inherent private

rights but are created and protected by the State, and hence that their scope and form should be defined in the public interest. The mission and vision of the intellectual property law cherished should be reinforced. Limitation and exceptions should be raised to the status of user rights and an absolute duty should be cast on right holders to maintain the balance of intellectual property system as a whole. The balancing mechanism should be initiated from the grass root level and once the countries are successful in that, TRIPS will never be an impediment. While ensuring public interest, special privilege should be given to 'users' like physically challenged and 'uses' like public health and access to medicines and access to knowledge. Neither Art. 30, 13 nor the TRIPS as a whole disclose any restrictions of any kind with respect to the grounds on which an exception must or could be based. Exceptions to the exclusive rights conferred by a patent and copyright are not to be interpreted narrowly but rather according to their objectives and purposes. The decisive factor must therefore be whether an exception significantly impairs the incentive structures. If not, then a broad discretionary public oriented interpretation should be given to these provisions.