

What does the Three Step Test NOT apply to, under the Berne Convention and the TRIPS Agreement? Marrakesh Note 6

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There has been an aggressive push for language that would make all the copyright limitations and exceptions provided for in the treaty for the blind subject to a three-step test.

This includes proposals for a new free standing three step test to supplement versions already found in Article 9(2) of the Berne Convention, Article 13 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and Article 10 of the WIPO Copyright Treaty (WCT).

To appreciate why this debate is important, it is useful to reflect on the areas where the three step test does not apply under international agreements.

Berne Convention

The Berne Convention, where the 3-Step Test does NOT apply.

The three-step test in the Berne Convention was created in 1967 to provide for general exceptions to the reproduction rights of authors, but only to areas where the Berne did not have a separate (or a particular) standard for an exception. The specifically enumerated exceptions are not subject to the three-step test and are extremely important in providing for a balance between rightholders and consumers of copyrighted works.

The following is a list of the specifically enumerated limitations and exceptions provided for by the Berne Convention and therefore not subject to the three-step test:

Article 2 defines literary and artistic works, but provides for a number of limitations and exceptions to protection of these works

Article 2(2) leaves it to national legislation to determine whether to subject protection of a work to a fixation requirement.

Article 2(4) permits national legislation to determine protections for official texts of legislative, administrative, and legal texts and their translations

Article (2)7 leave the protection of unfixed works, official texts, and works of applied art and industrial design up to national legislation, freeing those works from mandatory protection under the Berne Convention.

Article 2(8) is a **mandatory provision** that explicitly exempts “news of the day” and “miscellaneous facts having the character of mere items of press information.”

Article 2bis provides for certain limitations for certain works, such as speeches, lectures or addresses to the public.

Article 2bis(1) permits members to exclude “political speeches and speeches delivered in the course of legal proceedings” from protection

Article 2bis(2) allows countries to determine the conditions that “lectures, addresses and other works of the same nature which are delivered in public may be reproduced by the press, broadcast, communicated to the public by wire and made the subject of public communication as envisaged in Article 11bis(1) of this Convention, when such use is justified by the informatory purpose.”

Article 10 provides for certain free uses of works that includes a quotation right and uses for illustration, provided that it indicates the source and author.

Article 10(1) provides for a **mandatory exception** for the use of quotations from works that have been 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.”

Article 10(2) allows countries to permit the use, “to the extent justified by the purpose, of literary or artistic works by way of illustration” for a number of purposes including “publications, broadcasts or sound or visual recordings for teaching” provided that the use is “compatible with fair practice.”

Article 10bis provides for further possible free uses of works.

Article 10bis(1) permits countries to permit reproduction by the press, broadcasting or communication to the public of newspaper or periodical articles on “current economic, political or religious topics, and of broadcast works of the same character” provided that the reproduction, broadcasting or communication “is not expressly reserved” provided that the source is indicated.

Article 10bis(2) provides that countries are free “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.”

Article 11bis provides for a broadcasting and communication to the public right, but Article 11bis(2) and (3) provide for exceptions.

Article 11bis(2) allows countries to determine the conditions that authors may exercise rights over broadcasting and communication to the public, as long as those conditions do not prejudice the moral rights of the author and the author retains the right to “equitable remuneration.”

Article 11bis(3) permits countries to determine the regulations for ephemeral recordings made by broadcasting organizations and used for its own broadcasts. It permits preservation of such recordings “on the ground of their exceptional documentary character.”

It is a matter for legislation in the countries of the Union to determine the regulations for ephemeral recordings made by a broadcasting organization by means of its own facilities and used for its own broadcasts. The preservation of these recordings in official archives may, on the ground of their exceptional documentary character, be authorized by such legislation

Article 13(1) provides for a limitation on the right of recording of musical works. It permits countries to impose compulsory licenses on recordings provided that these reservations and conditions do not prejudice the right to “equitable remuneration.”

Article 21 and the Appendix to the Berne Convention. Article 21 which refers to the “special provisions regarding developing countries” included in the Appendix and, subsequently, the entire Appendix to the Berne Convention, which applies for the benefit of developing countries, are not subject to the three-step test. The Appendix to the Berne Convention provides for a number of exceptions and limitations that include, among others, limitations on the right of translation and provision of licenses where copies of an edition has not been distributed in the country to the general public or in connection with systematic instructional activities at a reasonable price.

WTO Agreement on TRIPS

The following articles under the TRIPS agreement are not subject to the three-step test, and cover important issues such as exhaustion of rights, limitations on injunctions and the extension for least-developed countries.

Article 6 permits members to determine how to address exhaustion of intellectual property rights and is also known as the “first sale” doctrine in some jurisdictions. To consider how broadly this applies, consider the recent high profile United States case, *Kirtsaeng v. John Wiley and Sons*, where the Supreme Court of the United States ruled that international exhaustion of rights applies, therefore allowing parallel importation. This ruling is in line with the TRIPS Agreement which permits countries to determine when exhaustion of rights applies and can do so apart from the three-step test.

Article 9.1 preserves the specifically enumerated exceptions under the Berne Convention. A plain language reading of article 9.1 incorporates articles 1-21 of the Berne Convention into TRIPS, thereby incorporating the specifically enumerated limitations and exceptions noted above. This interpretation of Article 9.1 and the Berne Convention limitations and exceptions was also implied in the WTO dispute settlement body report in 2000 in the “Irish Bars” case.

Article 40 provides for the control of anti-competitive practices. This Article says, among other things, “Nothing in this Agreement shall prevent Members from specifying in their legislation licensing practices or conditions that may in particular cases constitute an abuse of intellectual property rights having an adverse effect on competition in the relevant market.”

Article 44 permits members to place important limitations on remedies available to right holders. Article 44.1 provides only limited obligations to grant injunctions for infringement, and Article 44.2 of TRIPS permits countries to eliminate the availability injunctions, where remuneration or compensation is available. Article 44.2 is quite important for some proposed solutions to expand access to orphan works, and separately is the basis for 28 USC 1498 government rights to use copyrighted works.

Article 66 addresses Least Developed Countries (LDCs), providing an exception to compliance with the TRIPS Agreement for LDCs. Article 66 explicitly carves out LDCs and states that LDC members “shall not be required to apply the provision of this Agreement, other than Articles 3, 4, and 5, for a period of 10 years from the date of application as defined under paragraph 1 of Article 65. The Council for TRIPS shall, upon duly motivated request by a least-developed country Member, accord extensions of this period.” The most recent extension under Article 66 occurred on 11 June 2013 and this extension will extend through 1 July 2021.

WIPO Copyright Treaty (WCT)

Article 1 and the agreed statement to Article 10 of the WCT suggest that the specifically enumerated limitations and exceptions under the Berne Convention are not subject to the three-step test. Like the TRIPS Agreement, Article 1(4) of the WCT incorporates Articles 1-21 of the Berne Convention. The agreed statement on this article also explicitly notes that “The reproduction right, as set out in Article 9 of the Berne Convention, and the exceptions permitted thereunder, fully apply in the digital environment.” Article 3 applies “*mutatis mutandis* the provisions of Article 2 to 6 of the Berne Convention,” which, as noted above, includes several important exceptions. Furthermore, while the three-step test is incorporated in Article 10 of the WCT, the agreed statement to this article notes “It is also understood that Article 10(2) neither reduces nor extends the scope of applicability of the limitations and exceptions permitted by the Berne Convention.” The plain reading of this statement suggests that the specifically enumerated Berne exceptions survive and are not subjected to the three-step test.

Article 6(2) of the WCT, like Article 6 of the TRIPS Agreement, confirms that exhaustion of rights is a matter for national legislation. While Article 6(1) provides for the right of distribution, it is limited by Article 6(2) which gives contracting parties the freedom “to determine the conditions, if any, under which the exhaustion of the right . . . applies after the first sale or other transfer of ownership.”

Article 7(1) lays out the right of rental, but Article 7(2) explicitly exempts some cases. Article 7(2) provides that the right of rental does not apply to computer programs “where the program itself is not the essential object of the rental” and also does not apply to cinematographic works “unless such commercial rental has led to widespread copying of such works materially impairing the exclusive right of reproduction.”