

THE WIPO JOURNAL:

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Towards a Flexible International Framework for the Protection of Geographical Indications

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[☞] Geographical indications; TRIPs

The international protection of geographical indications is a sensitive and controversial issue, and legal methods used to protect geographical denominations in connection with certain goods diverge considerably in different parts of the world. However, the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration (Lisbon Agreement) leaves its Member States considerable flexibility, which should allow an internationalisation of the international system of protection for geographical denominations while respecting national legal and cultural traditions. Nevertheless, the system implemented by the Lisbon Agreement has not yet had great success. For this reason, the World Intellectual Property Organization (WIPO) recently launched a survey in order to increase the Agreement's attractiveness, specifically for potential new members. The Centre for Intellectual Property Studies (CEIPI), a university institute dedicated to teaching and research in the field of intellectual property, is very interested in the questions raised by the survey, and consequently the Centre has submitted comments and recommendations included in the following statement. The following article is a presentation of the CEIPI statement in response to the survey.

Introduction

The Working Group on the Development of the Lisbon System, at its first session held from March 17–20, 2009, agreed in particular that the International Bureau of WIPO should carry out a survey to determine the means of improving the Lisbon system in order to make it more attractive for users and potential new members of the Lisbon Agreement, while at the same time maintaining the principles and the objectives of the Agreement. The WIPO International Bureau then submitted a questionnaire to the signatory states of the Lisbon Agreement, to the non-Member States of the Lisbon system, to the intergovernmental and non-governmental organisations and to interested circles, inviting them to submit any suggestions that might contribute to these improvements.

This statement is not intended to be a comment on all the questions raised by the questionnaire but instead wishes to propose comments and recommendations on certain elements in the discussion.

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Context

The TRIPS Agreement, Annex 1C to the Agreement Establishing the World Trade Organization (WTO), lays down minimum rules for the protection of geographical indications. Article 23.4 even lays down an obligation to negotiate in the field of the international protection of geographical indications, in particular with a view to establishing a multilateral register for wines:

- “4. In order to facilitate the protection of geographical indications for wines, negotiations shall be undertaken in the Council for Trade Related Aspects of Intellectual Property Rights concerning the establishment of a multilateral system of notification and registration of geographical indications for wines eligible for protection in those Members participating in the system.”

The 2001 Doha Declaration¹ lays down, in para.18, the objective of the proposed negotiations:

“With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference. We note that issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this declaration.”

The establishment of a multilateral register for the registration of geographical indications, at least for wines and spirits, is considered as a *sine qua non* for the conclusion of the Doha Round agreements. Indeed, the 2005 Hong Kong declaration para.29 insists on the importance of the negotiations on this issue for the success of the Doha Round:

“We take note of the report of the Chairman of the Special Session of the Council for TRIPS setting out the progress in the negotiations on the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits, as mandated in Article 23.4 of the TRIPS Agreement and paragraph 18 of the Doha Ministerial Declaration, contained in document TN/IP/14, and agree to intensify these negotiations in order to complete them within the overall time-frame for the conclusion of the negotiations that were foreseen in the Doha Ministerial Declaration.”²

A number of WTO members and groups of members have submitted proposals concerning the multinational register.³ On the occasion of the “mini-ministerial” conference held in Geneva from July 21–29, 2008, the European Community together with Switzerland, Turkey and certain developing countries such as Brazil, China, India, the African, Caribbean and Pacific countries and the African Group proposed the following approach to the negotiations:

“Members agreed to establish a register open to geographical indications for wines and spirits protected by any of the WTO Members as per TRIPS. Following receipt of the notification of the geographical indication, the WTO Secretariat shall register the notified geographical indication on the register. The elements of the notification will be agreed. Each WTO Member shall provide that domestic authorities will consult the Register and take its information into account when making decisions regarding registration and protection of trademarks and geographical indications in accordance with

¹ Doha Ministerial Declaration dated November 14, 2001, WT/MIN(01)/DEC/1.

² Hong Kong Ministerial Declaration dated December 18, 2005, WT/MIN(05)/DEC.

³ For a comment on these proposals, see P. Arhel, “Registre multilatéral des indications géographiques — Travaux récents de l’OMC”, *Propriété industrielle*, February 2009, No.2, Study 3.

its domestic procedures. In the framework of these procedures, and in the absence of proof to the contrary in the course of these, the Register shall be considered as a prima facie evidence that, in that Member, the registered geographical indication meets the definition of ‘geographical indication’ laid down in TRIPS Article 22.1. In the framework of these procedures, domestic authorities shall consider assertions on the genericness exception laid down in TRIPS Article 24.6 only if these are substantiated.”⁴

Nevertheless, there are still numerous points of disagreement on the matter—notably on participation in the registration system and the latter’s legal effects—and the mini-ministerial conference failed to achieve a consensus on the question.

In the face of the substantial difficulties encountered during the negotiations conducted under the auspices of the WTO with a view to establishing a multilateral register for geographical indications, it is appropriate to examine whether other approaches are conceivable, specifically that of a revitalisation of the Lisbon Agreement.

During his speech on the occasion of the 50th anniversary of the Lisbon Agreement in August 2008, Mr Francis Gurry, Director-General of WIPO, observed an increase in interest in the Lisbon system and emphasised the flexibility offered by the system.⁵ Indeed, the Lisbon Agreement, by leaving considerable flexibility to its Member States, could allow WTO members to multilateralise the international system for the protection of geographical indications while respecting differences among national legal and cultural traditions. Put differently, the Lisbon system constitutes a canvas for the development of the international intellectual property system. In addition, the Agreement has significant potential for developing countries, in particular within the framework of the work on the protection of traditional knowledge.⁶ The Lisbon Agreement could form the basis for a balanced legal framework that takes account of very diverse interests.⁷

The increase in interest noted by the Director-General of WIPO is reflected in the fact that eight new Member States have joined the Lisbon Agreement, bringing the number of signatories to 26.⁸

However, it seems that the Lisbon system *in its current state* is unable to bring together a sufficient number of signatory states to be able to claim the right to prevail as a unifying instrument for the registration of geographical indications.

If the Lisbon system wants to offer an effective alternative to the establishment of a multilateral register for geographical indications under the auspices of the WTO, it is necessary to examine the reasons for its relative lack of success up to the present and the means of rendering the system more attractive to new members.

With this in mind, using the questionnaire presented by WIPO, the authors have identified a number of points on which amendments to the Agreement could prove advantageous. From this point of view, the authors suggest that a Protocol to the Lisbon Agreement, taking as a model what was done, with undeniable success, for the Madrid system on the international registration of trade marks, is the best way

⁴ TN/C/W/52 of July 19, 2008.

⁵ Speech given at Lisbon on August 24, 2008, accessible at http://www.wipo.int/about-wipo/en/dgo/speeches/gurry_lisbon_08.html [Accessed August 24, 2010].

⁶ On this question see R.M. Hilty, “Rationales for the Legal Protection of Intangible Goods and Cultural Heritage” (2009) 8 I.I.C. 883, 906; M. Blakeney, “Protection of Traditional Knowledge by Geographical Indications” in C. Antons (ed.), *Traditional Knowledge, Traditional Cultural Expressions and Intellectual Property Law in the Asia Pacific Region* (Alphen Aan Den Rijn, The Netherlands: Kluwer Law International, 2009), pp.98 et seq.; D. Rangnekar, “Indications of geographical origin in Asia: Legal and policy issues to resolve” in R. Meléndez-Ortiz and P. Roffe (eds), *Intellectual Property and Sustainable Development: Development Agendas in a Changing World* (Cheltenham, UK/Northampton, MA: Edward Elgar, 2009), pp.273–299, p.273: “Geographical indications (GIs) are increasingly being seen as a useful intellectual property right for developing countries. This is because of their potential to localize economic control, promote rural socio-economic development and enable economic returns to holders of traditional knowledge.”

⁷ On the question of maintaining flexibility within the international legal framework for intellectual property in order to permit all the interests involved, specifically those of developing countries, to be taken into account, see C. Geiger, “Exploring the Flexibilities of the TRIPS Agreement Provisions on Limitations and Exceptions” in A. Kur (ed.), *Can One Size Fit All?: ATRIP Conference Papers 2008* (Cheltenham, UK/Northampton, MA: Edward Elgar, 2010) (forthcoming).

⁸ Namely the Democratic People’s Republic of Korea, Georgia, the Islamic Republic of Iran, Montenegro, Nicaraguan, Peru, the Republic of Moldova and Serbia.

forward.⁹ The said protocol would aim to take up the fundamental aspects of the Lisbon system while applying modifications to the following aspects: (1) the basis of protection; (2) the object of protection; (3) modes of accession to the Agreement; and (4) conditions for refusal and invalidation.

Basis of protection in the country of origin

Article 1.2 of the Lisbon Agreement requires that the countries to which the Agreement applies:

“undertake to protect on their territories, in accordance with the terms of this Agreement, the appellations of origin of products of the other countries of the Special Union, recognized and protected *as such* in the country of origin and registered at the International Bureau of Intellectual Property ...” (Emphasis added).

Rule 5 of the Implementation Rules relative to the Requirements concerning the International Application lays down in s.2:

“[Mandatory Contents of the International Applications] a) The international application shall indicate: ... (vi) the title and date of the legislative or administrative provisions, the judicial decisions or the date and number of the registration by virtue of which the appellation of origin is protected in the country of origin.”

The conditions laid down by these two provisions for an application for international registration are the subject-matter of controversies in the literature.

One view argues that the provision of art.1.2 of the Lisbon Agreement lays down as a requirement for international registration under the Agreement that the name has previously been established *as an appellation of origin* in the applicant’s country.¹⁰ From this point of view, the existence of *sui generis* national provisions on the protection of appellations of origin would be an essential precondition for an application for international registration.

For the other point of view, the apparent rigour of art.1.2 of the Agreement—protection *as such*—is to be qualified in the light of r.5.2 and the Agreement’s negotiating history which are more liberal on the nature of the protection required in the country of origin for an application for international registration.¹¹ Thus, according to this interpretation, the absence of a *sui generis* protection system in the country of origin is not an obstacle to the admissibility of an application for international registration.

It is perhaps regrettable that such a crucial question is not determined beyond doubt by the text of the Lisbon Agreement. In fact, the reply to be given to this question may determine the interest of the Lisbon system for countries without *sui generis* protection systems, as is the case in several New World countries, which prefer to leave it to the private actors to protect geographical indications by means of collective

⁹ Protocol relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid on June 27, 1989, amended on October 3, 2006 and November 12, 2007.

¹⁰ See in particular D. Rochard, *La protection internationale des indications géographiques* (Publications de la faculté de droit de sciences politiques de Poitiers, 2002), p.318; R. Harlé, “La protection des indications géographiques, son évolution et le rôle de l’AIPPI dans celle-ci” in *Mélanges dédiés à Paul Mathély* (Paris: Litec, 1990), pp.183–196, in particular p.188.

¹¹ See M. Ficsor, “Perspectives for geographical indications”, Worldwide Symposium on Geographical Indications, organised jointly by the WIPO and the Bulgarian Patent Office from June 10 to 12, 2009 in Sofia, WIPO/GEO/SOF/09/1: “It is also important to point out that the Lisbon system is neutral to the way its member countries provide protection for designations of origin. This is evidenced by one of the provisions defining the mandatory contents of the international applications. Rule 5(2)(vi) of the Lisbon Regulations contains a wide range of variations on how protection in the country of origin can be established and, for the purposes of international registration, be proven. It can be ‘the title and the date of the legislative or administrative provisions, the judicial decisions or the date and number of the registration by virtue of which the designation of origin is protected in the country of origin’. Therefore, Article 1(2) of the Lisbon Agreement should not be given an overly restrictive interpretation in this regard. It only requires that, in order for a designation of origin to qualify for protection under the Agreement, it has to be recognized and protected as such in the country of origin, but it does not specify the type of protection the country of origin should provide for. It does not necessarily have to be based on a Lisbon-like domestic registration system. It can take any other possible form provided that it can meet the substantive requirements of the Agreement (such as the one contained in Article 3 concerning the content of protection).” D. Gervais, “The Lisbon Agreement’s Misunderstood Potential” (2009) 1 W.I.P.O.J. 87, 99, according to whom the system of protection can be “a national law or regulation, a court decision, a decision by a specialized agency or board, a trademark-like (application/publication/opposition/registration) system or indeed a *sui generis* system, as in many European countries”.

and certification marks. For those countries, membership in the Lisbon system as currently conceived would mean that they would undertake to protect third countries' appellations of origin registered under the Agreement, without in return being certain of benefiting from the registration of their own geographical indications protected by collective trade marks or certification marks.

This configuration was probably intentional with the Lisbon Agreement, the aim being to encourage countries from around the world to set up sui generis protection systems for the protection of geographical indications. However, this strategy does not seem to have had the expected success¹² and consequently it is appropriate to reconsider the issue.

Indeed, in the light of the diversity of the national systems in terms of protection of geographical indications across the world, it appears desirable, with a view to increasing the attractiveness of the Lisbon system, to abandon the requirement of protection of the appellation of origin "as such" in the country of origin in order to overcome the doubt concerning the possibility of registering a name protected in the country of origin as a collective trade mark or a certification mark, provided of course that the name in question satisfies the definition of the object of protection as laid down in the Agreement.

Definition of the object of protection

Another reason that is frequently raised to explain the small number of members of the Lisbon system concerns the subject-matter of protection, namely "appellations of origin", a concept regarded by certain countries as being too complex and elitist.¹³

Indeed, the concept of the appellation of origin arguably filters geographical indications by requiring a clear qualitative connection between the product and the territory of its production, that is, the quality or the characteristics of the product must be "essentially or exclusively" attributable to the geographic environment.¹⁴

It is, moreover, because of this excessively rigorous nature of the concept of appellation of origin that the TRIPS Agreement preferred to abandon it in favour of the more open and consensual notion of geographical indication.

Compare art.2 of the Lisbon Agreement which defines the object of protection (appellation of origin) as follows:

- "1) In this Agreement, 'appellation of origin' means the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.
- 2) The country of origin is the country whose name, or the country in which is situated the region or locality whose name, constitutes the appellation of origin which has given the product its reputation."

With art.22 of the TRIPS Agreement:

"Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."

¹² Rochard, *La protection internationale des indications géographiques*, 2002, p.318 : "Except for the countries which already had, in their legal systems, provisions (legislative, regulatory or judicial provisions since the text offers the choice) protecting appellations of origin as such, although certain of these countries would have had to make adjustments, the obstacle proved insuperable, and the seductive effect intended of a text that proposes effective international protection did not lead to the national legislative activity hoped for ... The requirement of national protection as such of the appellation of origin acted as a brake on membership for many countries that might have been interested" (freely translated by the authors).

¹³ Rochard, *La protection internationale des indications géographiques*, 2002, p.318.

¹⁴ Rochard, *La protection internationale des indications géographiques*, 2002, pp.318–319.

Although the two texts refer to similar concepts, it would seem that in conceptual terms the provision of the Lisbon Agreement is more demanding than that of the TRIPS Agreement.

For instance, while the Lisbon Agreement seems to require that the denomination in question must be “the geographical name of a country, region or locality”, the TRIPS Agreement speaks more broadly of “indications which identify a good or locality in that territory”. In other words, the Lisbon Agreement, in contrast to the TRIPS Agreement, seems to exclude from its scope of protection traditional names equivalent to a geographical name.¹⁵

Another difference is that the Lisbon Agreement talks of characteristics “due *exclusively or essentially* to the geographical environment, including natural and human factors” (emphasis added) and seems to impose an additional requirement of notoriety in para.2, while the TRIPS Agreement, more liberal in terms of the notion of a geographical indication, is restricted to listing the cases “where a given quality, reputation or *other characteristic* of the good is *essentially attributable* to its geographical origin” (emphasis added).

However, the practical consequences of these differences between the TRIPS Agreement and the Lisbon Agreement in the definition of the object of protection may not be substantial. Clearly, the two definitions are not antagonistic, and the practical importance of the differences is often overestimated.¹⁶ Moreover, the distinction made in the Community (EU) protection regulations for agricultural products and wines between protected geographical indications (PGI) and protected designations of origin (PDO) is frequently called into question because of its lack of clarity and the subjective nature of its application in practice.¹⁷

Nevertheless, it remains the case that the difference in the definition of the object of protection could fuel the argument that certain names, although capable of protection under art.22 of the TRIPS Agreement, would not be capable of registration under the Lisbon Agreement for failing to satisfy the conditions imposed by art.2 of the latter, which are seemingly more rigorous. Such uncertainty should be abandoned if the Lisbon system is used as a true multilateral register of geographical indications.

That said, it is important to note that many countries remain strongly attached to *their* notion of appellation of origin, which they view as a stricter concept than that of the geographical indication. For those countries, it is precisely this rigour that justifies the exceptional scope of the protection that is conferred within the framework of the Lisbon Agreement. The concept of appellation of origin also appears in the legislation of a number of developing countries that have opted for sui generis protection systems, owing notably to the efforts of the WIPO in this direction. With this in mind, it might be regrettable to abandon entirely the notion of appellation of origin within the framework of the Lisbon Agreement in favour of the notion of the geographical indication.

¹⁵ This is not simply a theoretical hypothesis: the appellation “Bud” for beer was, for example, refused in a number of Member States of the Lisbon Agreement on the grounds that it was not strictly related to the name of the locality of the origin of the designation, the town of Ceske Budejovice (*Budweis* in German).

¹⁶ On the question of limited practical effect of these differences, see Gervais, “The Lisbon Agreement’s Misunderstood Potential” (2009) 1 W.I.P.O.J. 87, 88–94 and 100: “The definitional gaps, if any, between TRIPS and Lisbon are such that most if not all of those differences can be considered functionally irrelevant.”

¹⁷ See A. Profeta, R. Balling, W. Schoene and A. Wirsig, “The Protection of Origins for Agricultural Products in Europe: Status Quo, Problems and Policy Recommendations for the Green Book” (2009) 12(6) *Journal of World Intellectual Property* 622, 632–633: “We also raise the question of whether it makes sense at all to differentiate between PDO and PGI. Each protected product is to be seen as an original with its own history, composition and specific quality. Experience has shown that a differentiation will always be controversial, even after clarification (vulnerability of classification). A recent study by Knopferl (2008) analysing all available specifications of PDO, comes to the conclusion that there are practically no differences between PDO and PGI specifications concerning their specificity and quality. In addition, there are cases where profiles of quality and specificity were higher for a PGI than for a similar PDO. Also, unequal treatment of applications by different national examination authorities can be observed. Similar products with comparable specificity (e.g. asparagus, lamb) are approved as PDO in one member state and as PGI in another (Knopferl, 2008). We believe that this lack of consistency in the differentiation, on the one hand, and the similarity of the two protection categories in requirements and the scope of their protection, on the other, is inefficient and should be aborted. The information on the characteristics of a product cannot be conveyed by such a categorization, but should be contained in a public register which makes available the specifications for all protected designations.” See also, with a touch of irony, Gervais, “The Lisbon Agreement’s Misunderstood Potential” (2009) 1 W.I.P.O.J. 87, 93: “One could argue that this European regulation does not amount to an excessively generous effort to clarify or simplify the debate.”

A Protocol to the Lisbon Agreement would constitute a pragmatic solution to overcome, to a large extent, this apparent antagonism. On the one hand, the Lisbon Agreement would retain the notion of appellation of origin as defined in art.2. On the other hand, the Protocol, with the aim of creating obvious synergies between the multilateral commercial system and the Lisbon system, would adopt the more consensual and flexible notion of geographical indication contained in the TRIPS Agreement.

The relationships between the Lisbon Agreement and the Protocol could be organised *mutatis mutandis* using the model of the Madrid Agreement and Protocol thereto concerning the international registration of marks. For example, if a name were registered both as an appellation of origin under the Lisbon Agreement and as a geographical indication under the Protocol:

- the Agreement would continue to apply between the Member States of the Agreement or of both the Agreement and the Protocol;
- the Protocol would apply in situations in which one of the parties was a signatory of the Protocol without having acceded to the Agreement.

This balanced solution would safeguard the interests of countries that wish to pursue their international co-operation in the field of appellations of origin by means of the Lisbon Agreement, while establishing, in a pragmatic perspective, an improved international protection of geographical indications across the world by offering, by means of the Protocol, a legal framework adapted to the needs of the largest number of WTO members.¹⁸ The Lisbon system would thus retain its characteristic flexibility that establishes its position as a model for the balanced development of intellectual property at an international level.

Opening of the Lisbon Agreement to regional registration systems

Membership of the Lisbon Agreement is at present, pursuant to art.14, only open to sovereign states. Thus intergovernmental organisations cannot accede to the Agreement. This exclusion, which is easy to understand in the light of the date of the Lisbon Agreement (1958), seems outdated.

Indeed, certain regions of the world have opted for regional protection and registration systems. This is the case in particular for the European Union, where the Court of Justice has held that Community legislation in this matter is exhaustive and that consequently the Member States no longer have the competence to recognise geographical indications.¹⁹

This exclusion of intergovernmental organisations is unfortunate in a number of respects. First of all, on the political level, it is regrettable that the Lisbon system cannot count on the active support of the European Union, even though the latter has made the reinforcement of the international protection of geographical indications one of its preferred topics at the WTO, of which it is a member. It is equally regrettable, conversely, that the European Union, one of the principal protagonists of the reinforcement of the international protection of geographical indications has absolutely no power within the framework of the Lisbon system.²⁰

On the legal level, this situation may give rise to a number of complex and difficult issues. For instance, what is the fate of appellations of origin registered under the Lisbon Agreement by Member States of the European Union but that are not recognised as a PDO or PGI under Community regulations? The answer

¹⁸ The objection of complexity that might be directed against such a structure should not in the authors' opinion be overestimated. First, as has already been said, this is a solution that has been tested within the framework of the Madrid system concerning the international registration of marks, with undeniable practical success. Secondly, this complexity would not be any less if a multilateral register of geographical indications was set up under the auspices of the WTO—as was provided for in the TRIPS Agreement—since in any event the Lisbon Agreement would continue to exist alongside such a register.

¹⁹ See decision of the ECJ dated September 8, 2009, *Budejovický Budvar, národní podnik v Rudolf Ammersin GmbH* (C-478/07) [2009] E.T.M.R. 65.

²⁰ It should however be noted that the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications has accepted a special rule of procedure consenting to the extension of membership without voting rights to the European Community within the framework of its activities. See SCT/1/6 Sec.16.

to this question is a cause of concern: in the absence of protection in the country of origin—which no longer has the competence to recognise this protection outside the Community framework—such appellations are exposed to invalidation by virtue of art.1.2 of the Lisbon Agreement.²¹

In order to mitigate these political and legal difficulties, one possibility would be to modify art.14 of the Lisbon Agreement, such that intergovernmental organisations with regional protection systems could accede to the Agreement.

From this perspective, the Review Committee could take its inspiration from recent similar amendments in other specific unions of the WIPO which have opened up membership to intergovernmental organisations, specifically the Protocol relating to the Madrid Agreement concerning the International Registration of Marks,²² and the Geneva Act of The Hague Agreement concerning the International Registration of Industrial Designs.²³ These amendments gave the European Community—by now the European Union—the opportunity to join the two systems.²⁴

Clarification of the modalities for refusal of protection and invalidation

Paragraphs 3–5 of art.5 of the Lisbon Agreement (International Registration; Refusal and Opposition to Refusal; Notifications; Use Tolerated for a Fixed Period) are somewhat succinct on the conditions for refusal of registration:

- “3) The Office of any country may declare that it cannot ensure the protection of an appellation of origin whose registration has been notified to it, but only in so far as its declaration is notified to the International Bureau, together with an indication of the grounds therefore, within a period of one year from the receipt of the notification of registration, and provided that such declaration is not detrimental, in the country concerned, to the other forms of protection of the appellation which the owner thereof may be entitled to claim under Article 4, above.
- 4) Such declaration may not be opposed by the Offices of the countries of the Union after the expiration of the period of one year provided for in the foregoing paragraph.
- 5) The International Bureau shall, as soon as possible, notify the Office of the country of origin of any declaration made under the terms of paragraph (3) by the Office of another country. The interested party, when informed by his national Office of the declaration made by another country, may resort, in that other country, to all the judicial and administrative remedies open to the nationals of that country.”

This article is not very specific as to the substantive conditions that can justify a refusal of protection in the Member States of the Agreement. In effect, the text only lays down the modalities for the refusal of protection: a period of one year, an obligation to provide grounds and an administrative or judicial possibility of appeal.

²¹ See V. Ruzek, “Comment of the decision of the European Court of First Instance 16.12.2008, Budejovický Budvar, národní podnik c. OHMI, aff. jites T-224/06, T-255/06, T-357/06 et T-309/06” (2009) 376 *Chronique de jurisprudence communautaire agricole, Revue de droit rural* 15.

²² Protocol Relating to the Madrid Agreement concerning the International Registration of Marks, adopted at Madrid on June 27, 1989 and amended on October 3, 2006 and November 12, 2007, art.14.

²³ Geneva Act of The Hague Agreement concerning the International Registration of Industrial Designs, adopted in Geneva on July 2, 1999, art.27.

²⁴ Council Decision 2003/79 approving the accession of the European Community to the Protocol relating to the Madrid Agreement concerning the international registration of marks, adopted at Madrid on June 27, 1989; Council Decision of December 18, 2006 approving the accession of the European Community to the Geneva Act of The Hague Agreement concerning the International Registration of Industrial Designs, adopted in Geneva on July 2, 1999.

Chapter 4 of the Implementation Regulation provides formal details concerning the requirements of a declaration of refusal, but does not contain any additional elements on the substantive conditions that can justify a refusal of protection. Thus, the structure of the Lisbon Agreement leaves considerable latitude to the contracting states in the implementation of the grounds for refusing protection. Depending on their legal system, the contracting states are essentially free to lay down applicable substantive conditions.

Nor is the situation any more precise in the field of the conditions for the cancellation of an appellation of origin in a contracting state. Moreover, this issue is not even raised in the text of the Agreement itself. Only r.16 of the Implementing Regulations lays down general conditions concerning the handling of the modalities for the refusal of registration:

- “1) [Notification of Invalidation to the International Bureau] Where the effects of an international registration are invalidated in a contracting country and the invalidation is no longer subject to appeal, the invalidation shall be notified to the International Bureau by the competent authority of that contracting country. The notification shall indicate or contain:
- i) the number of the international registration concerned, preferably accompanied by other information enabling the identity of the international registration to be confirmed, such as the name of the appellation of origin;
 - ii) the authority that pronounced the invalidation;
 - iii) the date on which the invalidation was pronounced;
 - iv) where the invalidation concerns certain elements only of the appellation of origin, the elements concerned;
 - v) a copy of the decision that invalidated the effects of the international registration.
- 2) [Entry in the International Register and Notification to the Competent Authority of the Country of Origin] The International Bureau shall enter the invalidation in the International Register together with the particulars, referred to in items (i) to (iv) of paragraph (1), which are given in the notification of invalidation, and shall notify a copy of the notification to the competent authority of the country of origin.”

However, the practice of the Lisbon Agreement shows that the grounds for the refusal may be classified in three categories:

- “Absolute” grounds: a name that does not conform to the definition of the appellation of origin laid down by the Agreement, generic nature of the name.
- “Relative” grounds: conflict with prior rights, generally trade marks.
- Other grounds: deceptive character, breach of public order,²⁵ etc.

The question that arises is whether it would be appropriate to introduce within the Agreement or within the negotiation of a Protocol precise substantive rules as to the conditions under which appellations of origin registered under the Agreement can be refused or invalidated.

This requires a nuanced response. Although it might be useful to list such grounds, it is equally important to ensure flexibility in their implementation so as to allow the different national legal systems and practices and cultures to find their place within the Lisbon system.

It is well known that the problem of the grounds for the refusal of protection and invalidation are the subject of important divergences of view. As such, a consensus on the matter may appear illusory, specifically on the question of the definition of the generic character of an appellation and perhaps even more on that of the relationship between indications and prior rights.

²⁵ On this point see Gervais, “The Lisbon Agreement’s Misunderstood Potential” (2009) 1 W.I.P.O.J. 87, 96: “There are no limits on the grounds that may be invoked in support of a declaration under art. 5(3).”

On the latter issue, certain national systems, principally in the New World, place unwavering faith the first-in-time, first-in-right principle. Following this approach, the protection of a name must be denied if it interferes with third parties' prior²⁶ trade mark rights. Other systems, in contrast, principally on the European Continent, have adopted a more differentiated approach which tends to recognise the superiority of geographical indications over trade marks. Thus, within the European Union, the registration of a geographical indication is not refused except if it infringes prior rights to a famous trade mark. In the case of a prior trade mark that does not have a particular reputation a conditional co-existence mechanism has been created. It should be noted that this system of co-existence has been held to be compatible with the multilateral commercial disciplines by a panel of the WTO,²⁷ which demonstrates the flexibility provided by the TRIPS Agreement on this matter.

Within this framework, a balanced approach could consist of laying down a general exhaustive list of the criteria on which invalidation or the refusal of protection could be based, and to encourage the Member States to implement administrative and judicial procedures capable of guaranteeing that account is taken of the different interests at stake (notably the legitimate interests of the holders of prior rights), while still leaving the Member States a certain flexibility in the implementation of the criteria in question, within the spirit of the relevant provisions of the TRIPS Agreement.

Following this logic, it might be appropriate to amend art.5.6 of the Lisbon Agreement:

“If an appellation which has been granted protection in a given country pursuant to notification of its international registration has already been used by third parties in that country from a date prior to such notification, the competent Office of the said country shall have the right to grant to such third parties a period not exceeding two years to terminate such use, on condition that it advise the International Bureau accordingly during the three months following the expiration of the period of one year provided for in paragraph (3), above.”

The spirit of this provision is not devoid of problems, whether politically or legally.

Politically, it seems to establish a primacy of appellations of origin over prior rights of trade mark holders. Indeed, it lays down that when protection is granted to a geographical indication in a given territory despite the existence of prior rights, the latter must quite simply cease to exist within a period of two years (phasing out). This approach is in direct contradiction to the approach of a number of New World countries that are faithful to the first-in-time principle.

Legally, the compatibility of such a provision with the rules of the TRIPS Agreement is at least subject to caution in that it seems to go beyond the scope of limited exceptions that take account of the legitimate interests of trade mark holders as authorised by art.17 of the TRIPS Agreement.²⁸

Therefore art.5.6 of the Lisbon Agreement, with its tendency to deny the possibility of the co-existence of prior trade marks and an appellation of origin protected under the Agreement, should be amended in order not to unduly reduce the flexibility provided by the TRIPS Agreement on the question of the relationship between the protection of geographical indications and that of prior trade marks.

²⁶ The term “prior” must be understood here on the basis of the territoriality principle and related to the time when the application for the international registration is filed, and not on the basis of recognition of the appellation in question in the country of origin.

²⁷ Report of the Special Group of March 15, 2005, “EC — Protection of trademarks and geographical indications for agricultural products and foodstuffs”, WT/DS290/R, paras 7.662–7.686, pp.164–167. Although contrary to art.16.1 of TRIPS, this mechanism was validated by the Special Group on the basis of art.17 of TRIPS, which allows countries the possibility of establishing limited exceptions to the right of the owners of prior trade marks, taking into account the latter's legitimate interests. The Special Group held that other provisions of the rules were capable of guaranteeing respect of the said legitimate interests of the trade mark owners. On this question, see C. Charlier, “La protection européenne des indications géographiques face au principe du traitement national de l'OMC” (2007) 299 *Economie rurale* 70; V. Ruzek, “La stratégie communautaire de protection des indications géographiques en question” (2009) 373 *Revue de droit rural* 6.

²⁸ See INTA, brief issue, “Lisbon Agreement for the Protection of Appellations of Origin, Violation of the TRIPS Agreement”, June 2000, accessible at <http://www.inta.com> [Accessed August 24, 2010]. Although the argumentation raised of the unlawfulness of a system of co-existence of prior trade marks and geographical indications was swept aside by the WTO Special Group (see above), the objection raised of the unlawfulness of the phasing out of prior trade marks as implied by art.5.6 of the Lisbon Agreement appears to be justified in certain respects.

From this perspective, although it might appear appropriate in terms of legal certainty, to list the grounds on the basis of which a refusal of protection or invalidation can be pronounced, it is equally desirable to preserve significant headroom for Members in the implementation of such grounds, in compliance with the conditions imposed by the TRIPS Agreement, to make the Lisbon system attractive both to the adherents of the first-in-time approach and to the adherents of the theory of the relative primacy of the geographical indication.

Summary

Taking account of the above discussion, the preparation of a Protocol to the Lisbon Agreement would constitute an optimal solution.²⁹ Alternatively, it would be possible to consider the implementation of a “soft law” instrument in the form of a common declaration or a guide on use, which may be less difficult to negotiate and would offer guidance on the interpretation to be given to certain concepts.³⁰

Taking as its model the Protocol to the Madrid Agreement, the objective of the Lisbon Protocol would be to preserve the overall structure of the Lisbon Agreement, while introducing amendments on problematic issues that may restrict the attractiveness of the Lisbon system to new members.

The guiding idea is to reinforce the coherence of the international system for the protection of geographical indications and to create a synergy between the multilateral trading system and the Lisbon system, while maintaining the necessary flexibility to preserve the national legal and cultural traditions.³¹

From this point of view, the authors recommend, within the framework of the negotiation of the said Protocol:

1. The abandonment of the requirement of the protection of the appellation of origin “as such” in the country of application.
2. An alignment of the definition of the subject-matter of protection with the definition of the geographical indication as contained in the TRIPS Agreement.
3. An opening of the Lisbon system to regional systems for the protection of geographical indications by means of a clause permitting the accession of intergovernmental organisations.
4. A clarification of the conditions for the refusal of registration and for invalidation by the national administrative and judicial authorities, while leaving considerable flexibility to national legislators and administrative agencies in the implementation of such conditions, in the spirit of the relevant provisions of the TRIPS Agreement.
Following this approach, the Protocol should abandon the solution laid down in art.5.6 of the Lisbon Agreement, which tends to unduly restrict the ability of the Member States to organise the relationships between geographical indications and prior trade marks.
5. In order to increase the attractiveness of the Lisbon system for developing countries and to propose a legal framework that takes full account of the interests of these countries, there should be a reflection on increasing the value of traditional knowledge within the framework of the Lisbon system.

The authors’ proposal reflects a desire to create a balanced and attractive international legal framework adapted to the needs of: (1) Europe, long aware of the importance of the protection of geographical indications in terms of spatial planning and rural development; (2) the industrialised New World, sensitive

²⁹ See Gervais, “The Lisbon Agreement’s Misunderstood Potential” (2009) 1 W.I.P.O.J. 87.

³⁰ Such an instrument was recently proposed to complete the international agreements in the field of copyright (see C. Geiger, “Implementing an International Instrument for Interpreting Copyright Limitations and Exceptions” [2009] I.I.C. 627).

³¹ See also D. Gervais, “The New World and the Lisbon Agreement concerning the Protection of Appellations of Origin, ‘Terroir’ at the World Trade Organization”, Conference within the framework of the CEIPI series of lectures on fundamental questions of intellectual property, Strasbourg, November 17, 2009.

to the increasing enthusiasm of consumers for local products; and (3) the developing world, increasingly interested by the potential of geographical indications to increase the value of agricultural products and to promote traditional knowledge.

The Strategic Exploitation of Geographical Indications and Community Trade Marks for the Marketing of Agricultural Products in the European Union

G.E. Evans*

☞ Agricultural produce; Community trade marks; Developing countries; EU law; Generic terms; Geographical indications

The power of geographical indications (GIs) to differentiate agricultural products is captured by the designation “Café de Colombia” and the iconic figure of the coffee grower Juan Valdez. The success of “Café de Colombia” as a marketing strategy reveals how agricultural smallholders worldwide can capture the value inherent in GIs by adopting an appropriate form of legal protection. Since introducing a simplified procedure for the registration of GIs from outside the European Union (EU), the number of applications from developing countries, notably China, India, Thailand and Colombia, has been steadily increasing.¹

Nonetheless, the system remains relatively under-utilised by the majority of countries.² Filing statistics reveal the discrepancy in the number of registrations filed by country of origin. Within the European Union, this discrepancy is especially pronounced, with 70 per cent of geographical names for agricultural products and foods registered to Italy, France, Spain and Portugal.³ Country specialisations in agricultural products, exemplified by France possessing 27 per cent of registered names for cheese,⁴ are not sufficient to account for differences in the registration of geographical names per country. It is far more likely that a matrix of factors—from the cost of administering inspections and controls, a lack of infrastructure for transportation, and differences in the methods of agricultural production, to the inability of producers to mobilise as a group—is contributing to the disparity.⁵

Consumer demand in the European Union for value-added agricultural products lends producers the opportunity to exploit the intellectual property in geographical names as a vehicle for differentiating and marketing local products. Moreover, recent empirical studies suggest that the protection of GIs can potentially improve the incomes of farmers and benefit rural areas.⁶ Are there grounds therefore for

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¹ China, Longjing Cha (tea) PDO, applied July 16, 2007; India, Darjeeling (tea) PGI, November 12, 2007; Kangra Tea, applied January 25, 2008; Thailand, Thung Kula Rong-Hai Thai Hom Mali Rice, PGI, applied November 20, 2008: <http://ec.europa.eu/agriculture/quality/door/list.html> [Accessed August 23, 2020]. As the number of GIs registered in their home countries increases, the demand for registration is likely to increase even further; e.g. Swiss-Kenyan Project on Geographical Indications, at <https://www.ige.ch/en/institute/institute.html> [Accessed August 23, 2020].

² DG Agriculture, “Background Paper to the Green Paper on Agricultural Product Quality” (2008), p.8, Table 1, PDO/PGI for agricultural products and foodstuffs per country; and p.18, Table 5: PDO/PGI applications for registration by country.

³ DG Agriculture, “Background Paper to the Green Paper on Agricultural Product Quality” (2008), p.7. In contrast, Hungary, Slovenia and Cyprus each have one registered GI, p.8. See also Frank Fay, “EU System for Geographical Indications for Agricultural Products and Foodstuffs”, Worldwide Symposium on Geographical Indications, World Intellectual Property Organization (WIPO), Sofia, June 2009, p.13, pointing out that of the total 837 registered names, four Member States have no registrations.

⁴ DG Agriculture, “Background Paper to the Green Paper on Agricultural Product Quality” (2008), p.7.

⁵ European Commission, “Agricultural Product Quality Policy: Impact Assessment, Part B, Geographical Indications” (2009), pp.17, 21, 51–52 and 121–122.

⁶ See Roland Herrmann and Ramona Teuber, “Geographically Differentiated Products” (Institute of Agricultural Policy and Market Research), Ch.36, pp.35–35 (submitted in 2009 to the editors of the *Oxford Handbook on the Economics of Food Consumption and Policy*: manuscript on file with author; Dwijen Rangnekar, “The Socio Economics of Geographical Indications” (UNCTAD/ICTSD, Intellectual Property Rights, Innovation and

contending that a greater awareness of the complementarities between the Community trade mark (CTM) and GI systems might serve to increase registrations per country of origin? While well-known GIs, such as “Café de Colombia” or “Parmigiano Reggiano” are registered under both the GI and CTM systems,⁷ dual protection is a strategy that is by no means widely adopted by producer groups. Nevertheless, it is submitted that an appreciation of the mutually supporting roles of the GI and CTM can assist agricultural enterprise to achieve the consumer recognition necessary to the creation of reputation based on geographical origin.

However, one of the problems in testing the merit of this hypothesis is that relatively little is known of the comparative advantages of the GI and CTM systems. Therefore, the aim of this article is to compare the registrability of geographical names under the GI and CTM Regulations, in light of their respective capacities to accommodate the landholdings, yields and marketing plans of diverse agricultural undertakings. In realising this aim, a strategic approach to registration is adopted, one that considers not only the legal requirements for obtaining a valid GI or CTM, but also the degree to which differing forms of commercialisation may facilitate the marketing of agricultural products under differing conditions of production and levels of economic development.

Accordingly, the first part examines the conditions for registration for each of the GI and CTM Regulations, taking account of the problems producers may encounter in correlating the legal requirements with the nature of agricultural production. The second part examines the comparative advantages of the GI Regulation when attempting to overcome the difficulties in registering a geographical name that has become generic for the type of product. The third part examines the differing forms of commercialisation associated with the GI and CTM, to the extent that each may allow producers to exercise control over supply, distribution and price. The fourth part explains how applicants may compensate for limitations in the scope of trade mark protection by also applying for registration under the GI regime. In conclusion, it is submitted that whereas the CTM offers producer groups the flexibility to achieve the consumer recognition necessary to the creation of product reputation based on geographical origin, subsequently the greater breadth of protection offered by the GI system will better maintain price premium.

Contrasting characteristics of geographical indications and Community trade marks

European law provides two means of protecting geographical names for agricultural products and foodstuffs, the Community Regulation on the Protection of Geographical Indications and Designations of Origin (GI Regulation),⁸ as well as the Community Trade Mark Regulation (CTMR).⁹ Although the GI Regulation was enacted with the express aim of promoting small agricultural enterprises, both Regulations share a common goal insofar as they were intended to create the legal conditions which would enable commerce to adapt its activities to the scale of the Community.¹⁰ The CTM is a unitary right providing registered trade mark protection throughout the European Union,¹¹ renewable at 10-year intervals, indefinitely, while

Sustainable Development, Issue Paper 8, 2003), pp.34–35, at <http://ictsd.org/i/publications/12218/> [Accessed August 23, 2010]; Vincent Réquillart, “On the Economics of Geographical Indications in the EU”, Toulouse School of Economics, GREMAQ-INRA & IDEI, 2007), pp.17–18, at idei.fr/doc/conf/inra/papers_2007/requillart.pdf [Accessed August 23, 2010].

⁷ “Parmigiano Reggiano” registered as a PDO, Regulation 2081/92 on the Protection of Geographical Indications and Designations of Origin. “Café de Colombia” (PGI): Commission Regulation 1050/2007 [2007] OJ L240/7–8. Both names are also registered as figurative marks pursuant to Council Regulation 207/2009 of on the Community Trade Mark (codified version).

⁸ Council Regulation 510/2006 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs (GI Regulation): replacing former Regulation 2081/92 [1992] OJ L208, at http://europa.eu/legislation_summaries/agriculture/food/166044_en.htm. [Accessed October 19, 2020].

⁹ Regulation 207/2009 on the Community Trade Mark (codified version) (CMTR).

¹⁰ “The Future of Rural Areas”, Commission Communication of July 28, 1988 (COM (88)501 final), Bulletin of the European Communities Supplement 4/88, p.45: noting that the system for the registration of GIs should also take account of Community policy on industrial property in the field of trade mark law.

¹¹ CTMR (40/94) Recital 2.

the mark continues in use. Similarly, the Community-wide rights accorded protected geographical indications (PGIs) and protected designations of origin (PDOs) are of indefinite duration, so long as the conditions of the product specification continue to be met.¹²

To all appearances the functions of PGIs, PDOs and CTMs are similar. Consider the designation “Café de Colombia”. As either PGI or CTM, the name is capable of indicating in short form valuable information about the origin of the product. Whereas a GI describes an agricultural product that originates in a specific place from which its reputation is derived,¹³ a CTM identifies the source of the product as originating from a particular undertaking. Both the GI and the CTM enable consumers to predict the quality of the products they purchase, thereby saving search costs.¹⁴

Nevertheless, the functional similarity of the GI and CTM does not mean that the two forms of protection are identical or result in identical outcomes. Procedurally, the CTM system has an undoubted advantage, given the relative convenience and cost effectiveness of registration. Any natural or legal person can apply for a CTM registration. In the first place, applications can be filed either through the Trade Mark Registry of an EU Member State or directly at the Office for Harmonization in the Internal Market (OHIM).¹⁵ Secondly, since the European Union’s accession to the Madrid Protocol for the International Registration of Marks, based on a valid home registration, applicants can simply designate the CTM system when applying for an international registration.¹⁶

In contrast, as the EU system for the registration of GIs is a sui generis regime, there is an independent filing procedure.¹⁷ Groups of producers from Member States apply directly to their national authorities who subsequently forward applications to the European Commission for further scrutiny.¹⁸ Following the amendment of the GI Regulation in 2006,¹⁹ the procedure for third-country applicants was simplified so that they also benefit from a one-step process, either filing applications online or sending them to the Commission via their national authorities.²⁰ In the case of third-country applicants, the GI must be protected in its country of origin.²¹ In either case, CTM or GI, the chief advantage of the Community registration systems is that protection is obtained throughout the 27 EU Member States with the relative ease and economy of a single application.

Nevertheless, beyond the similarity of their general contours, there are substantive differences that impact upon their respective registrability and scope of protection. When considering a filing strategy, such differences should be considered, as they may have not only legal but also financial consequences. For example, applicants for CTMs consisting of GIs are likely to spend proportionately more on prosecuting

¹² To be eligible for a PDO or PGI, applicants must complete a product specification which contains standards and conditions for quality control and inspection: see Regulation 510/2006 art.4 and art.12 regarding cancellation of registered names in the event the conditions of the specification are no longer ensured.

¹³ TRIPS Agreement art.22. Note: unless otherwise indicated, for economy the acronym GIs will be used to refer collectively to both forms of geographical indication provided in Regulation 510/2006, the PDO and the PGI.

¹⁴ See Regulation 510/2006 Recital 4; CTMR recital 8. See also William Landes and Richard Posner, *The Economic Structure of Intellectual Property Law* (2003), pp.166–168; and William Cornish and David Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, 6th edn (Sweet & Maxwell, 2007), pp.620–623.

¹⁵ CTMR art.5: “Any natural or legal person, including authorities established under public law, may be the proprietor of a Community trade mark.”

¹⁶ The European Community became party to the Madrid Protocol on October 1, 2004, linking this international system with the Community trade mark: <http://www.wipo.int/madrid/en/members> [Accessed August 23, 2010].

¹⁷ The procedure for filing an application for a PGI or a PDO with the European Commission is set out in arts 5, 6, 7, 12 and 15 of Regulation 510/2006.

¹⁸ UK applications are administered by the Department for Environment, Food and Rural Affairs (DEFRA), <http://www.defra.gov.uk> [Accessed August 23, 2010]. Third-country producers can complete an application online using the database DOOR or send it directly to the European Commission via their national authority. See Regulation 510/2005 Recital 11; arts 5 and 6.

¹⁹ Regulation 510/2006.

²⁰ In *EC—Geographical Indications* the US (DS174) and Australia (DS290) successfully challenged the former Regulation 2081/92 on the Protection of Geographical Indications for Agricultural Products as discriminatory of foreign right holders. As a result, amended Regulation 510/2006 facilitates the registration of GIs from third countries.

²¹ See Regulation 510/2006 Recital 13, stating that protection should be open to GIs of third countries that are protected in their country of origin. In *EC—Geographical Indications* (DS174) the WTO Panel concluded that former Regulation 2081/92 was in breach of national treatment under art.3.1 of the TRIPS Agreement, insofar as GIs located in the territory of a WTO member outside the EU could only be registered under the Regulation if that member satisfied the conditions in art.12(1), which required it to adopt a system for GI protection that was equivalent to that in the European Communities and provide reciprocal protection to products from the European Communities: paras 7.140, 7.204 and 8.1.

or defending opposition actions, owing to trade mark law's presumption that geographical names are prima facie descriptive, and therefore available for the use of other traders throughout the single market.²² This part therefore begins by identifying the types of GI available, their respective conditions for registration as well as the problems some agricultural undertakings may experience in fulfilling those conditions. Thereafter, it considers the extent to which applying for a CTM may provide a possible alternative.

The Community Regulation on the Protection of Geographical Indications

Community Regulation 510/2006 on the Protection of Geographical Indications²³ provides two different types of GI. Groups of producers are entitled to apply for registration of either a PDO or a PGI.²⁴ The first question therefore, as to the choice of instrument requires knowledge of the distinguishing features of the PDO and PGI.

Differences between PDO and PGI regarding the linkage between product and place

While the PDO and the PGI each bear a distinctive relationship to the place of production, each differs in the character of that relationship. The requirements for a protected designation of origin (PDO) are more stringent insofar as the product must not only originate in the place, but its quality must be exclusively due to a particular geographical environment with its inherent natural and human factors. To qualify for a PDO, the product must be produced within the specified geographical area, and the product's quality or characteristics must be "essentially due to that area".²⁵ For example, the reputation of "Feta"²⁶ as a PDO is held to be "essentially due" to a particular geographical environment, insofar as there are natural and human factors which give this cheese its characteristics, including the amount of sunshine, the character of the vegetation and the practice of transhumance.²⁷ In addition, the production, processing and preparation of the product must take place within the defined geographical area.

By comparison, the PGI²⁸ is broadly enough defined for most locally based products to take advantage of its protection. The PGI requires the product to be produced, processed, or prepared in the geographical area, and the quality, reputation, or other characteristics to be generally "attributable" rather than "essentially due" to that area. At its most attenuated point the definition of a PGI simply requires a link between the product and the reputation of the place.²⁹ The product need not originate entirely from the defined area and need only have one particular quality, rather than the majority of the food's characteristics, that is attributable to the geographical area.

Therefore the choice between PDO and PGI will turn on the proximity of the product with the place of production. This means taking account of the character of the place of origin, including the landholding, climate, number of producers, method of production and the size of the area of production. For example

²² CTMR art.7 provides that "any Member State or third country may object to the registration proposed, by lodging a duly substantiated statement with the Commission".

²³ Regulation 510/2006 on the Protection of Geographical Indications and Designations of Origin came into force on March 31, 2006.

²⁴ Only groups or associations of producers are entitled to apply for registration of a PGI or PDO under the Regulation: Regulation 510/2006 art.5(1). A natural or legal person may be treated as a group: art.16(c). Producers of names designating trans-border geographical areas (e.g. Basmati) may lodge a joint application.

²⁵ Definition of Regulation 510/2006 art.2(1)(a).

²⁶ Traditional non-geographical names designating a food or agricultural product are also eligible for registration as PDOs or PGIs: e.g. the name "Feta" (for a soft white cheese made from sheep and goat's milk) is such a name within the meaning of Regulation 510/2006 art.2(2).

²⁷ Recitals 35 and 36, Commission Regulation 1829/2002 amending the Annex to Regulation 1107/96 with regard to the name "Feta". See also documentary evidence submitted by the Greek Government on the linkage between the product and the environment of the place of production in *Federal Republic of Germany and the Kingdom of Denmark v Commission of the European Communities* (C-465/02 and C-466/02) [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [51] et seq. (*Feta*).

²⁸ Definition of PGI, Regulation 510/2006 art.2(1)(b).

²⁹ On the proposal to strengthen the linkage between product and place within the definition of a PGI, see European Commission, "Green Paper on Agricultural Product Quality" (2008), pp.13-14; and "Agricultural Product Quality Policy: Impact Assessment", Part B, 2009, p.122.

in the case of “Prosciutto di Parma” (Parma Ham) the entire production can take place within the defined area of Parma. In such cases, provided a direct link between the place and the product can be demonstrated, the PDO will be the better choice.

Sourcing raw materials

When considering the scope of protection, the PDO is capable of providing the stronger rights as it normally includes all elements of production and processing in the specification.³⁰ However, if production necessitates the sourcing of raw materials from outside the defined geographical area, then the PGI is the better choice. In the case of the PGI “Spreewälder Gurken”³¹ the European Court of Justice (ECJ) ruled that a foodstuff may be treated as originating from the geographical area concerned if it is processed or produced in that area, even if the raw materials are sourced from outside the defined area.³² Thus the PGI application for “Cornish Pasty”, a vegetable and meat filled pocket of pastry, concedes that “although there is no requirement for the raw ingredients to be sourced from within Cornwall in practice much of it continues to be supplied by local farmers”.³³ The possibility of sourcing all raw materials from outside the defined geographical area makes the PGI a very flexible form of protection. There would be few producers’ groups having the capacity to collectively mobilise production that would not be able to take advantage of the marketing exclusivity offered by the GI system.

Defining the geographical area of production

Significantly, no specific criteria exist for delimiting the geographic area. Factors extraneous to the linkage of quality production with the land, notably political or linguistic boundaries are considered irrelevant, insofar as the natural and human factors inherent in a given product are likely to transcend administrative borders. In *Feta*, the Grand Chamber of the ECJ stressed that the terms “region” and “place” found in art.2 of the GI Regulation may be interpreted only from a geomorphological and non-administrative viewpoint.³⁴ The court has consistently stated that “an area of origin which is defined on the basis either of the extent of national territory or a linguistic criterion cannot constitute a geographical area capable of justifying an indication of origin”, particularly when the products in question could be produced from raw materials of indeterminate origin.³⁵

When filing for a PDO or PGI, difficulties are more likely to arise over the exclusion of producers from the defined geographical area. Under the Regulation, only those producers who are established in the defined geographical area are collectively entitled to exercise the rights attached to the PDO or PGI. The definition of geographical area has the potential to upset established market shares and can readily give rise to objections by competitors who are excluded from the defined area and, worse, to litigation.³⁶ Unless conflict over the definition of the geographical area is resolved expeditiously, it may lead to loss of trade mark rights, since a successful GI application means that producers outside the defined area will be given

³⁰ A limited exception remains in Regulation 510/2006 art.2(3) for the sourcing of materials from outside the defined area.

³¹ *Carl Kühne GmbH & Co KG v Jütro Konservenfabrik GmbH & Co KG (C-269/99)* [2001] E.C.R. I-9517; [2003] E.T.M.R. 3.

³² *Carl Kühne v Jütro Konservenfabrik* [2001] E.C.R. I-9517; [2003] E.T.M.R. 3 at [61].

³³ Application for PGI for “Cornish Pasty” in Class 2.4, by the Cornish Pasty Association, summary setting out the main elements of the product specification provided by DEFRA), filed November 11, 2008, p.4.

³⁴ *Feta* [2005] E.C.R. I-9115, [2006] E.T.M.R. 16 at [35].

³⁵ In *Feta*, having declined to address the question whether the geographic area inherent in a designation may cover an entire country, the court relied on Greek Ministerial Order 313025 of November 1, 1994 recognising the PDO “Feta” and defining the operative area as mainland Greece and the department of Lesbos; all other islands and archipelagos are excluded because the necessary natural and/or human factors do not apply there: *Feta* [2005] E.C.R. I-9115, [2006] E.T.M.R. 16 at [35] and [53]; see also Commission Regulation 1829/2002 Recital 35. See also Commission of the *European Communities v the Federal Republic of Germany* (12-74) [1975] E.C.R. 181; [1975] 1 C.M.L.R. 340 at [8].

³⁶ See *Northern Foods Plc v Department for the Environment, Food and Rural Affairs* [2005] EWHC 2971 (Admin); [2006] E.T.M.R. 31.

five years to phase out their use of the geographical name in relation to the product in question. Producers outside the defined area will be obliged either to rebrand their product, or move their production within the protected territory.

To avoid objection, it is therefore advisable to consider the location of producers, in order to forestall claims that the area in question has been determined in an artificial manner.³⁷ For example, when the initial specification for the PGI “Melton Mowbray” excluded Northern Foods Plc, a large producer, from the defined geographic area, the company sought to oppose the application. While the proposed area encompassed a 1,800 square mile region of the English Midlands, including Leicestershire, where the market leader, Samworth Brothers, produced 62 per cent of the product, it excluded those towns in Shropshire and Wiltshire, where Northern Foods held 28 per cent of the market. In *Northern Foods Plc v Department for Environment, Food and Rural Affairs*, the opponent unsuccessfully challenged the decision of the Department of the Environment, Food and Rural Affairs (DEFRA) to forward to the European Commission the application by the Melton Mowbray Pork Pie Association.³⁸

The issue of whether the definition of the geographical area satisfies the required elements of art.2 of the GI Regulation should be referred to the various criteria linking the product with a specific place. The question is whether the geographical area as defined constitutes an environment which possesses the specific natural and human factors capable of giving the product its particular characteristics.³⁹ For example, in the case of Feta, the geographical area is defined by reference to the mountainous nature of the terrain, the mild winters and the typical vegetation of the Balkan mountain range. Correspondingly, the reputation of Feta is specified as “essentially due” to the defined area of Greece, insofar as:

“the development of small native breeds of sheep and goats ... fitted for survival in an environment that ... in terms of quality, is endowed with an extremely diversified flora, thus giving the finished product its own specific aroma and flavour.”⁴⁰

In short, the aim is to identify those homogenous natural features that distinguish the defined geographical area from adjoining excluded areas.⁴¹

Alternatively, if a producer group needs to move periodically to practise agriculture on new land, then the PDO or PGI is clearly not the most suitable form of protection. For example, the case of the PGI “Newcastle Brown Ale” shows that if a particular landholding disappears for commercial or environmental reasons, then so will the form of protection. In 2004, Scottish and Newcastle Brewery closed the Tyne Brewery and moved the production of Newcastle brown ale from Newcastle to the Federation Brewery in neighbouring Gateshead. As a result, the product was no longer in compliance with the PGI specification with the result that the classic beer from the north of England was no longer entitled to protection under the GI system.⁴² Thus, if producers need to move their agricultural practice, or if production disappears from a particular location owing to increasing urbanisation, then strategists would be better advised to consider the CTM system.

³⁷ For example, in *Feta*, Germany and Denmark argued that the delimitation of the geographical area was artificial insofar as there was no correlation between the geographical area of production and the area of preparation: [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [42].

³⁸ In 2005, the High Court dismissed Northern Foods’ complaint concerning the description of the geographic area, thereby allowing the application to proceed to the Commission for further examination: *Northern Foods* [2005] EWHC 2971(Admin); [2006] E.T.M.R. 31.

³⁹ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [48]–[51].

⁴⁰ Commission Regulation 1829/2002 Recital 36.

⁴¹ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [58].

⁴² Under arts 12(2) and 17(2) of Regulation 510/2006, the UK application of the UK to register *Newcastle Brown Ale* was cancelled: Commission Regulation 952/2007.

Creating a reputation based on place under the CTM Regulation

Groups of producers who may be lacking or unable to make the necessary linkage of the product's reputation with the place of production should consider the CTM system. Claims made in favour of the capacity of the GI system to provide the most effective means of marketing agricultural products often overlook the fact that reputation based on place largely follows a pre-existing link with geographical origin. In comparison with PGIs and PDOs, which rely on the past experience of consumers, the advantage of the trade mark lies in its ability to shape the perceptions of the consuming public.⁴³ Indeed, the ECJ has stressed the importance of the function of the modern mark as a means of communication, providing consumers with various kinds of information about a product.⁴⁴

In order to successfully enter the EU market, producers first need to create a distinguishing sign, together with the reputation that accompanies it. In particular, in the case of GIs from developing countries, the trade mark may offer a better way for producers to launch a marketing strategy based on geographical origin. Thus the figurative mark "Café de Colombia", incorporating the image of the archetypal coffee grower Juan Valdez, provides a means of communicating to consumers the quality and traditional features of the product.

Difficulties in linking reputation and place

In cases where difficulties arise over the linkage of reputation and place, the CTM provides an alternative filing strategy. When seeking to register a PGI or PDO, the applicant needs to make a case for the linkage of the product with the place. At its broadest the PGI at least requires a description of how the quality or reputation is attributable to the defined geographical area. Thus the application for a PGI for "Cornish Sardines" asserts that the "characteristics of the Cornish Sardine are linked to the geographical area on the basis of the tradition of catching and processing".⁴⁵

In contrast, in the case of the CTM, there is no need to define the linkage or the designated area. The CTM is independent of any link between the product and its geographical origin. Producers may be situated anywhere in the state or region. It is not necessary for the goods to be produced in the geographical location in order for them to be associated with it.⁴⁶ Consider, for example, the case of Ethiopia's desire to protect "Sidamo", as a regionally based type of Arabica coffee. In Ethiopia, Sidamo is grown by independent farmers on small, widely dispersed plots of land. If the Government of Ethiopia applied to register Sidamo as a PGI it would be required to demonstrate a causal connection between the reputation of the coffee and a defined geographical area. The choice was therefore made to register "Sidamo" as an individual CTM. Consequently, since there is no need for Sidamo to be grown within a defined geographical area of Southern Ethiopia, limitations on production and yield are minimised.⁴⁷

⁴³ The European Economic and Social Council (EESC) argue that greater support should be given to initiatives to promote Community marks to make GI products more recognisable to consumers, and achieve increased market demand: Opinion of the EESC on Geographical Indications and Designations [2008] OJ C204/57, para.1.1.6.

⁴⁴ *L'Oréal SA Lancôme parfums et beauté & Cie Laboratoire Garnier & Cie v Bellure NV Malaika Investments Ltd Starion International Ltd* (C-487/07) [2009] E.C.R. I-5185; [2009] E.T.M.R. 55, Opinion of A.G. Mengozzi at [54]: "the trade mark acts as a vehicle for providing consumers with various kinds of information on the goods identified by them."

⁴⁵ The Cornish Sardine Management Association of Cornwall (a county on the south-western peninsula of England) successfully applied for PGI protection: see Regulation 1182/2009 [2009] OJ L317/32. See summary of product specification, p.4, para.4, concerning linkage: <http://www.defra.gov.uk/foodfarm/food/industry/regional/foodname/products/index.htm#16> [Accessed August 23, 2010].

⁴⁶ *Windsurfing Chiemsee Produktions und Vertriebs GmbH v Boots und Segelzubehor Walter Huber & Frank Attenberger* (C-108/97) [1999] E.C.R. I-2779; [1999] E.T.M.R. 585 at [37] (Windsurfing).

⁴⁷ Concerning the comparative requirements of the GI and trade mark in the case of Ethiopian specialty coffees, see Getachew Mengistie, "Intellectual Property as a Tool for Development: The Ethiopian Fine Coffee Designations and Trade Marking and Licensing Experience" [2010] Int.T.L.R. 1, 8–10.

Proof of acquired distinctiveness

A trade mark is defined as a sign that is “capable of distinguishing the goods or services of one undertaking from those of other undertakings”.⁴⁸ In order to identify the undertaking, a trade mark must possess a secondary meaning that renders it distinctive of the business. The classic problem in seeking to register a geographical name as a trade mark is the law considers geographical names as *prima facie* descriptive and therefore available for the use of other traders in respect of the product concerned. To this end, art.7(1)(c) of the CTM Regulation prohibits the registration of trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the geographical origin of the goods.⁴⁹ As interpreted by the ECJ the registration of geographical names as trade marks is prohibited not only where the names designate places which are, in the mind of the relevant class of persons, currently associated with the product in question; but also in respect of geographical names which are liable to be used in future by the undertakings concerned as an indication of the geographical origin of that category of goods.⁵⁰

Nevertheless, a name that is primarily geographically descriptive of goods or services may be registered if it is shown to have acquired distinctiveness. CTM law allows that through use in the course of trade, geographical marks may acquire the distinctiveness necessary for registration.⁵¹ Individual marks that are geographically descriptive of the kind or quality of the goods or services may be registrable with proof that they have acquired distinctiveness or secondary meaning through use, such that consumers are able to identify the source of the product.⁵² Factors relevant to the assessment of acquired distinctiveness were set out in *Windsurfing Chiemsee Produktions v Boots*.⁵³ In that case the ECJ found that the name of the well-known Bavarian lake Chiemsee could be registered for sportswear, if its geographical designation had acquired distinctiveness so it was no longer descriptive but identified the trade origin of the goods. The criteria identified by the court for assessing acquired distinctiveness, include⁵⁴:

- the market share held by the mark;
- how intensive, geographically widespread and long-standing use of the mark has been;
- the amount invested by the undertaking in promoting the mark; and
- the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking.

If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement concerning the acquisition of distinctiveness is satisfied.⁵⁵

⁴⁸ CTMR art.4 concerning signs of which a Community trade mark may consist.

⁴⁹ CTMR art.4(1)(c); see also CTMR art.4(1)(d) concerning trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade.

⁵⁰ *Windsurfing* [1999] E.C.R. I-2779; [1999] E.T.M.R. 585 at [37].

⁵¹ CTMR art.7(3) states “Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it.”

⁵² CTMR art. 7(1)(c): “trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service”; see also First Council Directive 89/104 to Approximate the Laws of the Member States Relating to Trade Marks art.3(1)(c); UK Trade Marks Act s.3(1)(c).

⁵³ *Windsurfing* [1999] E.C.R. I-2779; [1999] E.T.M.R. 585 at [54].

⁵⁴ *Windsurfing* [1999] E.C.R. I-2779; [1999] E.T.M.R. 585 at [51]–[54]. In determining whether a mark has acquired distinctive character, the competent authority may also take account of statements from trade and professional associations.

⁵⁵ Trade Marks Directive art.3(3); CTMR art.7(3).

The Community collective mark

As an alternative, the Community collective mark may be used to overcome the problem of geographical descriptiveness, the collective mark being subject to a statutory derogation from the prohibition on the registration of signs that serve to designate geographical origin.⁵⁶ Article 66 of the CTM Regulation defines a collective mark as one that is “capable of distinguishing the goods of the members of the association which is the proprietor of the mark from those of other undertakings”.⁵⁷ In addition, the Community collective mark is demarcated not by defined area of land but by membership of the association which owns the mark.⁵⁸

Scope of product coverage

PDOS, PGIs and CTMs are each subject to the principle of “specialty”, insofar as they are protected in relation to certain kinds of products. Under the GI Regulation, coverage of agricultural products is reasonably broad, but applications in respect of foods are somewhat restricted.⁵⁹ Although basic foods can be registered including meat, fish and dairy products, the range is limited.⁶⁰ For example, as the GI Regulation does not currently include condiments and sauces, the famed fish sauce from Phu Quoc, one of few GIs registered in Vietnam, cannot be registered as such, under the European Regulation.⁶¹

The CTM offers a viable alternative. The product classifications of the Nice Agreement for the Registration of Marks include a comprehensive range of agricultural products and foods, from commodities to condiments.⁶² Protection is open to products of any category, that is, all agricultural products and foodstuffs. The breadth of product coverage offered by the CTM and Nice classification system will be of particular advantage to those producers in developing countries who find that their product is not eligible for protection under the GI Regulation. Therefore “Phu Quoc Fish Sauce” might be registered as a collective CTM since Class 30 of the Nice Agreement includes sauces and condiments.

⁵⁶ CTMR art.7(1)(c); art.66(2) states that “signs or indications which may serve, in trade, to designate the geographical origin of the goods or services may constitute Community collective marks”. However, “A collective mark shall not entitle the proprietor to prohibit a third party from using in the course of trade such signs or indications, provided he uses them in accordance with honest practices ...”: art.64(2).

⁵⁷ CTMR art.66(1): “Associations of ... producers ... which, under the terms of the law governing them, have the capacity in their own name ... to make contracts or accomplish other legal acts ... may apply for Community collective marks.”

⁵⁸ For example, a figurative mark captioned by the name “Darjeeling” was filed on November 10, 2009 as a collective CTM for tea, by the Tea Board of Calcutta, India: <http://oami.europa.eu> [Accessed August 23, 2010]. Nevertheless, if and when desired, such a link may become part of the regulations governing the use of the mark: CTMR arts 66(1) and 67(2).

⁵⁹ Products which can be registered under the GI system include: essential oils, cheese, flowers and ornamental plants, wool, wicker and scutched flax. Note that handicrafts and textiles are omitted. Listings are found under art.38 of the Treaty on the Functioning of the European Union (ex art.32 TEC), Annex I: OJEU, vol. 51, May 9, 2008: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:C:2008:115:SOM:en:HTML> [Accessed November 5, 2010]; and Regulation 510/2006 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs, Annex I and II as amended: <http://eur-lex.europa.eu> [Accessed November 5, 2010]; see, for reference, consolidated version: http://europa.eu/legislation_summaries/agriculture/food/166044_en.htm [Accessed November 5, 2010]; and Regulation 1898/2006 of 14 December 2006, Annex II, as amended, laying down detailed rules of implementation of Council Regulation No.510/2006 ([2006] OJ L369/1): <http://eur-lex.europa.eu> [Accessed November 5, 2010].

⁶⁰ For the purposes of Regulation 510/2006, foodstuffs include fresh meat; cooked and smoked meat products; cheeses; eggs; honey; butter; oil; fruit; vegetables; fish; bread; confectionery; pasta; and beer: Regulation 1898/2006 of 14 December 2006, Annex II, as amended, laying down detailed rules of implementation of Council Regulation No 510/2006 ([2006] OJ L369/1): <http://eur-lex.europa.eu> [Accessed November 5, 2010].

⁶¹ Instead an application was submitted on August 26, 2009 for the name “Phu Quoc” as a PDO in “Class 1.7. Fresh fish, molluscs, and crustaceans and products derived therefrom”: <http://ec.europa.eu/agriculture/quality/door/list.html> [Accessed November 5, 2010]. Note that in the event a designation such as “Phu Quoc” is regarded as descriptive, it may only be used by such enterprises that, in fact, offer products from the region concerned; and for this, no registration under the Regulation is required: art.24(6) of the TRIPS Agreement provides an exception to the obligation to protect GIs for those indications that have become a “customary name” for the goods in question in the country of protection. Further, see Dwijen Rangnekar, “The International Protection of Geographical Indications: The Asian Experience”, UNCTAD/ICTSD Regional Dialogue (PRC: University of Hong Kong, 2004), pp.19–20, at http://www.iprsonline.org/unctadictsd/dialogue/docs/Rangnekar_2004-11-08.pdf [Accessed August 23, 2010].

⁶² The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks had 83 Members as of October 15, 2009: at <http://www.wipo.int/treaties/en/classification/nice> [Accessed August 23, 2010].

However, as trade mark law generally regards geographical names as *prima facie* descriptive, the name “Phu Quoc” is open to use by other traders in the product.⁶³ In recognition of the fact that agricultural enterprise from both European and third countries may be prevented from obtaining the most effective form of registration, the Green Paper on Agricultural Product Quality identified the scope of products covered by the GI Regulation as an issue meriting comment through public consultation.⁶⁴ Should the European Union adopt a more inclusive coverage of products under the GI Regulation, as recommended by the Economic and Social Committee,⁶⁵ it would extend support for GIs from developing countries, creating the capacity not only to develop export markets, but also to promote the authenticity of the product’s ingredients, and to reduce misleading claims as to product origin.

Generic names

Genericness is a common problem faced by applicants for the registration of geographical designations. A geographical name can, over time and through use, become generic in the sense that consumers come to regard it chiefly as an indication of a certain type of product.⁶⁶ In the case of the CTM Regulation, marks which consist exclusively of signs or indications which have become customary in the current language, or in the established practices of the trade will be refused registration.⁶⁷ Such a contingency will make registration of a geographical name a more difficult and expensive proposition for producers, because of the need to provide evidence that consumers recognise the mark as identifying the commercial origin of the product.⁶⁸

Similarly, the GI Regulation prohibits the registration of names that have become generic. Article 3(1)⁶⁹ defines a “name that has become generic” as:

“the name of an agricultural product or a foodstuff which, although it relates to the place or the region where this product or foodstuff was originally produced or marketed, has become the common name of an agricultural product or a foodstuff.”

Notwithstanding the similarity of the law, a producer group established within the European Union, whose application is likely to meet objection based on genericness, is likely to find fewer legal obstacles and less expense in pursuing a claim under the GI Regulation. Thus, it will be seen that although Feta was considered

⁶³ The CTM register shows only a device mark, which includes the name “Phu Quoc”, registered to Viet Huong Fish Sauce Company Inc of San Francisco, USA: CTM-Online at <http://oami.europa.eu> [Accessed August 23, 2010]. In Vietnam it has been estimated that 90% of the fish sauce that is labelled “Phu Quoc” is in fact not from Phu Quoc: <http://www.annamlaw.com/news-detail.asp?news=7> [Accessed August 23, 2010].

⁶⁴ Further to the Green Paper on Agricultural Product Quality Policy, the European Commission is consulting the public on the scope of products covered by the Regulation with particular reference to salt, mixed herbs and condiments: see http://ec.europa.eu/agriculture/quality/policy/index_en.htm [Accessed August 23, 2010]. Further, the EESC on GIs has launched a policy consultation process (Opinion 2008/C 204/14) at para.1.2.3. EC Green Paper, question 5.

⁶⁵ The EESC recommends that the product listings accompanying Regulation 510/2006 should include non-agricultural products, with a view to promoting the rural culture of an area. Further, Insight Consulting conducted a study with the aim of ascertaining the feasibility of protecting handicrafts: Opinion of the EESC on GIs [2008] OJ C204/57 at para.1.2.3.

⁶⁶ Generic names are names which have undergone a process of vulgarisation: *Germany and Denmark v Commission* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16, Opinion of A.G. Ruiz-Jarabo Colomer at [75] to [100]. Citing “Camembert” and “Brie” as examples, the ECJ (Grand Chamber) acknowledged that GIs can become generic in *Commission of the European Communities v Germany* (C-132/05) [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [36] (*Parmesan*).

⁶⁷ CTMR art.7(1)(d). A geographical name that has become generic cannot satisfy the definition of a trade mark insofar as it is incapable of distinguishing the goods of its proprietor: *Merz & Krell GmbH & Co* (C-517/99) [2001] E.C.R. I-6959; [2002] E.T.M.R. 21 at [34].

⁶⁸ The addition of a figurative component to accompany the name is commonly used to overcome objections based on geographical descriptiveness, but this too may be opposed by prior holders of similar marks for identical or similar products: CTMR art.8(1)(b).

⁶⁹ Likewise see Regulation 510/2006 art.13(1) to the effect that where a registered name contains within it the name of a food or agricultural product which is considered generic, its use shall not be considered an infringement.

the generic name for a type of soft, white cheese, it was ultimately registered as a PDO.⁷⁰ This part explains why this is the case by analysing the way in which the ECJ approaches the assessment of generic names under the GI Regulation.

Genericness under the GI Regulation

In principle, the GI Regulation states that if the evidence indicates that the name in question has a principal significance as a generic term denoting a type of product, registration will be refused.⁷¹ Nevertheless, the ECJ has ruled that terms such as “Feta”, “Parmesan” and “Bayerisches Bier”, long considered to have become generic, are protected under the GI Regulation.⁷² In the case of Feta, despite the European Commission having granted the name PDO status in 2002, the decision was contested. Denmark, France, Germany and the United Kingdom applied for annulment of the registration of “Feta” as a PDO, arguing that the name had become generic. However, in 2005, the ECJ dismissed their action, finding their claim that the name “Feta” was generic within the meaning of art.3 of the GI Regulation unfounded.⁷³

Similarly, in the case of *Parmesan*,⁷⁴ Germany unsuccessfully argued that although the term “Parmesan” had historical roots in the region of Parma, it had become a generic name for hard cheeses of diverse origins, grated or intended to be grated, as distinct from the PDO “Parmigiano Reggiano”.⁷⁵ The Grand Chamber of the ECJ took a broad view of the protection accorded such compound designations, rejecting the contention that they are infringed only when used in the exact form in which they are registered.⁷⁶ Again, in the case of the PGI “Bayerisches Bier”,⁷⁷ the defendant, a Dutch beer producer, failed to convince the court that the term “Bayerisches” or translations of it had become generic for beer produced in accordance with “the Bavarian method” of production which originated during the 19th century in Bavaria, from where it spread throughout Europe.

Test for genericness

The remainder of this part considers the criteria adopted by the court in finding that these names retained a direct link between the reputation of the product and its geographical origin. In establishing whether or not a name has become generic, art.3(1) of the Regulation directs the court to take account of all factors, in particular:

- (a) the existing situation in the Member States and in areas of consumption;
- (b) the relevant national or Community laws.

The ECJ has elaborated these factors at length, finding that, when determining the status of a name, it is necessary to consider the following criteria:

- supply, that is, the places of production of the product concerned both inside and outside the Member State;
- persistence of geographic connotation;

⁷⁰ While the approach of the ECJ to the registrability of generic names is of direct relevance to producers established within the EU, given that international law contains no reciprocal obligation, to protect foreign GIs that are generic in their country of origin, the issue also has implications for third country producers: TRIPS arts 24.6 and 24.9. Further see G.E. Evans, “The Multilateral Register for Geographical Indications and The Doha Mandate” in *Anuario Andino De Derechos Intelectuales (Andean Yearbook of Intellectual Property Rights)* (2008), pp.397–419.

⁷¹ Regulation 510/2006 art.3(1).

⁷² Regulation 510/2006 allows the ECJ final decision as to whether a GI has become generic of the product among consumers in Europe. Cf. Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods 1891, as amended 1967, U.N.T.S. 389, granting national courts the discretion to determine whether a name has become generic, except in the case of wine.

⁷³ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [107]–[110].

⁷⁴ *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32.

⁷⁵ Regulation 510/2006 art.13(1)(d) (and former Regulation 2081/92).

⁷⁶ *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [31].

⁷⁷ *Bavaria NV and Bavaria Italia Srl v Bayerischer Brauerbund* (C-343/07) [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 (Bavaria).

- demand, that is, the consumption of that product inside and outside that Member State;
- how it is perceived by consumers inside and outside the Member State concerned; and
- the existence of national legislation specifically relating to that product, and the way in which the name has been used in Community law.⁷⁸

Place of production

Consistent with the definitional requirements for PDOs and PGIs, the first inquiry the court makes is to ascertain the degree of historic connection, if any, between a specific place and the origin of the product in question. In *Bayerische Bier* the ECJ found that the name is generic only if the direct link between the geographical origin of the product and its reputation or a specific quality of that product has disappeared, so that the name does no more than describe a style or type of product.⁷⁹ To this end, it is important to provide evidence that the product in question is still made using traditional methods. In *Feta* for example, Denmark claimed that even in Greece, until the late 1980s, “Feta” type cheese was not only produced in Greece to methods other than the traditional Greek methods, but that such cheese was also imported under the name “Feta”.⁸⁰ On the other hand, a product which fails to comply with the specification or with traditional methods, provided it is made exclusively for export, is not considered relevant to the determination.⁸¹

Product status under national law

Evidence that, prior to the application date, traditional methods were not continuously maintained or that some product was imported will not be necessarily fatal where the national government has acted to preserve the traditional methods of production. For example, the exclusivity attaching to the name “Feta” was saved from loss by the Greek Government’s enactment of legislation in 1988 to protect the name and to establish a specific geographical area of production, based on locally sourced raw materials and traditional practices.⁸² In addition, evidence of collective marks and bilateral agreements to reserve the name in question will be persuasive in demonstrating that the name is not generic.⁸³

Character of the market

The court will consider the character of the market and market share for the product in question. In *Feta* the size of the domestic market was persuasive. The court noted that the consumption of “Feta” was concentrated in Greece, having been persuaded by the fact that more than 85 per cent of Community consumption of Feta, per capita, took place in Greece per year.⁸⁴

⁷⁸ *Parmesan* [2008] E.C.R. I-957, [2008] E.T.M.R. 32 at [53] and [101]; see also *Feta* [2005] E.C.R. I-9115, [2006] E.T.M.R. 16 at [76]–[99].

⁷⁹ *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [107].

⁸⁰ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [77]. The production of *Feta* commenced in 1972 in Germany, and in the 1930s in France and Denmark: *Feta* at [81].

⁸¹ In *Parmesan* it was considered irrelevant that cheese which failed to comply with the specification for the PDO “Parmigiano Reggiano” was produced in Italy, because the product in question was intended exclusively for export to countries where the term “Parmesan” was not protected: *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [38].

⁸² Ministerial Order 2109/88, 1988, based the definition of the geographical area on traditional practices; and Ministerial Order 313025, 1994, codified the rules applicable to “Feta” cheese: see *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [76] and [78]. Similarly see *Consorzio per la Tutela del Formaggio Grana Padano v OHIM, Biraghi SpA* (T-291/03) [2007] E.C.R. II-3081; [2008] E.T.M.R. 3 (Grana Padano): the term “Grana” was held not to be generic, based on Italian legislation protecting the name “Grana padano” dating back to 1938: *Grana Padano* at [73]–[78]. See also *Grandi Salumifici Italiani SpA v Regione Emilia-Romagna* (C-446/07) [2009] E.T.M.R. 64 (Grandi Salumifici), Opinion of A.G. Sharpston, concluding that there could be no finding that a name can be found to be generic while it is subject to an application for PGI or PDO registration: at [36]; followed by the ECJ at [49].

⁸³ Since 1972, the use of the name “Feta” in Austria has been protected by bilateral agreement with Greece: *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [93]–[4]. Similarly, from 1960 to 1970 the collective marks *Bayrisch Bier* and *Bayerisches Bier* as well as five bilateral agreements relating to the protection of the name “Bayerisches Bier” as a geographical name, were held to show that the name was not generic: *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [109].

⁸⁴ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [85].

Production and consumption

The court will consider evidence as to the pattern and duration of production and consumption throughout the European Union. The chief inquiry involves ascertaining whether the substantial proportion of production takes place within a defined area of the Member State in question. In *Feta*, it was found that while Denmark and Germany had produced substantial quantities for some considerable time, Greece still had the largest production, indicating that the production of Feta had remained concentrated in Greece.⁸⁵

Consumer perception

The court noted that the majority of consumers in Greece considered that the name “Feta” carried a geographical and not a generic connotation. The court also considered evidence of how the name was perceived by consumers elsewhere in the European Union.⁸⁶ Significantly, the court noted that in other Member States, “Feta” was commonly marketed with labels referring to Greek cultural traditions and civilisation. The fact that the majority of consumers in Denmark believed that the name was generic was not considered conclusive to the final determination.

Evaluation

In determining whether the name had lost its geographical connotation, the court placed particular emphasis on the character of production and marketing to conclude that the name was not generic.⁸⁷ In *Feta*, the court found a persistence of geographical connotation based on the fact that the majority of cheeses bearing the name “Feta” produced in Member States other than Greece make explicit or implicit reference to Greek territory, culture or tradition. By inference therefore the court determined that consumers in those Member States perceived “Feta” as a cheese associated with Greece, even if in reality it had been produced in another Member State.⁸⁸ Similarly, the court in *Parmesan* rationalised that, were “Parmesan” a neutral term without geographical connotation, there would be no plausible explanation for the persistent efforts of manufacturers elsewhere to establish through words or images a link between their products and Italy.⁸⁹

Restrictive interpretation of genericness

The court’s restrictive interpretation of genericness means that producers established within the European Union stand a good chance of recovering exclusive rights to a name. To all intents, the law only requires that an unspecified proportion of producers use the name in an evocative sense for the reputation of the product to be found still linked to a geographical place. Thus, having rejected claims that “Feta” is generic, the ECJ ruling gave exclusive rights in the name to producers in mainland Greece and the department of Lesbos to market the product throughout the European Union.⁹⁰

Nevertheless, applicants with generic or semi-generic names should prepare a defensive strategy, by enlisting the support of their national governments, and by promotional campaigns that aim to influence consumer perceptions of the product as one linked to geographical place. In the case of *Feta*, Greek

⁸⁵ From 1985–1998, Greece produced 115,000 tonnes of Feta annually, whereas 27,640 tonnes were produced in Denmark; production in France varied between 7,960 tonnes and 19,964 tonnes; and that in Germany varied between 19,757 and 39,201 tonnes: *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [80]–[87].

⁸⁶ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [89]; see also *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [54]. Note that evidence as to consumer perceptions from all EU Member States was considered unnecessary: *Feta* at [86].

⁸⁷ *Feta* at [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [85] and [88]; *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [56].

⁸⁸ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [87].

⁸⁹ *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [37].

⁹⁰ *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [53], [54] and [109]. Compare the finding of the German Federal Patent Court, which found that the Bavarian sausage speciality “Münchener Weißwurst” did not qualify as a PGI: *Betreffend die Marke 303 99 904*, Bundespatentgericht, 30 W (pat) 22/06, 2009. Further see Dev Gangjee, “A Sharper Image of Generic Use through the Lens of Feta” [2007] E.I.P.R. 172.

producers had the long-standing support of their national government and the European Commission, in defending their application against claims made by Denmark and Germany that the name had become generic. Additionally, considering the significance of the home market to a positive evaluation of linkage between production and place, applicants should obtain statistical evidence demonstrating that the largest quantity of the product is produced in their country under the name in question. Finally, to counter claims of genericness, applicants might commission consumer surveys to provide evidence of consumer confusion.⁹¹ In *Feta*, it is clear from the reasoning of the court that even the slightest risk of consumer confusion will be considered persuasive. There, the court found that the association with the name “Feta” by producers outside Greece was sought intentionally, as part of a sales strategy to capitalise on the reputation of the original product, and this created a risk of consumer confusion.⁹²

Although the GI and CTM Regulations prohibit the registration of geographical names that have become generic, the foregoing analysis indicates that there are fewer obstacles to recovering exclusive use of a name under the GI system. Recent case law of the ECJ in *Feta*, *Parmesan* and *Bayerisches Bier* highlight the way in which the court has succeeded in giving a restrictive interpretation to the exclusion of generic names in art.3 of the Regulation, to the effect that, if the name retains the ability to evoke the place of production, it will likely be allowed to proceed to registration. Admittedly, those producers in the defined areas may benefit from the increased marketing exclusivity which results from such an attenuated connection with the place where the product was originally produced. Nonetheless, the immediate economic impact on the interests of competitors, who must go to the expense of rebranding and relabelling, is comparatively discounted.⁹³ In contrast, the CTM Regulation takes into account the interests of competitors and consumers in stipulating that descriptive signs or indications relating to the categories of goods in respect of which registration is applied for, may be freely used by all, including as collective marks or as part of graphic marks.⁹⁴

Distribution and marketing

An assessment of the vehicle’s potential for commercialisation is an essential part of devising a filing strategy for the geographical name. Thus the advantages of registering a geographical name need to be assessed in accordance with the capacity of producers to utilise the GI or CTM as a vehicle for marketing the product. In the case of the GI system, the product specification governs production standards as well as the scope of exclusivity accorded the marketing and distribution of the product. In the case of the CTM, the licensing agreement will govern the mode of exploitation.⁹⁵ Therefore, the aim of the third part is to evaluate the forms of commercialisation associated with the GI and CTM, by correlating their respective legal requirements with differing conditions of agricultural production and levels of economic development. It will be shown, for example, how the formulation of a filing strategy for the registration of “Sidamo coffee” from Ethiopia or “Molo lamb” from Kenya, might differ as to the choice of a CTM or GI, from that of known designations, such as “Café de Colombia” or “Prosciutto di Parma”.

⁹¹ In *Budějovický Budvar; národní podnik v Rudolf Ammersin GmbH (C-478/07)* [2009] E.T.M.R. 65.ECJ (Grand Chamber), the court stressed the importance of consumer surveys as evidence to counter-claims of genericness: at [94].

⁹² *Feta* [2005] E.C.R. I-9115; [2006] E.T.M.R. 16 at [21] and [89].

⁹³ The “Green Paper on Agricultural Product Quality”, 2008, calls for public consultation concerning the criteria that should be used to determine whether a name is generic: p.13.

⁹⁴ CTMR art.7(1)(c). On the rationales underpinning trade mark law, see Landes and Posner, *The Economic Structure of Intellectual Property Law*, 2003, pp.172–175. On the policy orientation of Regulations 2081/92 and 510/2006 see Dominique Barjolle and Bertil Sylvander, “PDO and PGI Products: Market, Supply Chains and Institutions, Protected Designations of Origin and Protected Geographical Indications in Europe: Regulation or Policy?”, Final Report (SRVA, Lausanne, Suisse; INRA — UREQUA, Le Mans, France, 2000), at <http://www.origin-food.org/pdf/pdo-pgi.pdf> [Accessed August 24, 2010].

⁹⁵ An exclusive licence is one under which the proprietor of a trade mark grants to the licensee permission to use the mark to the exclusion of others including the proprietor: see s.28 UK Trade Marks Act 1994; see also *Scandecor Developments AB v Scandecor Marketing AV* [2001] UKHL 21; [2001] 2 C.M.L.R. 30 at [14] and [15].

Product specifications governing use of GIs

The GI system offers applicants for a PGI or PDO the opportunity to exercise control over marketing and distribution by utilising the product specification, which contains the standards and conditions for quality control and inspection. Apart from a description of the protected product, the specification explains the nature of the link between the product and the geographical origin; the sourcing of raw materials, the traditional methods of obtaining the product; and the standards applicable to production and processing.⁹⁶

The specification defines the product in respect of which producers have the exclusive right to use the PDO for those outside the designated area. The publication of the specification in the *Official Journal of the European Union*⁹⁷ serves as notice to third parties of the scope of the proprietor's exclusive rights. The case of *Consorzio del Prosciutto di Parma v Asda Stores Ltd & Hygrade Foods Ltd*⁹⁸ illustrates the breadth with which the specification may be drawn and the way in which the standards it contains may be enforced against third parties in order to maintain a premium price.⁹⁹ The ECJ affirmed that under the GI Regulation the *Consorzio di Parma* as proprietor of the PDO, had the right to restrain the retail sale of Parma ham which had not been sliced, packaged, and labelled in the region of production, provided that it was consistent with the specification.

Given the connection between the owner's rights, as provided in art.13 of the GI Regulation and the specification, a broadly drafted product specification can be of considerable advantage, providing producers with the means to control the conditions of product processing throughout the European Union,¹⁰⁰ in circumstances where a dominant actor attempts to use its market power to undercut premium pricing.¹⁰¹ By comparison, under trade mark law, it would not have been possible for a group of producers to prevent the activities of Asda Stores. In the absence of collective power, it would be difficult for primary producers to enforce a licence agreement containing such terms respecting local slicing and packaging on the basis of quality control. Under the GI Regulation however, smallholders have the support of European agricultural policy, which as the *Asda* decision indicates, holds that it is socially optimal to relax anti-competitive laws, to allow producers to collude, if this leads to the creation of a geographically differentiated product that may not otherwise exist.¹⁰²

⁹⁶ See Regulation 510/2006 art.4(2), setting out the requirements of the product specification.

⁹⁷ Regulation 510/2006 art.7(4).

⁹⁸ *Consorzio del Prosciutto di Parma & Salumificio S. Rita SpA v Asda Stores Ltd & Hygrade Foods Ltd* (C-108/01) [2003] E.C.R. I-5121; [2004] E.T.M.R. 23 (Asda). Reference from the House of Lords: *Consorzio Del Prosciutto Di Parma v Asda Stores Ltd* [2001] UKHL 7; [2001] E.T.M.R. 53.

⁹⁹ Similarly see the potential scope of protection conferred by a broadly drawn specification in *Ravil Sarl v Bellon Import Sarl and Biraghi SpA* (C-469/00) [2003] E.C.R. I-5053; [2004] E.T.M.R. 22 ("Grana Padano cheese").

¹⁰⁰ The ECJ ruled that Regulation 2081/92 read with Regulation 1107/96 and the specification for the PDO "Prosciutto di Parma" creates a Community right, directly enforceable in the court of a Member State, to restrain the retail sale of "Parma Ham" that is sliced and packaged contrary to the specification: *Asda* [2003] E.C.R. I-5121; [2004] E.T.M.R. 23 at [31].

¹⁰¹ Highlighting the disparity between "farm gate" and supermarket prices, Asda claimed its packaging procedures meant it could sell Parma ham 60% cheaper than its rivals: BBC News, April 26, 2002, <http://news.bbc.co.uk/1/hi/uk/1950236.stm> [Accessed August 24, 2010].

¹⁰² See S.H. Lence, S. Marette, D.J. Hayes and W. Foster, "Collective Marketing Arrangements for Geographically Differentiated Agricultural Products: Welfare Impacts and Policy Implications" (2007) 89(4) *American Journal of Agricultural Economics* 947; see also Ramona Teuber, "Geographical Indications of Origin as a Tool of Product Differentiation — the Case of Coffee" (Institute of Agricultural Policy and Market Research, University of Giessen, No.33, 2007, pp.18–19 at <http://ageconsearch.umn.edu/bitstream/7866/1/cp070042.pdf>. [Accessed October 26, 2010].

Need for inspection procedures

While the ability to determine the breadth of the product specification offers significant advantage,¹⁰³ producers will only be in a position to reap the benefits of GI protection provided their undertaking is able to call upon the resources and sustain the costs of regular inspection.¹⁰⁴ A PGI or PDO is only valid insofar as the product is certified to be in conformity with the specification.¹⁰⁵ To this end, the GI Regulation requires that the specification include details of inspection structures.¹⁰⁶ Consequently, the applicants' home state is obliged to have in place an inspection system, able to provide the monitoring and compliance structures necessary to ensure that the product conforms to the specification.¹⁰⁷ In the case of foreign applicants, third countries are not expected to have identical inspection procedures to those pertaining in the European Union, but they must be able to satisfy the European Commission that they have equivalent structures.¹⁰⁸

Producer groups, particularly those in developing countries, should carefully consider whether they have access to the infrastructure, skills and resources needed to comply with the conditions of the product specification. Without adequate support from government, producers themselves may need to invest in the technologies required to perform the necessary tests. For example, in a country the size of Ethiopia, the establishment of a certification-style system would have been too expensive and, given the nature and size of the territory under coffee cultivation, simply unworkable. Consequently, for all the competitive benefits that producer groups may derive from GI protection, there may be practical and resource-based considerations that make it a less attractive, more costly and possibly uncertain form of protection.¹⁰⁹

Regulations governing use of Community collective marks

Alternatively, producers might consider the Community collective mark. While applicants are required under art.67 of the CTM Regulation to submit regulations governing its use,¹¹⁰ the requirements are not prescriptive as to content, or inspection procedures. Apart from specifying the persons authorised to use the mark, and the terms of membership of the association, proprietors are free to choose whether or not they wish to specify conditions for the use of the mark. The producer group can similarly reserve the right to exercise actual control, either directly or through a third party agent. The collective mark offers a "flexible specification" in the sense that the regulations governing use allow producers greater freedom to determine the conditions for production, distribution and quality control. The Community collective trade mark therefore has the advantage of allowing new agricultural undertakings the opportunity to match the conditions of production to their current level of development.

¹⁰³ *Asda* [2003] E.C.R. I-5121; [2004] E.T.M.R. 23 at [46]–[47].

¹⁰⁴ Regulation 510/2006 art.11(4) concerns verification of compliance with specifications; art.11(1) provides that the costs of inspection and verification of compliance "shall be borne by the operators subject to those controls". Lists of approved authorities and their respective powers are published in the *Official Journal*: Regulation 510/2006 art.10. Further see C. Langinier and B. Babcock arguing that certification costs are the key determinant of distributional effects and social welfare associated with GIs: "Agricultural Production Clubs: Viability and Welfare Implications" (2008) 6(1) *Journal of Agricultural and Food Industrial Organization* 1.

¹⁰⁵ Regulation 510/2006 art.4.1 states unequivocally that to be eligible to use a PGI or PDO a product must comply with the specification. Further on the character of enforcement see *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [60].

¹⁰⁶ Regulation 510/2006 arts 4(2)(g) and 5(3)–(4) concerning inspection structures.

¹⁰⁷ Regulation 510/2006 art.10(1) requires Member States ensure that inspection structures are in place. To this effect see also *Parmesan* [2008] E.C.R. I-957; [2008] E.T.M.R. 32 at [74]. Inspection bodies may be private bodies approved for that purpose by the Member State: *Parmesan* at [75].

¹⁰⁸ *EC—Trademarks and Geographical Indications* (WTO/GI Cases: WT/DS74 and WT/DS2), at http://www.wto.org/english/tratop_e/dispu_e/dispu_subjects_index_e.htm [Accessed August 24, 2010].

¹⁰⁹ The Green Paper on Agricultural Product Quality, 2008, p.21 invited public submissions on how the administrative costs associated with membership of quality certification schemes could be reduced.

¹¹⁰ CTMR art.67 provides: "An applicant for a Community collective mark must submit regulations governing its use within the period prescribed."

However, neither the GI nor the Community collective mark permits the proprietor to control *who* can use the designation. In the case of the collective mark art.67(2) is designed to ensure that the collective marks cannot be used to subvert the open-standard of protection offered under the Community GI system.¹¹¹ In this regard, the holder's duty to license all those producers in the defined area who qualify constitutes a form of limited compulsory licensing.¹¹²

Individual CTMs and trade mark licensing

In contrast, an individual CTM is not only free of any statutory requirement for applicants to submit regulations governing its use, but the trade mark licence offers considerable flexibility in choosing who is to use the mark, how they are to use it, and whether royalties will be paid. The CTM is especially flexible in allowing the proprietor to select the territories where the mark will be exploited, so that the mark may be licensed exclusively or non-exclusively for use throughout the European Union, in one or more Member States or a particular locality.¹¹³ For example, the Ethiopian Government, proprietor of CTMs for "Sidamo", "Harrar" and "Yirgacheffe", utilises a non-exclusive, royalty-free licence in order to build consumer recognition of its specialty coffees. Because the licensor's power to grant licences is unrestricted, licensing allows Ethiopia to establish partnerships with coffee importing, roasting and distributing companies, thereby serving to increase control over marketing and supply. Lacking the resources to fund a worldwide advertising campaign, Ethiopia is able to utilise the licence to effectively outsource the cost to those in the supply chain that have the motivation and means to advertise the product.¹¹⁴

Nevertheless, where the reputation of the product is established, and where the conditions of production are relatively stable, the greater control over processing, supply and distribution provided by the GI offers significant advantages. As the case of *Asda* illustrates, a specification drafted to include product packaging was instrumental in preventing the supermarket from undercutting the price to the producers of the consortium. Smallholders would not otherwise receive the kinds of advantages to be obtained from the breadth of protection, the economies of scale and the purchasing power, as are available under the European GI system.¹¹⁵

The advantages of dual protection

Our analysis has shown that for the start-up enterprise, the communicative capacity of the trade mark offers the more advantageous means of achieving product differentiation and market entry. However, the exclusive rights of the CTM are subject to derogations that allow third parties to use, in the course of trade, indications of geographical origin, provided they do so in accordance with honest commercial practice.¹¹⁶ Thus the National Federation of Coffee Growers of Colombia¹¹⁷ experienced numerous examples of third parties using terms such as "Colombian blend" or "Colombian type" coffee, which trade mark law would not necessarily prevent, without a showing of unfair advantage and damage to reputation.¹¹⁸

¹¹¹ CTMR art.66(2) states that a collective mark may not be invoked against a third party who is entitled to use a geographical name.

¹¹² Exceptionally, it is possible for a sole producer to obtain PGI protection, as with Scottish and Newcastle's registration of "Newcastle Brown Ale".

¹¹³ CTMR art.22(1): a Community trade mark may be licensed for some or all of the goods for which it is registered and for the whole or part of the Community.

¹¹⁴ By 2009, 96 licence agreements had been concluded with companies in North America, Europe, Japan and South Africa: Mengistie, "Intellectual Property as a Tool for Development" [2010] Int. T.L.R. 1, 11–12. It is estimated that the licensing agreements allow Ethiopia to earn an additional £47 million per year, generating benefits to coffee farmers: <http://www.ethioembassy.org.uk> [Accessed August 24, 2010].

¹¹⁵ S.H. Lence et al. argue that registration as a PGI or PDO may arguably be more conducive to an economic and social welfare surplus: "Collective Marketing Arrangements for Geographically Differentiated Agricultural Products" (2007) 89(4) *American Journal of Agricultural Economics* 947.

¹¹⁶ CTMR art.12; e.g. see *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* (C-100/02) [2004] E.C.R. I-691, [2004] E.T.M.R. 40.

¹¹⁷ Federación Nacional de Cafeteros de Colombia, <http://www.cafedecolombia.com> [Accessed August 24, 2010].

¹¹⁸ "Taking unfair advantage" for the purposes of art.5(2) Trade Marks Directive "does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor": *L'Oréal* [2009] E.C.R. I-5185; [2009] E.T.M.R. 55 at [50].

In comparison, the GI Regulation offers broader protection. Article 13 provides that registered names shall be protected against any direct or indirect commercial use of a name registered in respect of identical or comparable products; and any evocation of the name, even if the true origin of the product is indicated, or if the protected name is translated or accompanied by expression such as “style”, “type”, “method” or “imitation”. In this last respect, protection goes beyond that accorded to trade marks, which is limited, except in the case of well-known marks, to the goods in which the mark is registered or those sufficiently similar to cause confusion.

Systemic conflict between CTMs and GIs

In addition, the CTM is at a disadvantage compared to the GI where questions of priority arise between an earlier trade mark and a later PGI or PDO. The CTM is open to challenge from a later registered PGI or PDO, unless the mark is so well-known that consumers would be misled by use of the name as a GI.¹¹⁹ Although systemic conflicts between trade marks and GIs are relatively uncommon, such problems are persistent and not susceptible to speedy resolution. This section therefore will examine what happens in cases where earlier registered GIs or CTMs conflict with later applications for registration of a geographical name.

Earlier registered GIs and the priority rule

In cases where an applicant attempts to register a CTM containing an earlier registered PGI or PDO, the classic rule of priority will apply to prevent registration.¹²⁰ Should the mark have been registered, the proprietor of the PDO or PGI will have grounds to invalidate the mark. For example, in 1996 “Grana Padano” was registered as a PDO for Italian hard cheese. In 1998, Biraghi SpA succeeded in registering as a CTM “Grana Biraghi” for cheese.¹²¹ Subsequently, the proprietor of the PDO, the Consorzio per la Tutela del Formaggio Grana Padano, was successful in applying for a declaration of invalidity to have the mark cancelled.¹²² The Consorzio relied on art. 14(1) of the GI Regulation, which requires the invalidation of a trade mark, in circumstances where its use would constitute an infringement of the PDO.¹²³ The Court of First Instance held that the OHIM Board of Appeal had erred in finding that the existence of the PDO “Grana Padano” did not prevent registration of the mark “Grana Biraghi”.¹²⁴

Earlier registered CTMs and the principle of co-existence

However, in a reversal of the priority rule, an application to register a later GI that conflicts with an earlier trade mark is allowable, provided the application has been made in accordance with honest practice.¹²⁵ In other words, the derogation within trade mark law in respect of geographical origin also operates inter-systemically, in the event a mark conflicts with an identical or similar geographical name for the

¹¹⁹ Regulation 510/2006 art.3(4).

¹²⁰ CTMR art.7(1)(k) states that trade marks which contain a designation of origin or a geographical indication registered under Regulation 510/2006 when they correspond to one of the situations covered by art.13 of the said Regulation and regarding the same type of product, will be refused.

¹²¹ Nice Agreement Class 29.

¹²² CTM Regulation art.55.

¹²³ “Where a designation of origin or a geographical indication is registered under this Regulation, the application for registration of a trademark corresponding to one of the situations referred to in Art. 13 and relating to the same class of product shall be refused if the application for registration of the trademark is submitted after the date of submission of the registration application to the Commission. Article 13 of Regulation 510/2006 sets out that the scope of protection accorded PDOs and PGIs, and includes any direct or indirect commercial use of the registered name for comparable products and any misuse, imitation, or evocation.” To the same effect see CTM Regulation art.7(1)(k).

¹²⁴ *Grana Padano* [2007] E.C.R. II-3081; [2008] E.T.M.R. 3 at [89].

¹²⁵ Provided that no grounds for its invalidity or revocation exist as specified under the Trade Mark Directive 89/104; or CTMR 40/94 on the Community trade mark (as codified in Regulation 207/2009). Some likelihood of confusion between the trade mark and the later GI may be tolerated: see *Gerolsteiner Brunnen* [2004] E.C.R. I-691; [2004] E.T.M.R. 40 at [24].

product, even when the trade mark, as the earlier right, would normally have priority.¹²⁶ In the case of an earlier registered mark, the CTM and GI Regulations mandate the co-existence of the two systems.¹²⁷ The term “co-existence” refers to a legal regime under which a GI and a trade mark can both be used concurrently to some extent even though the use of one or both of them would otherwise infringe the rights conferred by the other. Article 14(2) of the GI Regulation sanctions the continued use of the mark notwithstanding the registration of a designation of origin or geographical indication.¹²⁸

Co-existence in *Bavaria Holland v Bayerisches Bier*

The recent case of *Bavaria NV and Bavaria Italia Srl v Bayerischer Brauerbund*¹²⁹ illustrates the principle of co-existence. The geographical name at issue was “Bavaria” for beer. The parties concerned in the dispute were the earlier trade mark owner, the Dutch company Bavaria NV, and Bayerischer Brauerbund, a long-standing association of Bavarian brewers, holders of a PGI for Bavarian beer.¹³⁰ Brauerei Bavaria NV, one of the Netherlands’ biggest producers of beer, began to use the designation “Bavaria” in 1925, and it became part of its company name in 1930. Bavaria NV was the proprietor and user of several international marks, in force in Italy and elsewhere, which contained, together with other expressions or figurative elements, the name “Bavaria”, with registration dates as early as 1947.¹³¹ Nevertheless, in 2001, the PGI “Bayerisches Bier” was registered to Bayerische Brauerbund eV (the Bavarian Brewers Association) of Munich.¹³²

Subsequently, the Bavarian Brewers’ Association began proceedings against Bavaria NV in Italy, seeking to prevent the Dutch company from using the name “Bavaria” in Italy and to have the company’s trade mark rights to the name cancelled. When the matter came before the Turin Court of Appeal, it referred to the ECJ the question as to whether the fact that the PGI had been granted protection after the registration of the trade marks meant that the Dutch company might nevertheless continue using the marks.¹³³ In July 2009, the ECJ affirmed the principle of co-existence, holding that trade marks of third parties, registered prior to the date on which the application for registration of the PGI “Bayerisches Bier” was filed, in which the word “Bavaria” appears, could continue to exist.¹³⁴ Consequently owners of trade marks that consist of a later registered PDO or PGI run the risk of having their rights to priority and exclusivity eroded.¹³⁵

As further evidence of the potential threat posed by the GI to the trade mark holder by the co-existence of the two systems, consider again the registrability of generic names. In the case of *Bavaria*, the ECJ emphasised the co-existence of the GI and CTM systems, finding that the mere existence of marks in the market which incorporate the name is not an indicator that the geographical name is unregistrable under

¹²⁶ The WTO Panel concluded that GIs and trade marks constitute independent forms of intellectual property in accordance with TRIPS art.24.5. Their co-existence turns on the general exception TRIPS art.17: See *EC- Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs, Report of the Panel*, 2005, WT/DS174/R, paras 7.512 to 7.531.

¹²⁷ CTMR art.164 states that the Regulation “shall not affect Council Regulation (EC) No 510/2006, and in particular Art.14 thereof”.

¹²⁸ The reference in Regulation 510/2006 art.14(2) to “Community law” refers especially to the exception in the CTMR whereby an unauthorised third party is using the name to indicate the kind, quality, geographic origin, or other characteristics of the goods.

¹²⁹ *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61.

¹³⁰ The statutes of the Bavarian brewers association (Bayerischer Brauerbund) dated back to 1917; it had been the proprietor of the registered collective trade marks *Bayrisch Bier* and *Bayerisches Bier* since 1968.

¹³¹ The registrations dated from 1947–1995: *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [17].

¹³² Regulation 1347/2001 art.1 registered the name “Bayerisches Bier” as a PGI and Recital 3 in the Preamble to that regulation stated that the PGI and the trade mark *Bavaria* would not mislead the public as to the identity of the product, which is the standard embodied in art.14(3) of the original Regulation 2081/92.

¹³³ The Bavarian Brewers’ Association also brought suit in Germany. A second question was referred to the ECJ in *Bavaria NV v Bayerischer Brauerbund eV* (C-120/08) [2008] OJ C197/2: as to whether art.14(1) of Regulation 510/2006 applies in the case where the protected indication has been validly registered in accordance with the simplified procedure under art.17 of Regulation 2081/92: see also *Bayerischer Brauerbund eV v Bavaria NV* (C-120/08) (Reference from the Bundesgerichtshof), ECJ, Opinion of AG Mazák, September 2010.

¹³⁴ As the registration of the PGI was interpreted as having no adverse impact upon the validity of the *Bavaria* trade marks, co-existence (art.14(2)) could continue: *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [125]. Similarly, see the Opinion of A.G. Mazek at [161].

¹³⁵ Regulation 510/2006 art.14(2) privileges a later GI applicant, with the exception of marks that are held to be well-known in the relevant market sector of at least one Member State.

the GI Regulation.¹³⁶ The PGI “Bayerisches Bier” was considered not to have become generic even when the European market for beer contained trade marks that included the word “Bayerisches” or translations as synonyms for the Bavarian bottom-fermentation brewing method.¹³⁷ The court concluded that registration of the PGI was justified by the need to prevent the disappearance of reputation as a result of “popularisation through general use outside its geographical origin”.¹³⁸

Thus, in the case of conflicts between GIs and earlier trade marks, the rules do not strictly follow the principle of priority. A later applicant may successfully register a GI, and the trade mark owner will have to accept their co-existence. The GI therefore enjoys a privileged position in relation to the CTM, insofar as the principle of priority is qualified by that of the co-existence of GIs and CTMs. The breadth of rights accorded the GI combined with its characterisation as an exception to trade mark rights give the GI a decided advantage in the event that the registration of geographical name is disputed. In summary, if owners of CTMs containing geographical names are not to be disadvantaged by the descriptive use of the name, or by the later registration of a GI, they would be well advised to apply for registration under the GI system. By applying for dual protection of the name, it is possible to compensate for the narrower scope of CTM rights and the disadvantage associated with the interrelationship of the CTM and GI systems.

Conclusion: guidelines for a filing strategy

The foregoing analysis rests on the premise that a more active promotion of trade mark protection as an alternative instrument for the protection of geographical names might ultimately serve to increase the number of registrations under the European GI system. It was tested by comparing the registrability of PDOs, PGIs and CTMs against their respective capacity to accommodate the landholdings, yields and marketing plans of diverse agricultural undertakings.

In terms of comparative advantage, the analysis reveals the GI system as offering the broader protection against direct competition, going so far as to prohibit unauthorised references to registered PGIs or PDOs, such as “Feta-style” or “Colombian blend”, that are evocative of the protected designation. In contrast, while the CTM system cannot offer geographical names the same breadth of protection, its chief advantage lies in its flexibility as an instrument capable of accommodating variations in land use, climate, crop yields, sourcing of raw materials and production outputs.

While producer groups should take a case-by-case approach to the choice of the CTM or GI, the preceding analysis has identified several guidelines that may be applied in devising a filing strategy based on the alternative use of the CTM and GI systems. At the start of a European marketing campaign, assuming that the link between the product and the place is relatively unknown to consumers, a trade mark based strategy offers significant advantages in promoting awareness of the linkage among relevant consumers. On the other hand, where the link between the geographical name and the product relies on consumers’ existing knowledge of agricultural or culinary traditions, then the GI system offers producer groups decided advantages, notably in the breadth of protection and associated cost efficiencies in enforcing the intellectual property. Moreover, where the linkage with the place has become so tenuous that the geographical name is subject to claims that it is generic for the product, analysis reveals the comparative advantage of the GI system, in reclaiming the reputation associated with the product for the use of local producers.

Nevertheless, in order to enjoy the advantages the GI system offers, the actual conditions of production must be congruent with the definitional requirements of the PDO or PGI. The more territorially extensive, the less structured an agricultural enterprise, the more likely the CTM will be the more appropriate form of protection. Equally, the advantages of GI system are contingent upon producers being able to sustain

¹³⁶ *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [123]–[125].

¹³⁷ *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [105].

¹³⁸ *Bavaria* [2009] E.C.R. I-5491; [2009] E.T.M.R. 61 at [106]. Note that while a name is pending protection as a PGI or PDO, until such time as a decision is made as to its validity, that name cannot be regarded as generic: *Grandi Salumifici* [2009] E.T.M.R. 64.

the costs of a product inspection or certification system. In short, this analysis indicates that some common problems faced by applicants for a PDO or PGI, including the need to establish a link between product reputation and place of production, changes in methods or volumes of production, and difficulties establishing inspection structures, can be avoided by utilising the greater flexibility of the CTM system. Once the link between the reputation of the product and the place is established and the conditions of production stabilise, the agricultural undertaking is well placed to offset the reduced flexibility of the GI system against the breadth of protection it provides. It is then opportune to consider dual registration under CTM and GI systems.

Regulation for Cultural Heritage Orphans: Time Does Matter

Susan Corbett*

☞ Archives; Copyright; Cultural property; Digitisation; International law; New Zealand; Orphan works

The regulation of orphan works has stalled in many countries. This is mainly due to the complexity of the issues surrounding these works and the corresponding difficulties of providing a comprehensive legislative solution. Yet the problems created by orphan works affect distinct categories of secondary users: not-for-profit cultural heritage users and commercial users. This article argues that the impact of the orphan works problem on cultural heritage institutions and researchers is of immediate concern in New Zealand and other net copyright importing countries (in which the impact of the problem on the domestic economy is less certain). A partial solution for the cultural heritage orphans must, therefore, not be delayed.

As the article explains, time is of the essence. The alternative is that other secondary users might have the first opportunity to use the orphan works originating from tardier countries.

Introduction

Copyright specialists have coined the term “orphan work” to describe a work whose copyright owner cannot be traced by potential secondary users of the work. Since the consent of the copyright owner (right holder) is required for most secondary uses of copyright works,¹ the failure to trace the right holder prevents the use of the work and potentially stifles economic and cultural developments. The problem created by orphan copyright works has been described as “creating a black hole of 20th and 21st century content”.²

The complexity of the orphan works problem stems from both the uncertainties surrounding the legal status of these works in copyright law³ and also the location, identity, and wishes of the right holders.⁴ Potential secondary users fear that the work is protected by copyright and its right holder or holders have not in fact disappeared permanently, but might reappear at some later stage to assert their legal rights. Hence users are deterred from making use of orphan works to create new creative works that may have commercial value, and cultural institutions are deterred from modern preservation processes that would require them to duplicate the orphan work more than the one time that is generally permitted under archiving exceptions in copyright law.⁵ Ongoing technological developments, particularly in digital fields, have highlighted the problem of orphan works by providing archivists, professional publishers and amateur enthusiasts alike with different ways of presenting and adapting older copyright works. Frustratingly, in

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¹ In New Zealand copyright law for instance, these include the right to copy the work, to issue copies to the public, perform, play, show or communicate the work to the public, to make an adaptation of the work, or to do any of the former acts to an adaptation of the work: Copyright Act 1994 (NZ) s.16.

² Naomi Korn, “In from the Cold: An assessment of the scope of ‘Orphan Works’ and its impact on the delivery of services to the public” (JISC, June 2009), p.24, available at <http://www.jisc.ac.uk/publications/reports/2009/infromthecold.aspx> [Accessed August 20, 2010].

³ For example it is possible the work is in the public domain, either because it was never protected by copyright in the first place or because the term of protection has expired. There are various reasons why a work might not ever have been protected by copyright—it may not reach prescribed thresholds of substantiality or originality, it might have been copied from another work, the author might have declared it to be freely available, etc.

⁴ Some right holders might, if contacted, have had no objection to their work being used, others might have required a user licence fee.

⁵ See for example the Copyright Act 1994 (NZ) ss.55, 191.

many instances these technological advances cannot be used; not because the right holder has specifically refused to give their consent (indeed they may well have had no objection to the secondary use) but because they cannot be located to be asked for their consent.

The orphan works problem exists in all countries which have copyright laws and has many features which are common to all countries. This is to be expected, since most developed and developing countries are members of multilateral agreements, including the Berne Convention for the Protection of Literary and Artistic Works 1886 (Berne Convention) and the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPS), which require them to provide certain standards of copyright protections for the authors of other member countries.⁶ This requirement has influenced the development of domestic copyright law within member countries, in order for foreign authors not to receive less advantageous rights than their own citizens.⁷

The United States Register of Copyrights has warned of the potential economic impact on the country of leaving the orphan works problem unsolved,⁸ while the effect of the problem on the public sector in the United Kingdom has been described as:

“in essence locking up culture and other public sector content and preventing organisations from serving the public interest ... Works of little commercial value but high academic and cultural significance are languishing unused, access to an immense amount of this material essential for education and scholarship is badly constrained and scarce public sector resources are being used up on complex and unreliable compliance.”⁹

For countries which are net-importers of copyright works, the direct economic impact of the orphan works problem is less certain than in the net-copyright exporting countries, such as the United States and the United Kingdom.¹⁰ The effect of the orphan works problem on the cultural heritage sector of all countries is, however, likely to be similar. Many cultural entities are protected by copyright and most countries have specific exceptions in their copyright law which permit cultural heritage institutions to make preservation or archival copies of such works.¹¹ These exceptions tend to be inadequate for the more recent technological developments which facilitate the digital preservation of copyright works. Consequently, if the right holder cannot be traced to give their consent, the institution cannot make use of the most efficient and effective means of preservation.¹²

Many scholars have made suggestions for addressing the orphan works problem in their domestic legislation. These include the establishment of a voluntary register of right holders,¹³ a specific extension of the fair use or fair dealing regimes¹⁴ and the creation of state licensing bodies, coupled with the

⁶ This requirement is called the principle of national treatment and was the basis for the first international copyright agreement, the Berne Convention for the Protection of Literary and Artistic Works 1886, now revised several times “to include a number of minimum standards that each member country must recognize and apply in relation to works emanating from other member countries”: Sam Ricketson and Megan Richardson, *Intellectual Property: Cases, Materials and Commentary*, 3rd edn (LexisNexis, 2005) p.505. More recent international agreements are the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994, the WIPO Copyright Treaty 1996 and the Performances and Phonograms Treaty 1996.

⁷ See further, Ricketson and Richardson *Intellectual Property*, 2005, p.506.

⁸ See United States Copyright Office *Report on Orphan Works* (January 2006) available at <http://www.copyright.gov/orphan/orphan-report-full.pdf> [Accessed March 8, 2010].

⁹ Korn, “In from the Cold” April 2009, p.24, available at <http://www.jisc.ac.uk/publications/reports/2009/infromthecold.aspx> [Accessed August 20, 2010].

¹⁰ Although the use of foreign orphan works is also prevented by current laws and this is likely to cause some economic impact on net importing countries.

¹¹ See for example the Copyright Act 1994 (NZ) ss.55, 191; the Copyright Act 1968 (Cth) ss.51AA-51B, 110A-110BA; and 17 USC §108 (2000), amended by Pub. L. No.109-9, §402, 119 Stat. 218, 227 (2005).

¹² See Diane Leenheer Zimmerman, “Can Our Culture be Saved? The Future of Digital Archiving” (2007) 91 Minn. L. Rev. 989, 1004. For the inadequacy of the archiving provisions in the Copyright Act 1994 (NZ), see Susan Corbett, “Digital Heritage: Legal Barriers to Conserving New Zealand’s Early Video Games” (2007) 13(5) NZ Bus. L.Q. 48, 66.

¹³ Joshua O Mausner, “Copyright Orphan Works: A Multi-Pronged Solution to Solve a Harmful Market Inefficiency” (2007) 12 J. Tech. L. & Policy 395, 417.

¹⁴ William F. Patry and Richard A. Posner, “Fair Use and Statutory Reform in the Wake of Eldred” (2004) 92 Cal. L. Rev. 1639, 1660.

requirement for users to establish a prior reasonable search for the right holders.¹⁵ Other scholars have argued for an international regulatory regime for orphan works.¹⁶ Despite these persuasive arguments and the incontrovertible evidence of the growing numbers of orphan works and the extent of the problems they cause, the issue of new regulation that would free them for lawful use remains somewhat contentious, and the legislatures of many countries have delayed its consideration.¹⁷ Even the United States and the United Kingdom, where the economic impact of the problem is likely to be greatest, have as yet produced only draft legislation and policy proposals.¹⁸

Right holders have argued that orphan works legislation will circumvent their specific rights under copyright laws by, for example, allowing potential users to make unauthorised use of their copyright works after cursory searches and less than thorough investigation.¹⁹ The lack of hard data as to the precise extent of the orphan works problem is also cited as a reason for not passing specific regulation.²⁰ Right holders also argue that a digitised work can readily be manipulated and restructured by others and made to appear as though there is no identifiable author; in other words, a fake orphan.²¹ Orphan works legislation might then be used to the advantage of the unscrupulous manipulator and cause a corresponding loss to the true right holder. These arguments have proved persuasive and have prevailed in many countries, despite pressure from heritage institutions and commercial users for specific regulation for orphan works to be put in place without delay.

This article suggests that the compromise of a partial solution to the orphan works problem is preferable to no solution. While it describes the current suggestions for how the use of orphan works by commercial users might be facilitated, it does not suggest a comprehensive solution to that complex problem. It argues, however, that in net copyright importing countries like New Zealand it is the impact of the problem on cultural heritage which is of most immediate concern. A solution for domestic cultural heritage orphans should, therefore, not be delayed. The proposed regulatory solution for cultural heritage orphan works is designed for cultural heritage institutions and also acknowledges the place of new technologies in 21st century cultural heritage institutions by providing for the requirements of technology researchers in that field.

Time is of the essence. The alternative is that other secondary users might have the first opportunity to use the orphan works originating from tardier countries. For example, orphan cultural works originating from one country could be digitised and archived in a second country which has facilitating legislation. The archive of such works might then achieve a separate copyright protection as a database. Furthermore, in the absence of effective state regulation, it is likely that privately negotiated commercial “solutions”

¹⁵ Orphan works regulation implementing the use of a state licensing body with prior evidence of a reasonable search applies to Canadian domestic orphan works: see Copyright Act 1985 s.77 (Ca). Apparently it has not been much used—perhaps because the pre-clearance of orphan works by a public authority is expensive and lengthy or for other factors such as the inability of the Copyright Board to grant licences other than for uses in Canada: see Stef Van Gompel, “Unlocking the Potential of Pre-Existing Content: How to Address the Issue of Orphan Works in Europe?” (2007) 38(6) I.I.C. 669, 694.

¹⁶ Korn, “In from the Cold”, April 2009, p.25, available at <http://www.jisc.ac.uk/publications/reports/2009/infromthecold.aspx> [Accessed August 20, 2010].

¹⁷ Canada, Denmark, and Hungary remain the only countries to have partial legislative solutions to orphan works (the Danish solution is based on extended collective licences, while the Hungarian and Canadian solutions use licences issued by a public body).

¹⁸ In the UK, proposed legislation could authorise designated bodies to grant licences to use orphan works following a “diligent search” to find the right holders and with payment being held for the right holders should they subsequently come forward: See Intellectual Property Office, “Orphan Works” (2009) available at <http://www.ipo.gov.uk/pro-types/pro-copy/c-policy/c-policy-orphanworks.htm> [Accessed January 22, 2010]. The 2008 House Orphan Works Bill (US) proposes that “a search is qualifying [for limited remedies for copyright infringement] if the infringer undertakes a diligent effort to locate the holder of the infringed copyright”: for analysis see Jane Ginsburg, “Recent Developments in US Copyright Law: Part I — ‘Orphan’ Works”, Colum. Pub. L. & Legal Theory Working Papers (2008), available at http://lsr.nellco.org/columbia_pllt/08152 [Accessed August 20, 2010].

¹⁹ See, for example, Copyright Action for Photographers and Photograph Users, “Orphan Storm Warning” (2009), available at <http://copyrightaction.com/forum/orphan-storm-warning> [Accessed August 20, 2010].

²⁰ Olive Huang, “US Copyright Office Orphan Works Inquiry: Finding Homes for the Orphans” (2006) 21 Berkeley Tech. L. J. 265, 266.

²¹ Jane Ginsburg, “Contracts, Orphan Works and Copyright Norms: What Role for Berne and TRIPS?” (2009) Colum. Pub. L. & Legal Theory Working Papers 14, available at http://lsr.nellco.org/columbia_pllt/09162/ [Accessed August 20, 2010].

(which incidentally also push against the boundaries of competition law) may prevail.²² It is not at all clear that the outcomes of these private arrangements will be in accord with policymakers' intentions and public wishes, as they would be if proper parliamentary procedures had been followed which allowed for the usual public debate and submissions.

The following two parts of this article explain the background to the orphan works problem in general and present three New Zealand case studies which illustrate the orphan works problem in practice. Existing provisions in copyright law which are relevant to the problem, but which do not provide a solution, at least in their current forms, are next described. The article then explains how domestic copyright law might provide solutions for cultural heritage orphans while remaining in compliance with international copyright provisions. The concluding part of the article makes recommendations for regulation of cultural heritage orphan works that are appropriate for New Zealand and for other copyright importing countries.²³

Background to the orphan works problem

Four specific features of copyright law contribute to the orphan works problem. The first of these is the ever-lengthening term of protection for copyright works, during which time one or more of a number of events may have occurred that make it difficult or impossible to trace the right holders. The Berne Convention provides that the minimum term of protection for a copyright work is the life of the author plus 50 years.²⁴ This is the term of protection for New Zealand copyright works and is relatively short in comparison with the term of protection afforded to copyright works in many overseas jurisdictions.²⁵ Nevertheless, even the shorter term of years in New Zealand provides ample time during which right holders can "disappear". For example, the original right holder may have licensed or assigned the copyright in their work, changed their name, moved addresses within their home country, emigrated to another country, or died and the copyright passed to their heirs, who are likely to be equally difficult to trace.²⁶

The second feature is the requirement of the Berne Convention that member countries may not require any formalities from foreign authors before granting copyright protection to their works.²⁷ This requirement has, in turn, led most countries to remove the need for formalities before copyright protection can be granted to their own citizens.²⁸ Thus, there is no public record of copyright holders or transferees to refer to when tracing the right holders in a work, as there is for other intellectual property rights such as patents and registered designs.²⁹

The third feature is the transmissibility of copyright in a work. Copyright is personal property and, as such, can be transmitted by assignment, by testamentary disposition, or by operation of law.³⁰ Although assignments of copyright are required to be in writing, and bequests by their nature will generally also be in writing, there is no formal register of copyright transmissions to assist potential users with tracing the right holders of a work.

²² One such "solution" is the proposed Google Book Search Settlement Agreement (GBS). The US Government has recently rejected the amended GBS, stating that it fails to satisfy the requirements of the class action procedure and is anti-competitive: see *The Authors Guild Inc v Google Inc* 05 Civ.8136 (DC) Statement of Interest of the United States of America regarding proposed Amended Settlement Agreement, available at http://thepublicindex.org/docs/amended_settlement/usa.pdf [Accessed August 20, 2010].

²³ While the suggestions might be equally useful for copyright exporting countries, it may be that regulation that would alleviate the economic effect of orphan works is higher on their agendas.

²⁴ See Berne Convention for the Protection of Literary and Artistic Works 1886 art.7.

²⁵ Copyright Act 1994 (NZ) s.22(1), whereas in the UK and Australia it is the life of the author plus 70 years: see, respectively, the Copyright, Designs and Patents Act 1988 (UK) s.12 and the Copyright Act 1968 (Cth) s.33(2).

²⁶ For discussion of the increased orphan works problem created in the US by the extension of the term of copyright by the Sonny Bono Copyright Term Extension Act of 1998, Pub. L. No.105-298, §102(b), (d), 112 Stat. 2827-28 (amending 17 USC §§302, 304 (1976)) see Patry and Posner, "Fair Use and Statutory Reform in the Wake of Eldred" (2004) 92 Cal. L. Rev. 1639, 1640.

²⁷ Berne Convention for the Protection of Literary and Artistic Works 1886 art.5.

²⁸ See accompanying text to fn.7 above.

²⁹ See however the website run by Columbia University at <http://www.KeepYourCopyrights.org> [Accessed August 20, 2010] which advises US authors that they may voluntarily register their copyright with the United States Copyright Office as a precautionary measure.

³⁰ See the Copyright Act 1994 (NZ) s.113 and the Copyright Act 1968 (Cth) s.196.

The numbers of different copyrights in works such as films and multimedia works is the fourth feature that contributes to the plethora of copyright orphans. For example, there are likely to be several different holders of the copyrights in the music tracks of a film, the script writer or writers will own the literary copyright, while the actors will have performance rights in their work, etc. The right holder or their heirs have the ability to license the entire copyright in a work to another entity, to divide the copyright for instance in a multimedia work and license the music copyright separately from the literary copyright. Alternatively, they may have assigned their copyright absolutely to another right holder such as a company, long since wound up.³¹ All copyright licensees and right holders in such a work have to be traced for their consent before that work may be used by a secondary user.

All categories of copyright works have the potential to be orphaned.³² They could include works that have previously been published, but are now out of publication,³³ works that have never been published but have been “disclosed to the public” by their authors (for instance dramatic works that have been performed in public but not published in written form)³⁴ and works that have never been released or disclosed in public, such as diaries and letters.³⁵ There is a particularly urgent need for regulation for orphan films and early software, since their physical platforms are likely to decay well before their copyright protection expires.³⁶ If they cannot be preserved in some alternative form before their physical state deteriorates beyond repair, they will be permanently lost.³⁷

Within each of these groups are works which have a named author, and works which are anonymous or pseudonymous.³⁸ Even in a seemingly straightforward situation where a work was previously published or revealed in public and has a named author, there are numerous potential difficulties for secondary users. For instance the original author or joint authors may have died intestate, or in another jurisdiction. Although intestacy laws prescribe the heirs in such cases, it nevertheless is unlikely to be an easy task to physically locate these persons. Certainly it is likely to be at least as difficult as it has proved to be to locate the many (presumed) living right holders whom, as experience has shown, often appear to have vanished without trace.³⁹ Additional complexity is introduced by changes in national borders over the years, particularly those in Europe.⁴⁰

The orphan works problem for all digital works is already accentuated by the online environment, where digital mash-ups and sampling of all kinds of copyright works by both amateur and professional authors abound. Unless technological measures are employed as a matter of course, such as the embedding of authorial information into digital works,⁴¹ there will be little chance of tracking down the right holders of each part of such a work in, say, 30 years’ time.

³¹ For further discussion of the transmissibility and divisibility of copyrights see Anne Kogler, “‘Orphan Works’ in New Zealand — A Civilian View” (LLM Res. Paper, Vict. Univ. of Wellington, 2007).

³² These categories are set out in the Copyright Act 1994 (NZ) s.14 as follows: (a) literary, dramatic, musical, or artistic works, (b) sound recordings, (c) films, (d) communication works, and (e) typographical arrangements of published editions. See also Copyright Act 1968 (Cth) ss.31, 85–88.

³³ This fact alone does not necessarily, of course, render them an orphan work, but the fact they are out of publication often indicates it is likely to be even more difficult to track down their right holder.

³⁴ See Vigdis Bronder, “Saving the Right Orphans: The Special Case of Unpublished Orphan Works” (2008) 31 Colum. J.L. & Arts 409, 416.

³⁵ For analysis of the different treatment of these categories of works by the Berne Convention for the Protection of Literary and Artistic Works, see Bronder, “Saving the Right Orphans” (2008) 31 Colum. J.L. & Arts 409, 413.

³⁶ See in relation to orphan films, Center for the Study of the Public Domain, Duke Law School Access to Orphan Films: Submission to the Copyright Office (March 2005), available at <http://www.law.duke.edu/cspd/pdf/cspdorphfilm.pdf> [Accessed August 20, 2010]. In relation to orphan software see Corbett, “Digital Heritage” (2007) 13(5) NZ Bus. L.Q. 48.

³⁷ A related problem is caused by “abandonware”, a term describing copyrighted software that has been supplanted by an upgraded or newer version and, for commercially strategic reasons, is no longer supported by the company that produced it: see Dennis W.K. Khong, “Orphan Works, Abandonware and the Missing Market for Copyrighted Goods” (2007) 15(1) Intl. J. L. & Inf. Tech. 54.

³⁸ For discussion of pseudonymous and anonymous works see text to fnn.81–85 below.

³⁹ See case studies discussed below.

⁴⁰ Ginsburg, “Recent Developments in US Copyright Law: Part I — ‘Orphan’ Works”, 2008, at http://lsr.nellco.org/columbia_pllt/08152 [Accessed August 20, 2010].

⁴¹ The author is indebted to Professor Jane Ginsburg for this suggestion. It could of course also raise privacy issues.

As already occurs in many other areas of copyright, however, the practice regarding orphan works does not always accord with the letter of the law.⁴² Some secondary users adopt a risk management policy in respect of orphan works, choosing to make use of those works that have been assessed as being at minimum risk of their right holder reappearing and objecting to the use made of the work.⁴³ A risk management policy requires secondary users to keep full records of their attempts to track down the right holders. These secondary users hope that the right holder, should he or she appear at a later stage, is likely to acknowledge the efforts made to locate them while in any subsequent court action the same efforts would be taken into account by the court and would mitigate any claim for additional damages. Sometimes the secondary user publishes a “good faith” notice with the used orphan work, that confirms all reasonable steps were taken to identify the right holder(s) and that if any right holder whose work has been used without permission makes contact, the user will negotiate in good faith to settle the claim.⁴⁴

Such a “solution” is, however, not the norm, as Ian McDonald explains:

“[I]n other cases such as the film industry the use of an orphan work may be avoided because of a concern that later exploitation of the film could be inhibited by an outstanding copyright claim, or that a claimant could unreasonably delay production and/or distribution, or could ask an exorbitantly high amount of money by way of compensation and/or ongoing licence fees.”⁴⁵

Similarly, most public cultural institutions, conscious of their vulnerability as state-funded institutions, would be wary of taking such a risk, and prefer to abandon any proposed use of the orphan work.⁴⁶ University researchers, employed by a state-funded university and in receipt of publicly funded research grants, also tend to be wary of using orphan works. Nevertheless, as the first case study in the next part of this article describes, at least one university project has chosen to take that risk and has, to date, experienced no adverse outcome. The two subsequent case studies describe research at the same university where research projects were halted or left incomplete due to the orphan works problem.

The orphan work problem in practice—Three New Zealand case studies

Case study 1: The First World War texts

The first two case studies described in this part are projects of the New Zealand Electronic Text Centre (NZETC), a not-for-profit centre which is part of the library at Victoria University of Wellington. NZETC republishes New Zealand texts (mainly those that are out-of-print and of historical value) in electronic form via its website.⁴⁷

In 2009 the NZETC decided to publish in electronic form a series of literary texts which cover New Zealand’s participation in the First World War. The NZETC was aware that many of the texts were now difficult to locate in their physical form, and it had received numerous requests over the years to make the texts available online.⁴⁸ The texts were written immediately after the First World War, although some

⁴² File sharing and music sampling are two prominent examples.

⁴³ See Emily Hudson and Andrew Kenyon, “Copyright and Cultural Institutions: Guidelines for Digitisation” (Legal St. Res. Paper No.140, Univ. of Melb. L. Sch., 2006), p.100.

⁴⁴ See Ian McDonald, “Some Thoughts on Orphan Works” (2006) 24(3) Copyright Rep. 156.

⁴⁵ McDonald, “Some Thoughts on Orphan Works” (2006) 24(3) Copyright Rep. 157.

⁴⁶ McDonald, “Some Thoughts on Orphan Works” (2006) 24(3) Copyright Rep. 156.

⁴⁷ See <http://www.nzetc.org> [Accessed November 1, 2010].

⁴⁸ Jason Darwin, project manager of NZETC, “Report of NZETC process in regard to historical texts which cover New Zealand’s participation in the First World War”, published to mailing list for organisations involved in digitisation.

were published as late as the 1920s and 1930s. Under current New Zealand copyright law there is now no publisher's copyright in works published before April 1, 1963.⁴⁹ The authors' copyright in their texts, however, will survive for 50 years after their deaths.⁵⁰

The NZETC was confident that the authors of most of the texts, if not all, had since died. It was also aware that some authors had died relatively recently, thus leaving their works still within the prescribed term of copyright protection. In other instances, the date of death of the author or joint authors was unknown and there was uncertainty as to whether or not the work itself was still protected by copyright.⁵¹ Aware that some sectors of the cultural heritage sector argue that cultural heritage institutions should be less risk averse in regard to the use of orphan works for digital cultural heritage purposes, the NZETC decided to "test the waters" by taking a risk management approach⁵²: "[W]e hoped that the copyright complications were outweighed by the social benefit from having these texts freely available online."⁵³

Accordingly, on two consecutive Wednesdays in June 2009 the NZETC published newspaper advertisements in the public notices section of the Wellington *Dominion Post* newspaper, stating its intention to make the listed works available online and seeking responses from family members of the original authors. No such responses were received. The NZETC then proceeded to reproduce the texts online with the following disclaimer:

"We have made some of these works available on the basis that they are orphan works. The works concerned are still technically in copyright, though the author may have died many years previously and therefore cannot be contacted in order to provide permission for online republication of their material. We make the presumption that the author would have wanted their work to be made available online, as they did in print. However, if any person related to the author know this not to be so, please contact us and we will remove the particular work from this collection."

A report of the NZETC's process was sent to a mailing list for organisations involved in digitisation for their comments. Although many organisations supported the stance taken by NZETC, one critic warned that the works are not "technically in copyright", as stated in NZETC's disclaimer, since many of them are in fact legally protected by copyright. A more accurate statement, the critic suggested, would also serve to warn users that adaptation of the works is not necessarily permitted without further investigation to ascertain the holder of the copyrights.

Another critic suggested (wrongly) that the Copyright Act 1994 (NZ) permits the user of a copyright work to make "reasonable assumptions" about the death of its author. That is, so this critic advised, if it is reasonable to assume the author died more than 50 years ago then you can assume the work is out of copyright. This advice is unfortunately incorrect. No specific provision was cited in the advice, but one can assume the writer was taking their stance from a misinterpretation of s.67.⁵⁴

At the date of writing this article, NZETC had not been contacted by a single right holder in relation to the online First World War texts, although its website was recording high rates of attention—over the month of February 2010, for example, NZETC had 7,408 visitors to its website, looking at 1,529 First World War pages 10,490 times.⁵⁵ These statistics confirm the potential historical and cultural value of these orphan works and validate the risk management approach taken by NZETC. They also reinforce the need for adequate regulation.

⁴⁹ Copyright Act 1994 (NZ) s.235Sch.1 cl.6.

⁵⁰ Copyright Act 1994 (NZ) Sch.1 cl.4.

⁵¹ Darwin, "Report of NZETC process in regard to historical texts", published to mailing list for organisations involved in digitisation.

⁵² The call for NZ cultural institutions to be more engaged with orphan works has come from the conferences of the National Digital Forum, a body originally set up by the National Library to foster digitisation efforts in New Zealand; see <http://ndf.natlib.govt.nz/> [Accessed August 20, 2010]

⁵³ Darwin, "Report of NZETC process in regard to historical texts", published to mailing list for organisations involved in digitisation.

⁵⁴ See below for analysis of the Copyright Act 1994 (NZ) s.67. The unnecessary complexity of the equivalent provision to s.67 in the Copyright, Designs and Patents Act 1988 (UK), s.57, led in 2003 to the repeal of all transitional provisions affecting that provision.

⁵⁵ Statistics provided to the author by Jason Darwin, project manager of NZETC, March 23, 2010.

Case study 2: The recent literary journal

Another project of the NZETC which has been significantly affected by the orphan works problem is its endeavour to place online all issues of *Sport*, a New Zealand literary journal which was first published only about 10 years ago. It seemed likely that, since a relatively short period of years had elapsed, most of the authors would be locatable. The publisher of *Sport* was enthusiastic about the project and assisted with providing the last known addresses of the authors.⁵⁶ An initial attempt was made to contact all authors with a description of the proposal and asking them to contact NZETC if they objected to their work being published in an online version of the journal. No objections were received, although many authors failed to respond at all. NZETC then placed the issues online, with a copyright notice that included a provision that no use could be made of the online material without first seeking permission via NZETC. Some two years later NZETC received a warning notice in the form of a reminder from Copyright Licensing Ltd (CLL), the New Zealand authorised licensing body for publishers of literary works, that it was publishing copyright works on its website without authorisation from the copyright holders. This advice was correct, but it was not helpful. Rather, it smacks of “sour grapes”, since CLL itself is not authorised to publish orphan works. Nevertheless, NZETC removed all online versions of *Sport* and wrote again to all authors seeking written formal consent for online publication. Although the articles and poetry published in *Sport* are at most 10 years old, NZETC has been unable to contact around a third of the 400 or so authors involved, and therefore cannot publish their material.⁵⁷

Case study 3: Early digital works

The NZTronix research project (NZTronix) involved a team of academic researchers at Victoria University of Wellington which sought to archive New Zealand’s earliest computer games as part of its digital cultural heritage.⁵⁸ The research was carried out with the assistance of a grant from the Victoria University of Wellington research fund. For that reason, the researchers had agreed that a legally risk-averse approach would be taken. Furthermore, the team had agreed that an important part of the project would be to ascertain how supportive the legal environment was to the archiving of early New Zealand digital cultural heritage.

The earliest New Zealand-authored software emanates from the late 1970s and early 1980s and thus remains protected by copyright.⁵⁹ Archiving software involves multiple copying of the copyright software, hence the right holders’ consents were required before the project could begin.⁶⁰ The following extracts from the student research assistant’s report highlight the difficulties encountered by the project and the ultimate futility (and expense) of the searches for the right holders⁶¹:

“The pilot study focused on three games: *Dungeons Beneath Cairo* written by David Harvey and published by Scorpion Software (sometimes also referred to as Flexisoft), *City Lander* written by John Perry and published by Grandstand Leisure Ltd, and *Poker* written by T.R. Spiers and published by Poseidon. The company we uncovered the most information about is Grandstand Leisure Ltd. Grandstand was the only company out of the three to register with the Companies Office. Neither Scorpion Software, Flexisoft, nor Poseidon was ever a registered company.

⁵⁶ The editor and publisher of *Sport* is Fergus Barrowman, also a member of the academic staff at Victoria University of Wellington.

⁵⁷ The actual figures for *Sport* are:

- permission granted (“yes”): 284;
- permission not granted (“no”): 11;
- permission unknown (“indeterminate”, i.e. we haven’t had a reply from the mailout, or had no address): 133.

⁵⁸ See <http://www.nztronix.org.nz> [Accessed February 22, 2010]. See also Corbett, “Digital Heritage” (2007) 13(5) NZ Bus. L. Q. 48.

⁵⁹ Computer games are “literary works” in copyright law and as such are protected by copyright in New Zealand for the life of their author and a further 50 years: Copyright Act 1994 (NZ) ss.2 and 22.

⁶⁰ Copyright Act 1994 (NZ) ss.2 and 22. In Australia, computer games are protected for the life of their author and a further 70 years: Copyright Act 1968 (Cth) ss.10, 33.

⁶¹ Extracts from Evealyn O’Connor, “Research assistant’s report for NZTronix Project” (Unpublished, 2007).

1. **Grandstand Leisure Ltd.**

The Companies Office was eventually able to provide us with details of the documentation that Grandstand filed with it over an 18 year period from February 1982, ending with Grandstand being automatically struck off in June 2000 for failing to file annual returns. There is no record of what happened to the assets, including any copyright Grandstand may have owned in the video game. The Companies Office provided the names of all the accountants and solicitors who acted for the company. However although they had acted for Grandstand, several of the accountants have now been bought out by larger accounting firms. On the occasion that I did manage to trace those who had represented Grandstand, no one was able to recall anything about the copyright. One or two of the accountants vaguely remembered acting for the company, but were unable to provide me with any other information. I was told that the usual time for keeping records for former clients is about seven years. After this time the records are destroyed. Despite being given some other names, I did not find any more information about Grandstand. Further emails and phone calls also failed to reveal anything else.

At present I am still awaiting confirmation of some of the details regarding a solicitor that according to Companies Office records acted for Grandstand. As none of the district law societies have even heard of the solicitor that is mentioned, I have been trying to confirm the name with the Companies Office. However, repeated phone calls to the office have not yet come up with anything.

The former director of Grandstand cannot recall any paperwork or documentation regarding the games and who owns the copyright in them. He has suggested that we get in touch with another former director but that has proved impossible. Susan has been in touch with the author who wrote the game when he was 13, and remembered signing over his rights to the games at the time.⁶²

2. **Scorpion Software/Flexisoft.**

As noted above this company was never registered, so information on it that is publicly available would be limited at best. Despite the former director having a relatively uncommon name, none of the persons found in the New Zealand phone book with that name was the right person.

3. **Poseidon.**

This company also was not registered, meaning that there is limited information available on it. Internet searches have not come up with anything, and I could not find T R Spiers, the author of the game, *Poker*, in the New Zealand phone book or electoral rolls.

I have also contacted the New Zealand Computer Society at <http://www.nzcs.org.nz/>. I have written a notice explaining the project and the games we are trying to archive and asking for any rights holders or persons having information about the games to get in touch. It will go in their next monthly newsletter.”

No responses were obtained to the insertion in the Computer Society’s newsletter. Since the copyright holders of the software could not be located, the plans to archive the earliest New Zealand software were abandoned. Despite this setback to the research project, the computer scientist members of the NZTronics

⁶² It will be noted that the author was a minor (as were many authors of computer games in the early days of the technology); this raises yet another issue, the enforceability under the Minors Contracts Act 1969 (NZ) of any contract to transfer a minor’s entitlement to copyright.

team successfully worked with public domain and freeware games⁶³ to develop ways of archiving software that would facilitate their use by the public on traditional platforms. Hence, while the technology is now available, owing to the orphan works problem it cannot be used for cultural preservation purposes for the very software that is most at risk.

Current exceptions and “quasi exceptions”—Could they address the cultural heritage orphan works problem?

Some commentators have suggested that the exceptions to copyright infringement for the public good in copyright law, specifically those that permit archiving or preservation for cultural heritage purposes and fair dealing (or fair use as it is called in the United States), might provide adequate solutions to the orphan works problem.⁶⁴ In addition to these familiar exceptions, there are also various provisions for specific categories of copyright works, which in this article are conveniently described as “quasi-exceptions”.

For example, many copyright laws differentiate between protections for anonymous and pseudonymous works and protections for works which have an identified author, generally by providing a reduced term of protection for the former works.⁶⁵ This differentiation provides a “quasi-exception” which could be useful for secondary users of orphan anonymous and pseudonymous works. Similarly, domestic copyright laws sometimes provide separate provisions for the protection of unpublished works⁶⁶ and may also permit presumptions to be made regarding the date of death of a known author.⁶⁷ The following parts discuss these exceptions and quasi-exceptions as they appear in the NZ Act and assess their usefulness for the potential users of cultural heritage orphan works.

Archiving exceptions

The “archiving provisions” of the Copyright Act 1994 (the NZ Act) permit certain institutions to make a digital copy of any item in their collections to replace the original item without infringing copyright, only if the original item is at risk of “loss, damage or destruction”.⁶⁸ The provision applies only to making a “replacement copy”.⁶⁹ This is inadequate for the technical process of digital archiving, which involves an ongoing process of making multiple copies and adaptations of the original work.⁷⁰ Each separate activity is an infringement of copyright if carried out without the consent of the right holders.⁷¹

Cultural heritage theory maintains that an archived work must be accessible for research and education, as well as for the ongoing public interest in cultural matters: “digital materials cannot be said to be preserved if the means of access have been lost and access becomes impossible.”⁷² The accessibility requirement of the archiving process is also an infringement of copyright unless authorised by the right holder. The NZ Act permits the “communication of a digital copy” by an institution to certain users provided the digital copy was “lawfully obtained”.⁷³ However, without adequate provisions for digital copying in the first

⁶³ For example see <http://freeware-game-downloads.com/> [Accessed August 23, 2010].

⁶⁴ See, for example, Bronder, “Saving the Right Orphans” (2008) 31 Colum. J.L. & Arts 409, 412.

⁶⁵ See for example Copyright Act 1994 (NZ) s.67(1) and Copyright Act 1968 (Cth) s.33(2), 93–95.

⁶⁶ The Copyright Act 1994 (NZ) does not differentiate between published and unpublished works. Conversely, in Australia all unpublished literary, dramatic, or musical works are permanently protected by copyright: Copyright Act 1968 (Cth) s.33(3).

⁶⁷ See for example 17 USC §302(e).

⁶⁸ Copyright Act 1994 (NZ) s.55(3).

⁶⁹ Copyright Act 1994 (NZ) s.55(3)(b). Strangely, the archiving provision for “non-digital” copying permits such a copied item to be placed in the collection “in addition to or in place of” the original item: Copyright Act 1994 (NZ) s.55(1)(a).

⁷⁰ See further Corbett, “Digital Heritage” (2007) 13(5) NZ Bus. L. Q. 48.

⁷¹ Copyright Act 1994 (NZ) ss.30, 34.

⁷² National Library of Australia, *Guidelines for the Preservation of Digital Heritage*, prepared for Information Society Division, UNESCO, CL-2003/WS/3, March 2003, p.34, available at www.unesco.org/webworld/mdm [Accessed August 23, 2010].

⁷³ Copyright Act 1994 (NZ) s.56A.

place, the “lawful obtaining” of a digital copy could only take place with the consent of the right holder.⁷⁴ If, as is likely, the right holders cannot be traced, the orphan works problem prevents communication of cultural works to the public and stifles the objectives of cultural institutions.

Fair dealing

Similarly to the exceptions to copyright protection for archival preservation, exceptions for fair dealing uses apply to all copyright works. The fair dealing exceptions in the NZ Act are limited to specific uses of a copyright work for criticism, review, news reporting,⁷⁵ research or private study.⁷⁶ While some of these uses may meet the objectives of other secondary users of an orphan work, they do not apply to cultural heritage institutions.

The suitability or non-suitability of the fair dealing for research exception for technology researchers in the field of digital archiving has become less clear-cut, following recent amendments to the NZ Act. Formerly, the provision was clearly not suitable for technology researchers because research into digital archiving processes requires multiple copying whereas the fair dealing for research exception permitted only one copy to be made. An amendment to the NZ Act in 2008 added the following phrase to that exception: “In this subsection *copy* does not include a non-infringing transient reproduction . . .”,⁷⁷ where a “non-infringing transient reproduction” is determined as follows:

- “A reproduction of a work does not infringe copyright in the work if the reproduction—
- (a) is transient or incidental; and
 - (b) is an integral and essential part of a technological process for—
 - (i) making or receiving a communication that does not infringe copyright; or
 - (ii) enabling the lawful use of, or lawful dealing in, the work; and
 - (c) has no independent economic significance.”⁷⁸

While the provision may be useful for technology researchers, this is as yet untested. The provision is intended to permit activities such as browsing on the internet during which fleeting copies of web pages are inevitably made on an individual’s browser. It is not at all clear that the provision would assist the kinds of copying made during digital archiving. Although “fair use”, in United States copyright law, has a much broader and less prescriptive ambit than the New Zealand “fair dealing”, exceptions as Olive Huang has explained, it is unlikely be useful for cultural heritage institutions seeking to use orphan works.⁷⁹ Hence a broadening of New Zealand’s fair dealing exception that would bring its ambit closer to the “fair use” exception in US copyright law⁸⁰ is unlikely to be useful.

Anonymous works—Permitted presumptions

The rationale for providing for lesser protection for anonymous and pseudonymous copyright works than for those with an identified author originates with the Berne Convention, which provides:

⁷⁴ Copyright Act 1994 (NZ) s.55(3); see text to fn.68 above.

⁷⁵ Copyright Act 1994 (NZ) s.42, and Copyright Act 1968 (Cth) ss.41, 42. Australian law also contains a fair dealing exception for parody or satire: Copyright Act 1968 (Cth) s.41A.

⁷⁶ Note that in New Zealand the permitted “study” is required to be “private”: Copyright Act 1994 (NZ) s.43 and Copyright Act 1968 (Cth) s.40. “Fair use”, as it is called in US copyright law, has a much broader and less prescriptive ambit but is unlikely to cover the use for commercial purposes or the use of an entire work: for discussion see Huang, “US Copyright Office Orphan Works Inquiry” (2006) 21 Berkeley Tech. L. J. 265, 273.

⁷⁷ Copyright Act 1994 s.43(4) (as amended by the Copyright (New Technologies) Amendment Act 2008, cl.23).

⁷⁸ Copyright Act 1994 s.43A (as inserted by the Copyright (New Technologies) Amendment Act 2008, cl.24).

⁷⁹ Huang, “US Copyright Office Orphan Works Inquiry” (2006) 21 Berkeley Tech. L. J. 265, 271.

⁸⁰ 17 USC §107 (2000).

“The countries of the Union shall not be required to protect anonymous or pseudonymous works in respect of which it is reasonable to presume that their author has been dead for fifty years.”⁸¹

Unfortunately, however, this seemingly straightforward provision has not always been implemented in domestic copyright legislation in ways that would be of immediate benefit to secondary users of orphan anonymous and pseudonymous works.

Section 67 of the NZ Act, for example, mirrors the provision of the Berne Convention by permitting acts done with anonymous or pseudonymous works when it is not possible to ascertain the identity of the author “by reasonable enquiry” and “it is reasonable to assume” either that copyright has expired in relation to the work, or that the author died 50 years or more before the beginning of the calendar year in which that act is done.⁸² However, although there is no indication of this within s.67 itself (leading to the misinterpretation mentioned in the NZETC case study above) s.67 is modified by transitional provisions in the NZ Act⁸³ and will not become operative for anonymous literary, dramatic, musical, and artistic works (other than a photograph), that were unpublished before December 31, 1995, until after January 1, 2046.⁸⁴ There is some ambiguity as to whether the specific exclusion of anonymous photographs that were unpublished before December 31, 1995 from this provision means that the s.67 exception may be made use of at an earlier date in relation to photographs, or alternatively whether the end result of the exclusion is that unpublished anonymous photographs are excluded from s.67 altogether.

Some commentators have suggested that the modifying proviso should be repealed as has been done in UK copyright law.⁸⁵ This would allow the presumption to take effect immediately.

Unpublished works

International copyright law does not explicitly provide for the situation where a creative work with an identifiable author remains unpublished, although it has been argued that the TRIPS Agreement mandates that the author’s wishes regarding publication or non-publication of their work must be respected.⁸⁶

The NZ Act provides that both published and unpublished original works are automatically protected by copyright.⁸⁷ Therefore, after the usual term of copyright protection, unpublished works with an identifiable author will fall into the public domain in the same way as published works.⁸⁸ Furthermore, during the term of copyright protection, the usual public good exceptions to copyright protection apply.

Known author—Presumptions

The NZ Act contains no provision allowing presumption as to a known author’s death after a certain time. Conversely, in US copyright law a potential user of a copyright work created on or after January 1, 1978 is entitled to the benefit of a presumption that an author has been dead for at least 70 years, after a period

⁸¹ Berne Convention for the Protection of Literary and Artistic Works 1886 art.7(3).

⁸² Copyright Act 1994 (NZ) s.67(1). Section 67 does not apply to Crown copyright works or works that were originally vested in an international organisation and in respect of which an order specified a longer term of copyright than 50 years: Copyright Act 1994 (NZ) ss.28, 67(2).

⁸³ The provisions distinguish between anonymous works made before January 1, 1995, the commencement date of the NZ Act, and works made after that date: Copyright Act 1994 (NZ) s.235, Sch.1 cl.17(2)(d).

⁸⁴ Copyright Act 1994 (NZ) s.235, Sch.1 cl.26.

⁸⁵ See the Copyright, Designs and Patents Act 1988 (UK) s.57, which was formerly modified by transitional provisions preventing it taking effect until 2046. See discussion in Kogler, “‘Orphan Works’ in New Zealand” (LLM Res. Paper, Vict. Univ. of Wellington, 2007), pp.12, 13.

⁸⁶ Jane Ginsburg argues that the reference to the “legitimate interests of the author” in the “three-step test” which is embodied in the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 art.13, itself based on the Berne Convention for the Protection of Literary and Artistic Works 1886 art.9(2) “almost certainly includes the interest in determining whether her work shall be publicly disclosed”: Ginsburg, “Recent Developments in US Copyright Law: Part I”, 2008, p. 4, available at http://lsr.nelco.org/columbia_plt/08152 [Accessed August 20, 2010]. For analysis of the “three step test” see below.

⁸⁷ Copyright Act 1994 (NZ) s.22(1). Copyright in sound recordings and films expires at the end of 50 years from when the sound recording or film is made, or from when it is first made available to the public by an authorised act, whichever is later: Copyright Act 1994 (NZ) s.23. Copyright in a communication work expires 50 years after it is first communicated to the public: Copyright Act 1994 (NZ) s.24.

⁸⁸ Conversely, in Australia all unpublished literary, dramatic, or musical works are permanently protected by copyright: Copyright Act 1968 (Cth) s.33(3).

of 95 years has expired from the work's first publication or 120 years from its creation.⁸⁹ Provided this presumption is relied on in good faith, it will constitute a complete defence to any action for infringement of copyright in relation to the work.⁹⁰ In a practical sense this provision compensates for the 1978 removal of the comprehensive register of copyright owners that formerly existed in the United States.

Such a provision has no parallel in the Berne Convention, although neither is there any provision which would prevent it. Although the provision requires a lengthy time frame and would therefore not be useful for copyright works on physically decaying media, such as films and computer software, it will eventually become useful for many orphan literary works, music, and artistic works in analogue formats.

The effect of the principle of national treatment under Berne means that orphan works which might never become available for use in New Zealand under its existing laws could eventually be used by a secondary user in the United States who was able to satisfy the good faith presumption. In effect, the United States user could reap the benefits of economic and cultural use of New Zealand orphans. For this reason it is recommended that appropriate amendments be made to include equivalent provisions in the NZ Act. Had a similar provision existed in the NZ Act (justifiably amended to be applicable to works created earlier than 1978, since there has never been a register of copyright owners in New Zealand) the NZETC's First World War project described above could have proceeded on more legally compliant basis.

Time to revisit the orphan works problem?

The existing exceptions and "quasi exceptions" in the NZ Act are, similarly to the exception and quasi exceptions in other countries' copyright laws, unsuitable for both cultural heritage institutions and researchers who wish to use cultural heritage orphan works. Although museums, archives and libraries now have the technical ability to digitally archive a work for both preservation and accessibility, the law that should underpin that processes has not kept pace.⁹¹ As the university case studies discussed above have demonstrated, both cultural heritage institutions and researchers suffer from the dual chilling effects of the orphan works problem and inadequate legislative provisions for digital archiving.

The Select Committee which reviewed the New Zealand Copyright (New Technologies and Performers' Rights) Amendment Bill (NZ) in 2007⁹² acknowledged the need for appropriate orphan works legislation in New Zealand and recommended that the Ministry of Economic Development should review the possibilities, as a matter of urgency. Since that date, however, very little has been achieved. By 2009, the issue of orphan works had slipped from the agenda; it "has not been identified as one of the priorities of the current government", and no further work is to be carried out at present.⁹³ This is unfortunate, particularly since arguably the cultural heritage orphan works problem is not only of greater and more immediate importance for New Zealand but also is more easily solved. Furthermore, it is readily separable from other part of the problem, which is the impact of orphan works on potential commercial secondary users.⁹⁴

⁸⁹ See 17 USC §302(e).

⁹⁰ 17 USC §302(e). It seems likely that the provision was introduced following the removal of the formalities associated with copyright protection in the US associated with its acceding to the Berne Convention.

⁹¹ Corbett, "Digital Heritage" (2007) 13(5) NZ Bus. L. Q. 48; Diane Leenheer Zimmerman, "Can Our Culture be Saved? The Future of Digital Archiving" (2007) 91 Minn. L. Rev. 989, 1017.

⁹² The Bill was subsequently passed into law as the Copyright (New Technologies) Amendment Act 2008.

⁹³ Silke Radde, acting manager, intellectual property policy, Ministry of Economic Development, New Zealand, email to the author (October 8, 2009). A similar lack of enthusiasm is apparent in Australia, where in 2006 a former government announced that the Commonwealth Attorney-General's Department would conduct an inquiry into orphan works. The next development was in 2008, when the orphan works problem was described as an "area of responsibility" for the new technologies section of the copyright law branch of the department: See Commonwealth Attorney-General's Department, *AGD e-News on Copyright* (2008), p.48, at http://www.ag.gov.au/www/agd/agd.nsf/Page/Copyright_e-NewsOnCopyright_2008_Issue48-January2008 [Accessed August 23, 2010].

⁹⁴ The alternative to countries failing to provide national or international solutions may be anti-competitive commercial "solutions" such as the proposed Google BookSearch Settlement Agreement: see Pamela Samuelson, "Academic Author Objections to the Google Book Search Settlement" (2010) 8 J. on Telecomm. & High Tech. L. 492, 506. It appears, however, that the US Justice Department has now urged the New York court that is currently considering the proposed settlement to reject it because "there is a significant potential that [the Justice Department] will eventually decide that the settlement broke antitrust law", at <http://www.radianz.co.nz/news/stories/2009/09/19/1245c8199a57> [Accessed August 23, 2010].

The following parts of this article suggest some amendments to New Zealand copyright law and policies that appear to be permitted under international copyright law and would alleviate the orphan works problem specifically for cultural heritage institutions and researchers. They may also be useful for other copyright importing countries.⁹⁵ They will provide a partial solution since they do not address the difficulties faced by the potential commercial user of orphan works. Neither do they attempt to address the problem of orphan cultural heritage from other countries that forms part of collections in New Zealand institutions.

Orphan works regulation and compliance with international copyright law

The three-step test

It is self-evident that, in order to be effective, any orphan works copyright legislation must remove or limit the strict legal rights of the right holder of a copyright work and provide corresponding rights to a secondary user. Any such legislation must comply with international copyright law,⁹⁶ and in particular the following provision of TRIPS:

“Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rights holder.”⁹⁷

This requirement is known as the “three-step test” and is applicable to all permitted uses under Member States’ copyright laws. The disputes panel of the World Trade Organization (WTO) has ruled that the expression “special case” in the three-step test means that an exception should be clearly defined and limited in its scope and reach.⁹⁸ This may not present an insuperable barrier, since the exceptions that would be necessary for cultural heritage orphan works are at least more readily defined than the fair use and fair dealing exceptions which, in the copyright laws of most countries, are notoriously uncertain, but which nevertheless are generally accepted as being in compliance with the three-step test.

In the same ruling, the WTO panel suggested that one way of measuring “normal exploitation” is to consider, in addition to those forms of exploitation that currently generate significant or tangible revenue, those forms of exploitation which, with a certain degree of likelihood and plausibility, could acquire considerable economic or practical importance.⁹⁹ Finally the panel ruled that:

“[P]rejudice to the legitimate interests of rights holders reaches an unreasonable level, if an exception or limitation causes or has the potential to cause an unreasonable loss of income to the copyright holder.”¹⁰⁰

⁹⁵ While the suggestions might be equally useful for copyright exporting countries, it may be that regulation that would alleviate the economic effect of orphan works is higher on their agendas.

⁹⁶ One criticism of the Canadian orphan works process, which makes use of a statutory licence, is that it is a fundamental change to the nature of copyright, altering an exclusive right to a “mere right of remuneration”, and is contrary to the Berne Convention Copyright Law Review Committee (Austl.). “Simplification of the Copyright Act 1968: Part 2” (Canberra: Attorney-General’s Department, 1999), p.123. See <http://www.ag.gov.au/clrc> [Accessed August 23, 2010].

⁹⁷ TRIPS art.13, which is based on the Berne Convention art.9(2). Conveniently, there are recent dispute rulings which provides guidance as to the meaning of certain provisions of TRIPS.

⁹⁸ WTO Dispute Panel Decision, *United States—Section 110(5) US Copyright Act* (WT/DS160) (1999–2001) as discussed in Susy Frankel and Geoff McLay, *Intellectual Property in New Zealand* (LexisNexisButterworths, 2002), p.39.

⁹⁹ WTO Dispute Panel Decision, *United States—Section 110(5) US Copyright Act* (WT/DS160) (1999–2001), paras 6.180 to 6.181.

¹⁰⁰ WTO Dispute Panel Decision, *United States—Section 110(5) US Copyright Act* (WT/DS160) (1999–2001), para.229.

Use of orphan works by heritage institutions

In an analogue world, the use of an orphan copyright work by a not-for-profit cultural heritage industry for archival and public accessibility purposes within the institution does not conflict with normal exploitation of a work. This is the justification for the current archiving (or preservation) exceptions that are provided in most copyright laws. However, the expansion of those exceptions to permit the use of digital technologies for archival and public accessibility raises some issues around the second part of the cultural heritage process, “public accessibility”.

The digital archiving of a copyright work by a not-for-profit institution will not, of itself, affect the “normal exploitation” of the work, any more than would copying it for preservation purposes in an analogue process. The law should therefore be amended to allow the making of as many copies as are necessary for the technical process.

The public accessibility requirement is less clear. The copyright laws of some countries limit public access to a digitised entity from the collection of a cultural institution to computer terminals within the institution itself.¹⁰¹ Such precautions limit the availability of cultural heritage to persons who can actually visit the physical institution. This seems to be a retrograde step in an era of digital culture. A digitised entity can be readily distributed worldwide over the internet, for example by email. The common practice of placing digitised collections on the institution’s website is equivalent to such distribution. This could be a potential conflict with the right holder’s normal exploitation of the work, although it may be that this reasoning will differ, according to whether or not the original item in the institution’s collection is in digital or analogue form, and will also vary according to the unexpired term of copyright that remains.¹⁰²

For example, the right holder of an analogue work that is approaching the end of its term of copyright protection and that is considered to be of such cultural significance that it is kept in a heritage institution is arguably less likely to object to wider distribution of copies of the work, provided the copies are not used for commercial purposes and the original work remains in the institution. A suitable form of statutory licence should be provided that restricts the use of digital copies from cultural heritage institutions to not-for-profit research and educational use. Such regulation would assist the NZETC,¹⁰³ which is a part of the Victoria University of Wellington Library and therefore falls within the definition of “prescribed library” or “archive” in the NZ Act¹⁰⁴ (these are the only institutions that can make use of the archiving exceptions).¹⁰⁵

The question of public accessibility to archived copies of “born digital” orphan works is more complex. As explained earlier in this article, digital cultural heritage is a relatively recent phenomenon but, failing preservation processes, it is likely to be permanently lost to cultural heritage.¹⁰⁶ The number of copies required for not-for-profit digital archiving is, however, not a conflict with the three-step test and this copying should be permitted under copyright exceptions. Permitting public accessibility over the internet to archived copies of the born digital entity requires a twofold solution. If the born digital work is no longer commercially available (if it were, it would not be orphaned) and certain prescribed steps have been taken to locate any right holders, distribution with a suitable licence permitting only not-for-profit uses could not conflict with normal exploitation and should be permitted. (Conversely, if a born digital entity is not orphaned, while this will not affect the legality of its archiving under the permitted exceptions, its distribution for public accessibility purposes must be only with the consent of the right holders.)

¹⁰¹ For example, see the Copyright Act 1968 (Cth) ss.51A(3)(3A).

¹⁰² See Joseph Liu, “Copyright and Time: A Proposal” (2002) 101 Mich. L. Rev. 419, who suggests time should be a factor in deciding whether or not a use of a copyright work is a “fair use”—the longer the work has been in copyright the greater should be the extent of the permitted fair use.

¹⁰³ See Case Studies I and II discussed above.

¹⁰⁴ For definitions see the Copyright Act 1994 (NZ) s.50.

¹⁰⁵ For argument that the right to use the exceptions should be extended to other not-for-profit institutions, see Corbett, “Digital Heritage” (2007) 13(5) NZ Bus. L.Q. 48, 66–67.

¹⁰⁶ Corbett, “Digital Heritage” (2007) 13(5) NZ Bus. L.Q. 48.

Technological protection measures

It is not uncommon for “born digital” entities to include technology that is intended to prevent or inhibit the infringement of its copyright. In the NZ Act this is called a technological protection measure (TPM). In order to access the entity to perform any of the actions that are restricted to the right owner under copyright law,¹⁰⁷ the controlling technology must be circumvented. Copyright laws support the right owner’s ability protect their legal rights with their chosen technology and regulate the use of any such circumvention process.¹⁰⁸ The NZ Act, for example, generally prohibits the activities of making, selling, hiring, offering or exposing for sale or hire, or advertising for sale or hire of a TPM circumvention device,¹⁰⁹ but provides an exception where the prohibited activity is to enable a librarian, archivist, or educational establishment to exercise an act permitted under one of the permitted exceptions to copyright.¹¹⁰ The exception to infringing TPM activity also applies where its purpose is to enable a person to undertake encryption research,¹¹¹ provided the researcher “either obtains permission from the rights owner ... or has taken or will take all reasonable steps to obtain that permission”.¹¹² This provision implies that it is the *attempt* to obtain permission that is the important factor; should the right owner withhold permission, it appears, the encryption researcher may proceed in any event.

The provision is important because it tacitly acknowledges the significance of research to modern copyright. It provides useful guidance as to how a similar provision for digital technology researchers in the fields of cultural archiving might be inserted into the archiving exception discussed earlier.

Future orphans

There are obvious policy differences which indicate the need for differentiation between the current orphan works problem, and potential problems caused by future orphan works. The current problem involves, mainly, copyright works that were created at a time when the potential problems of future orphan-hood were not in the public arena. For such orphan works, the approach must impose responsibilities on the proposed users, while at the same time minimising, so far as possible, the transactional costs of compliance. While this is a more complex problem for other categories of secondary users of orphan works, as the preceding analysis indicates, it is neither complex nor insoluble for users of cultural heritage orphan works.

For potential “future orphan works” the approach should be one that sets out to minimise the extent of the problem. Authors will have a prominent part to play in order to achieve this objective, an extensive program of public education about copyright in general and the significance of the orphan works problem in particular will be crucial to the solution. As observed by the Center for the Study of the Public Domain, “The system will have to take into account the limited resources and legal knowledge of many of the citizen publishers of cyberspace”.¹¹³

The problem of orphan works does not exist to any great extent in either patent or trade mark laws.¹¹⁴ This is because each of those intellectual property protections is mandatory upon registration with a state entity.¹¹⁵ The payments required at regular intervals for renewals of patents and trade marks go to the cost

¹⁰⁷ See the Copyright Act 1994 (NZ) s.16.

¹⁰⁸ Such regulation is controversial unless carefully balanced, since the technology protection measures put in place by a right owner can also prevent the use of permitted exceptions to copyright protection in relation to the copyright work, such as fair dealing: see the Copyright Act 1994 (NZ) s.226E(1)(2) which pays lip service to the use of TPM circumvention devices for the permitted exceptions such as fair dealing but imposes such stringent conditions that the provision is likely to be all but useless in practice.

¹⁰⁹ Copyright Act (NZ) ss.226A-226C.

¹¹⁰ Copyright Act (NZ) s.226D.

¹¹¹ Copyright Act (NZ) s.226D(2)(b).

¹¹² Copyright Act (NZ) s.226E(3)(b).

¹¹³ Center for the Study of the Public Domain at Duke Law School at Duke Law School, “Orphan Works Analysis and Proposal: Submission to the Copyright Office” (March 2005), p.8.

¹¹⁴ The shorter term of patent protection is unlikely to be the reason for this—as the Case Studies (above) have demonstrated, 20 years is ample time in which a creator can “disappear”.

¹¹⁵ In New Zealand this entity is the Intellectual Property Office; in the UK it is the Patent Office.

of maintaining the state registers and the registers themselves are freely searchable—indeed most countries now have these registers available on the internet. Although the Berne Convention does not permit Member States to require any formalities from foreign authors before granting copyright protection to their works,¹¹⁶ there is no similar restriction placed on the granting of copyright to domestic authors.¹¹⁷ If registration was mandatory for domestic copyright protection to continue beyond, say, five years, as well as for assignments and licences of the copyright, there would be a record of that country's copyright owners. Renewal after a prescribed term would cost a minimal fee, but would be required in order not to abandon one's copyright. If on the other hand the work was trivial, and/or not commercially valuable, the creator would likely not go to the trouble of renewing its registration (if indeed they had bothered to do so in the first place). Assuming they could be made available online this would remove, or at least alleviate, the problem of orphans for the future.

In addition, as the frustrating experiences of those involved in searching for missing right holders has shown, in the interests in the public good of ongoing availability of copyright works other areas of the legal system will also need to be addressed. For instance, lawyers involved in drafting wills should advise clients to insert a clause specifically regarding the passing of any copyrights owned by the deceased (rather than, as at present, most likely not considering these assets separately, if at all, and implicitly relying on the fact that copyrights will pass with all other assets). Specific copyright clauses in wills should be readily available for searching by potential users of copyright works. Accountants acting for the company when it is wound up should be required to file evidence of the transition of the company's copyright assets.

Conclusion

The complexity of the orphan works problem has stalled the regulation process in many countries. This article has argued that for the net copyright importing countries, such as New Zealand, it is the effect of the problem on cultural heritage that is more immediately significant than the effect on the economy. There are possible legislative solutions for cultural heritage orphans that comply with international copyright law and which could be implemented as a partial solution. The solution to the orphan works problem for users of cultural heritage orphan works simply requires amendments to the archiving provisions in copyright law and will comply with international copyright law. The suggested amendments will permit more than one copy of a work to be made for archival purposes, and for research purposes, and will provide for accessibility for the public interest in cultural matters. Provision of a defence for the publication of anonymous and pseudonymous orphan works after a certain term of years has elapsed from first publication is also recommended.¹¹⁸ If these changes had been in place at the time of the research described in the three case studies, all three would have been able to proceed to completion.¹¹⁹

While this article has not attempted to provide a comprehensive solution to the problem of orphan works, it has argued that a partial solution for cultural heritage orphans should not be delayed. Time is of the essence if countries are to retain control, in the public interest, of their own cultural heritage. The net copyright exporting countries have a strong economic incentive to provide regulation for orphan works and, should they succeed in doing so, it is possible that their institutions would have the first opportunity to make use of the cultural heritage orphans originating from other countries.

¹¹⁶ Berne Convention art.5.

¹¹⁷ As explained earlier it is simply a matter of equal treatment for domestic citizens that has led all countries to remove the requirement for registration of their copyright.

¹¹⁸ Amendment to the NZ Act by repealing the transitional provisions which modify the effect of s.67. The uncertainty around the precise meanings of "anonymous" and "pseudonymous" in the context of the provision should also be addressed.

¹¹⁹ Discussed above.

Infopaq and the Europeanisation of Copyright Law

Stephen Vousden*

☞ Copyright; EU law; International law; Newspapers; Reproduction rights; Transient copying

Introduction

Can the authors of newspaper articles stop a company from coming along and extracting 11-word fragments of a text and turning these fragments into summaries? It was a question to which EU legislation provided no clear answer. Article 2 of Directive 2001/29 (the InfoSoc Directive)¹ cryptically allowed an “author” to prevent a “part” of their “work” from being “reproduced”.² After the *Infopaq* judgment,³ the rule in EU law is now that if a “part” contains an original “element”, then it falls within the legal protection given to the “work”. This sounds simple enough. That is until attention is paid to the legal reasoning used by the Court of Justice of the European Union (ECJ). A critical analysis of the reasoning reveals this rule does not rest on international copyright law, or EU law. Indeed, it looks like to come from books on German copyright law. Seen in this light, the Europeanisation of copyright law is being achieved by a court that is making the law rather than interpreting it. What then are the implications of this binding precedent on Dutch and English copyright laws?

Facts

Customers tell Infopaq which subjects interest them. Infopaq will then use a partially automated process to summarise any relevant articles that have been printed in Denmark’s newspapers and periodicals. In 2005, the Association of Danish Daily Newspapers learned of Infopaq’s activities. Since it had not consented to this use of the newspaper articles it complained to Infopaq. Infopaq, however, took the view that the Association’s consent was unnecessary. Moreover, Infopaq sought a declaratory judgment for non-infringement of copyright from the Eastern Regional Court in Denmark. The Regional Court refused Infopaq’s request. The Regional Court’s refusal was appealed to the Danish Supreme Court.

At the Danish Supreme Court, there was some agreement and some disagreement between the parties. It was agreed that consent was not required to monitor the media or to make summaries. It was also agreed that when Infopaq’s computerised process produced the summaries, two “reproductions” were made. The first occurred when Infopaq initially scanned the newspaper articles—scanning created a graphics file. The second reproduction arose when that graphics file was converted into a text file. Where the parties disagreed was on the legal consequences of the next steps of the “data capture” process. That is to say,

* This piece is dedicated to Jan Brinkhof on his retirement from the Chair in Industrial Property Law, University of Utrecht, the Netherlands. He was the author’s pupil master at Brinkhof Advocaten, Amsterdam. The author thanks his former English pupil master Martin Howe QC at 8 New Square, London for comment on the draft to this text. The opinions expressed are the author’s own.

¹ Directive 2001/29 on the harmonisation of certain aspects of copyright and related rights in the information society [2001] OJ L167/10.

² Directive 2001/29 art.2 provides: “Member States shall provide for the exclusive right to authorise or prohibit direct or indirect, temporary or permanent reproduction by any means and in any form, in whole or in part: (a) for authors, of their works ...”.

³ *Infopaq International A/S v Danske Dagblades Forening* (C-5/08) [2009] E.C.R. I-6569; [2009] E.C.D.R. 16.

the text file was scoured for the customer's search term(s). Each time the search word was found, the search term plus the five words before it and the five words after it were registered. This textual fragment of 11 words was then saved, and printed.⁴

Two issues troubled the Danish Supreme Court. Did this saving and printing of just 11 words really constitute a "reproduction" of "part" of the "work" within the meaning of art.2 of the InfoSoc Directive? And if so, could Infopaq rely on any of the exceptions laid down in art.5 of that Directive? Faced with the opacity of the InfoSoc Directive, the Danish Supreme Court asked the ECJ 13 questions. Advocate General Trstenjak answered each of the national court's questions but her Opinion was not mentioned by the court. The court took the 13 questions in two groups, Question 1 and Questions 2–12 (it did not answer Question 13). Its two answers were returned to the Danish Supreme Court but that court has now sent the matter back to the ECJ and asked more questions.⁵ For these reasons, the focus of the analysis here will be on the court's answer to Question 1.

Judgment

The five judges in the Fourth Chamber opened with a "preliminary observation" (at [2]–[29]). They noted that the InfoSoc Directive made no express reference to the law of the Member States. Thus the concepts at stake were to be given an autonomous and uniform interpretation throughout the Community. National definitions to Community concepts become irrelevant. The ECJ in *Infopaq* then made four key points:

1. To pass the threshold for copyright protection, a "work" needs to be "original" in the sense that it is the author's "own intellectual creation" (at [35], [37]).
2. "Parts" of a copyright "work" are protected because they "share" originality in the whole, "provided they contain elements which are the expression of the intellectual creation of the author" (at [38]).
3. For literary works, an author can express his creativity in an original manner through the "choice, sequence and combination" of words. Parts of sentences can convey the originality of a publication. Whether the extract in *Infopaq* contained an element of the work was a matter for the national court to determine.
4. If the national court finds the "work" to have been reproduced, then the art.5(1) exception for temporary acts of reproduction that are "transient in nature" is not available to Infopaq: printing out the extract on paper is not a reproduction "transient in nature". Therefore Infopaq's technical process required the right holder's consent.

Commentary

Recalling O.W. Holmes' observation that principles developed by litigation will ultimately rest on public policy because the law "is administered by able and experienced men who know too much to sacrifice good sense to a syllogism",⁶ this commentary looks for (1) the legal fictions underpinning *Infopaq*, and then it considers (2) their functions and (3) their implications for Dutch and English copyright laws.

⁴ The court provides the following example. If the search word was "TDC", then the 11-word fragment produced was "a forthcoming sale of the telecommunications group TDC which is expected to be bought": *Infopaq* [2009] E.C.R. I-6569; [2009] E.C.D.R. 16 at [21].

⁵ Case C-302/10, Reference for a preliminary ruling lodged on June 18, 2010.

⁶ O.W. Holmes, *The Common Law* at pp.35–36, cited by Otto Kahn-Freund in his Introduction to Karl Renner's *The Institutions of Private Law and Their Social Function* (London: Routledge, 1998 reprint of the 1949 translation of Renner's work into English), p.43.

Legal fictions

Preliminary observation

The ECJ's preliminary observation was that the concepts at stake were to be given an autonomous and uniform interpretation throughout the Community. The ECJ supported this with the aid of *SENA v NOS*⁷ and the later judgment of *SGAE v Rafael Hoteles*.⁸

Yet there is a sleight of legal hand underneath *SGAE*. The autonomous concept doctrine stems from customs and tariffs law.⁹ The EU is exclusively competent in customs and tariffs. This is not the case in IP law; the ECJ has deemed IP law to be a domain of shared competence.¹⁰ Even assuming that the InfoSoc Directive gives the EU exclusive competence, then there is still a legal fudge. The rule is that EU legislation must be interpreted in line with the international law obligations to which it gives effect. Recital 15 identifies that the InfoSoc Directive gives effect to the World Copyright Treaty (WCT), but the ECJ makes no mention of the WCT in *Infopaq*. Instead, the ECJ cites art.9.1 of TRIPS. This is odd particularly since TRIPS does not define the concept of "reproduction". And while the citing of TRIPS allows the obligations in the Berne Convention to flow indirectly into EU law, the Berne Convention itself has not been signed by the EU. Therefore, behind the court's "preliminary observation" lurk legal infelicities. These infelicities are unlikely to have escaped the attention of the judge rapporteur in *Infopaq*, Judge Malenovský. He was also the rapporteur in *SGAE*. Prior to becoming a judge at the ECJ, he held a chair in public international law.

Question 1

After the "preliminary observation", the ECJ reworded the national court's Question 1. This is significant. A judicial rewording of the questions has been explained by one of the ECJ's former presidents, Ole Due, in the following terms. It is done "in the interest of the general development of Community law. An answer given to a question reformulated this way therefore often carries considerable weight as precedent".¹¹ In light of Due's words, therefore, it is striking that the court in *Infopaq* has deleted the fact that the question was about "newspaper articles", and instead inserted the words "on paper" after the phrase "printing out". The black letter law implication is that the court in *Infopaq* has broadened the scope of the question to cover all print media. The court's answer to its own question then appears to be in three steps. The first two deal generally with "reproduction" of a "work" and a "part" of a work, the third is directed to newspaper articles.

Step 1: Reproduction of a work

Step 1 concerns "reproduction" of a "work". Observing that the concept of "reproduction" was not defined in the Directive, the court took the view that the concept must be interpreted in light of international law and EU law. Thus it declared boldly, "[i]t follows that protection of ... reproduction is intended to cover

⁷ *Stichting ter Exploitatie van Naburige Rechten (SENA) v Nederlandse Omroep Stichting (NOS)* (C-245/00) E.C.R. I-1251 at [23].

⁸ In *Sociedad General de Autores y Editores de España (SGAE) v Rafael Hoteles SA* (C-306/05) [2006] E.C.R. I-11519; [2007] Bus. L.R. 521 at [31].

⁹ *Commission of the European Communities v Germany* (C-61/94) [1996] E.C.R. I-3989; [1997] 1 C.M.L.R. 281 at [52]. The case concerned the International Dairy Agreement, a species of the 1973 GATT Agreement. The International Dairy Agreement was in force in the Community from 1980, and the ECJ was asked to interpret a technical Regulation setting down prices for imports.

¹⁰ Opinion 1/94, Competence of the Community to conclude international agreements concerning services and the protection of intellectual property — art.228(6) of the EC Treaty [1994] E.C.R. I-5267; [1995] 1 C.M.L.R. 205.

¹¹ Ole Due, "Understanding the Reasoning of the Court of Justice" in Rodríguez Iglesias, Gil Carlos et al. (eds), *Mélanges en hommage à Fernand Schockweiler* (Baden-Baden: Nomos Verlagsgesellschaft, 1999), pp.73–85, at p.83.

[a] ‘work’” (at [33]). From the “general scheme” of the Berne Convention, and arts 2(5) and 2(8) of that Convention, the court observes that the protection of literary and artistic “works” “presupposes” that the works are “intellectual creations” (at [34]).

This is dense legal reasoning and needs unpacking. Presumably, what the court describes as the “general scheme” of the Berne Convention are those provisions it sets out at the start of the *Infopaq* judgment. If so, they are arts 2(1), 2(5) and 2(8) of the Berne Convention. The problem is that art.2(1) contains a lengthy catalogue of protected works but the ECJ does not reproduce this. Instead, it deletes the bulk of the provision.¹² In doing so, a reader may not be aware that that the Berne Convention’s catalogue of works makes no reference to newspapers. Although these were not protected by the Convention, they could be protected only as a matter of national copyright. Therefore, the Berne Convention provides no protection for the medium at stake in *Infopaq*, namely newspapers.

The riddle continues when the court refers to arts 2(5) and 2(8) of the Berne Convention. Article 2(5) protects collections of literary works “such as” encyclopaedias and anthologies. Article 2(8) denies Convention protection to “news of the day or to miscellaneous facts having the character of mere items of press information”. In light of these provisions, it might be fair to say that neither provision really appears to support the end result in *Infopaq*, namely, that an 11-word fragment from a newspaper article qualifies for protection—particularly when those 11 words are about the likely sale of a telecommunications group. This is very significant. According to Ole Due’s guide on how to read a court judgment, contrary points can signify a split in the chamber. Arguments which were decisive for the majority but which have been strongly contested by a minority may be left out. Other arguments which do not necessarily support the result may be inserted. This creates uncertainty as to its value as a precedent.¹³

The legal reasoning of the court in *Infopaq* becomes no clearer when it draws an analogy. That is to say, the court reasons that “similar” to the Berne Convention, three EC Directives each protect the “work” of an “author’s own intellectual creation” (the Computer Programs Directive, the Database Directive, and the Copyright Term Directive).¹⁴ True enough, each Directive mentions this phrase, but in two dimensions the simile is quite contrived.

The first is the relationship between the Berne Convention and EU law. The Convention refers to “intellectual creations” and not, as EU law does, to the “author’s own intellectual creation”. Thus it is not clear that the Berne Convention imposes the criterion of the “author’s own intellectual creation”.¹⁵ Further, the EU law phrase houses a compromise between, on the one hand, English law’s protection of “an author’s own creation”, and on the other, Continental (German) law’s protection of “intellectual creations”.¹⁶ Thus it is fair to say that the relationship between the Berne Convention and EU law is not one of a slavish adherence.

The second dimension of contrived simile is in the terminological inconsistency of the Directives themselves. Only two of the three EC Directives mention “author’s own intellectual creation”, and when the phrase turns up in the third Directive (art.6 of the Term of Protection Directive), it has to be read with Recital 17. Recital 17 raises the threshold for EU copyright protection for photographs from the “author’s own intellectual creation”, up to the need for them to be “reflecting [the photographer’s] personality”.

¹² Does this deletion support Christian Handig’s assertion that the list of copyright works categories is no longer to be seen as exhaustive? Handig doubts that the exhaustive list of works found in the UK’s CDPA is good law after *Infopaq*. See Christian Handig, “*Infopaq* International A/S v. Danske Dagblades Forening (C-5/08): Is the term ‘work’ of the CDPA 1988 in line with the European Directives?” [2010] E.I.P.R. 53. This writer wonders where this can be seen in the court’s judgment.

¹³ Due, “Understanding the Reasoning of the Court of Justice” in *Mélanges en hommage à Fernand Schockweiler*, 1999, p.78.

¹⁴ The references to the three Directives are as follows: Computer Programmes Directive (Council Directive 91/250 on the legal protection of computer programs [1991] OJ L122/42), codified as Directive 2009/24 on the legal protection of computer programs (Codified version) [2009] OJ L111/16; Database Directive (Directive 96/9 on the legal protection of databases [1996] L77/20); Copyright Term Directive (Directive 2006/116 on the term of protection of copyright and certain related rights [2006] OJ L372/12).

¹⁵ The author is grateful to this journal’s anonymous reviewer for this observation.

¹⁶ The compromise dates back to Recital 8 of the Computer Programs Directive, and the Green Paper’s explanation of art.1(3) of that Directive. On the divergences in threshold for protection in the Community, see Commission, “Copyright and the Challenge of Technology — Copyright Issues Requiring Immediate Action”, COM (88) 172 final (June 7, 1988), pp.187–188.

The court in *Infopaq* clearly glosses over Recital 17's twist to the third Directive. Further, by tampering with the art.6-Recital 17 combination of the Copyright Term Directive, the court has flouted art.2 of the InfoSoc Directive. That provision stated unambiguously that the InfoSoc Directive "shall leave intact and shall in no way affect existing Community provisions relating to: ... (d) the term of protection of copyright and certain related rights". Clearly, that rule in the InfoSoc Directive is now drained of any legal effect.

Therefore the apparent rule in step 1 of *Infopaq*, that art.2(a) of the InfoSoc Directive applies to subject-matter which is original in the sense that it is its author's own intellectual creation, cannot in any way be said to be a logical application of the rules found in either international copyright law or the Directives.

Step 2: Parts and elements of the work

Step 2 of the reasoning in *Infopaq* deals with copyright in "parts" of a work. Should they be treated differently from copyright in the whole work? No, answers the court, "there is nothing in the" InfoSoc Directive, "or any other relevant directive" indicating that the parts should be treated differently: "it follows that they are protected by copyright since, as such, they share the originality of the whole work" (at [38]). Each component of this legal reasoning deserves careful scrutiny.

To begin with, the court's reference to "relevant directive" is obscure. It does not identify which one, or more, of the Directives are in the court's mind. Obvious suspects would include the Computer Programs Directive and the Database Directive. This is because arts 4(a) and 5(a) of the respective Directives both prevent reproduction "in part". Yet neither Directive explains what is meant by "part". Therefore, to insist, as the court in *Infopaq* does, that "it follows" from the unknown Directives that "parts" share originality of the whole, rests on a *contrario* logic. This is the weakest form of logic.

Perhaps the key to unlocking the mystery of "the relevant Directive" is the word "element"? This is because in the next paragraph of the judgment, the court states that "parts" are protected "provided they contain elements which are the expression of the intellectual creation of the author" (at [39]).

Is the legal source to the word "element" an EC Directive? Two possibilities arise. The first is the Database Directive. The word "element" is found in the French version of art.1(2) and Recital 17. However, there is a translation difficulty. Whereas the French version talks of "other independent elements" ("*autres éléments indépendants*"), the English version uses the phrase "other material".¹⁷ For English readers of the Database Directive, there is no mention of the word "element", so it cannot be a legal source to understand the "element" rule created in *Infopaq*.

An alternative possibility could be that the court has been inspired by the Chips Directive. The Chips Directive uses the word "element" in the Czech, Spanish and French versions of the Directive. The word used corresponds to the word "element" used in Czech, Spanish and French versions of *Infopaq*. These languages are also spoken by the judges who were in the chamber. Thus art.2(2) of the Chips Directive¹⁸ could be the relevant provision particularly since it not only uses the word "element", but the Directive also mentions the words "combination" and "result"—as does *Infopaq* later on in the judgment. However, there is another translation problem. The Chips Directive could not be "a relevant Directive" for readers of German since the German version of the Chips Directive does not use the word "element" but "components" ("*Komponenten*").

¹⁷ The same phrasing is used in the French and English versions of WCT art.5.

¹⁸ Council Directive 87/54 on the legal protection of topographies of semiconductor products [1987] OJ L24/36. Article 2(2) provides: "The topography of a semiconductor product shall be protected in so far as it satisfies the conditions that it is the result of its creator's own intellectual effort and is not commonplace in the semiconductor industry. Where the topography of a semiconductor product consists of elements that are commonplace in the semiconductor industry, it shall be protected only to the extent that the combination of such elements, taken as a whole, fulfils the abovementioned conditions."

Thus either the court was silent as to the “relevant” Directive because it was wrestling with the fact that there is no terminological consistency in the language versions of several Directives—or there was no relevant Directive. Could it be that the court was inspired by German law? Article 2 of the German Copyright Act (UrhG) governs the concept of “work”. Explained by Friedrich Fromm and Wilhelm Nordemann,¹⁹ parts of a work enjoy protection providing they can be viewed as personal intellectual creation. Even the smallest part, insignificant in relation to the whole work, enjoys protection insofar as the form or content shows an individual stamp. Protection does not rely on the special characteristic of the work as a whole that is made public in the part of the work, but it covers that part of a work which, as such, represents a personal intellectual creation. Indeed, Fromm and Nordemann note that where parts of a work do not represent any personal intellectual creation, their use is permitted by copyright law. But providing the borrowed part represents a personal intellectual creation, even the smallest part of a work can be protected—even when its abstract content is insignificant.

Seen in this light, the EU rule in *Infopaq* that parts “share” originality with the work as a whole is not a product of a logical application of the rules in the InfoSoc Directive, or the rules found in other EC Directives—it may be a tacit transplant from a German law textbook.

Step 3: Newspaper articles

The principles in steps 1 and 2 are applied in [44] of *Infopaq*, which specifically deals with newspaper articles. This paragraph is confusing. First, why limit the paragraph to newspaper articles, for that contradicts what the court has already done, namely forcibly create a unity in the threshold for copyright protection of literary and artistic works that spans three earlier Directives and now the InfoSoc Directive? Secondly, the paragraph also goes on to sneak in a bald conclusion: “it is common ground that newspaper articles as such are literary works covered by the Directive”. Surely such a statement is a little difficult to square with the court’s earlier observation in *Infopaq* that art.2(8) of the Berne Convention denies Convention protection to “news of the day or to miscellaneous facts having the character of mere items of press information”?

Importantly, in [45], the court then sets out how to recognise creativity in a literary work. This paragraph stipulates there are three criteria: it is only through “the choice, sequence and combination” of words that the author may express his creativity in an original manner and achieve a “result”.

This paragraph houses a double mystery. The first one is the origin of the triple criteria: “choice, sequence and combination”. Starting from the working language of the court, the phrase in French is “*le choix, la disposition et la combinaison*”. The words “*choix*” and “*disposition*” feature in the French version of art.2(5) of the Berne Convention. They are also in art.10(2) of TRIPS on computer programs and compilations of data. “*Choix*” and “*disposition*” are in art.5 of the WCT as well. They are even in art.3(1) of the Database Directive. Thus “*choix*” and “*disposition*” are two criteria found in international law, and to a lesser extent EU legislation. And as mentioned earlier, the French words for “combination” and “result” also feature in the French version of art.2(2) of the Chips Directive. Thus, at first blush, the origin of the triple criteria could lie in a sort of “cut and shunt” of norms found in international and EU law. Certainly, that approach would be in keeping with the autonomous concept doctrine and interpreting an EC Directive in light of international law.

¹⁹ Friedrich Fromm and Wilhelm Nordemann, *Urheberrecht* (Stuttgart: Verlag Kohlhammer, 1998), §2 para.26 citing the BGH’s decision in BGH Z 9 262/268 *Lied der Wildbahn I*. See also Gerhard Schricker, *Urheberrecht; Kommentar*, 3rd edn (München: Verlag C.H. Beck, 2006), §2 paras 66 and 67 on p.82.

However, that explanation fails to convince. The “choice, sequence and combination” triplet uses the word “and”. That makes the *Infopaq* test cumulative. Yet when the words “choix” and “disposition” are used in the Berne Convention they are separated by the word “or”.²⁰ In other words, the test in Berne is disjunctive and not cumulative. The disjunctive test is also found in art.10(2) of TRIPS. Therefore, if international law were to have been the source of the triple criteria in *Infopaq*, it might have been expected that the ECJ would have used the word “or”, and not “and”. TRIPS then is not the source of *Infopaq*’s triple criteria.

A further indication that international law does not lie behind the triple criteria in *Infopaq* is the fact that the English version of [45] of *Infopaq* is couched not in the Berne terms of “selection” and “arrangement” but in the terms of “choice” and “sequence”. Discounting a genuine translation error,²¹ this implies the court has not been guided by Berne, TRIPS or EU law.

Has the court once again dipped into German law? The German version of *Infopaq* reads “*der Auswahl, der Anordnung und der Kombination*”. Identical words appear in the German literature explaining art.2 of the German Copyright Act. A leading commentary written by Gernot Schultze²² states:

“Facts and figures provided in the framework of an individual’s *selection, arrangement and combination* [*der Auswahl, der Anordnung und der Kombination*] can be protected ... (emphasis added).”²³

The triplet recurs when Schultze writes that “the concretisation of a work can also have already begun through the *selection, arrangement and combination* of single permitted features” (emphasis added).²⁴ Does that make a German law book the source of the ECJ’s triple criteria of “the choice, sequence and combination”?

The second mystery surrounds the word “result”. Again, no legal source is given in *Infopaq* for support or explanation. Yet the court has used the word “result”, and not the word “work”, or “form”, that was mentioned in the judgment’s previous paragraph. If the “triple criteria” of intellectual creation does indeed come from German law, then this might imply that the word “result” also comes from a German source. That would mean that a “result” is to be understood as the first time that a work is “concretised”.²⁵ This is a bit confusing since there now is now a tension in the law’s focus between individual subjectivity and objective.

From these points, it can be seen that none of *Infopaq*’s new features of “reproduction”, “work”, “parts” of a work, or “elements” has grown from a logical application of the rules of the Infosoc Directive and—let alone the pieces of international law, or the other EC Directives the court allegedly relies on. The substance of EU law obviously rests on something inarticulate.

²⁰ Of course, the English version of the Berne Convention separates the words “selection” and “arrangement” with the word “and”, whereas the French version separates them with an “or”. This clash between linguistic versions is resolved in favour of the French so the English word “and” must be read as an “or”; see further Sam Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works: 1886–1986* (Centre for Commercial Law Studies Queen Mary College, Kluwer, 1987), p.301. The same presumably applies to the Czech version of the Berne Convention for that too looks as if it uses the word “and”.

²¹ According to Ole Due, a genuine translation error is “extremely rare”; see Due, “Understanding the Reasoning of the Court of Justice” in *Mélanges en hommage à Fernand Schockweiler*, 1999, p.81. In *Infopaq* there looks to be a translation error in the Spanish version of the judgment on the court’s website. [45] of that version lacks the second sentence containing the triple criteria. The Spanish judge was in the chamber.

²² Gernot Schultze in Thomas Dreier and Gernot Schultze, *Urheberrechtsgesetz; Urheberrechtswahrnehmungsgesetz Kunsturhebergesetz Kommentar* (München: Verlag C. H. Beck, 2008), §2 para.51, p.69

²³ Schultze in *Urheberrechtsgesetz*, 2008, §2 para.84, p.76: “vorgegebene Daten und Fakten im Rahmen einer individuellen Auswahl, Anordnung und Kombination schutzfähig sein kan, wenn es sich gegenüber anderen vergleichbaren Lexika abhebt.” The authority cited is: BGH [1987] 704 at 705, *Warenzeichenlexika*, where the multiplicity of criteria of choice for a trade mark glossary was considered as being protectable.

²⁴ Schultze in *Urheberrechtsgesetz*, 2008, §2, para.43, p.68: “Die Konkretisierung eines Werks kann also durchaus bereits mit der Auswahl, Anordnung und Kombination einzelner Gestaltungsmerkmale beginnen (s.a. Rdnr 51). Demgemäß hat das OLG München nicht die Idee einer Försterspielfilmserie als solche, sondern erst das konkrete Konzept zu der Fernsehserie Forstrevier Alpesee” als Ganzes für hinreichend individuell gehalten (OLG München GRUR 1990 674, 675 — Forsthaus Falkenau; eine Urheberrechtsverletzung wurde verneint, weil die Beklagte die konkreten Einzelheiten des Konzepts nicht übernommen hatte).”

²⁵ Schultze in *Urheberrechtsgesetz*, 2008, §2, para.43, p.68.

Functions

The “preliminary observation” rested on an unclear connection with international law. Yet the effect of the autonomous concept doctrine is pretty obvious. It drains of any weight documents which are normally admissible as evidence. When the doctrine was deployed in *SGAE v Rafael Hoteles*, the court deleted the history of the EC Directive, it erased the expert academic commentary analysing the specific provisions of the legislation at issue, and it discounted the comments of the Commission’s civil servants on how they understood the operation of the InfoSoc Directive. That was in *SGAE v Rafael Hoteles*. In *Infopaq* too there was no mention of any of these classes of documents. Thus, if the autonomous concept doctrine is a species of the law of procedure, then the court is deliberately reducing the flow of information which is shown to be entering the judicial mind.²⁶ This facilitates the court taking control over the bureaucracy’s EU legislation and thereby prising IP rights from national legal traditions. The function of the “preliminary observation” therefore is that the starting point to EU IP law is not the work of people but the perceived inefficiencies of national markets. The market is a social construct.

The court’s rewording of Question 1 has a function too. Including “on paper” restricts it to reprography. That would exclude audiovisual products where sounds, images and words combine to appear on a screen. Equally, the answer would seem to exclude websites. However, on closer inspection the words “on paper” then disappear in its interim conclusion at [51], and again in its final Answer. The court’s use of “on paper” is, therefore, obiter. Obiter dicta should not be ignored. According to Due:

“In some cases they are inserted in order to develop Community law. The general principle of equal treatment, for instance, has made its appearance in the case law as an ‘obiter dictum’.”²⁷

Thus the reprography “limitation” might prove to be paper-thin. It leaves the door open to extend the ruling in *Infopaq*.

For the time being, the ruling in *Infopaq* is limited to printed media. The function of the court’s reasoning about newspapers and the (German) triple test is more difficult to fathom. The court looked split on whether newspaper articles were protected—on the one hand citing free flow of information provisions in the Berne Convention, and on the other suggesting they were “as such” protected. Does this mean news facts from press agencies unadorned by redundant information such as opinion and analysis would not be protected by EU copyright law? If so, the question arises of what to do with articles which fail to be protected because they lack the criteria for originality and the triple criteria for creativity. Can the newspaper or magazine qualify for protection? Traditionally, magazines were not protected in supra-national law

²⁶ This chamber of judges is not averse to concealing the information placed before it. This chamber also decided the database case *Apis-Hristovich EOOD v Lakorda AD* (C-545/07) [2009] E.C.R. I-1627; [2009] 3 C.M.L.R. 3. The chamber used the new court procedure whereby the Advocate General’s Opinion was heard but the Opinion went unpublished. As a result, the submissions of the parties were largely erased, there were no pointers to relevant legal academic commentary and an alternative voice to guide the court has been silenced. The Advocate General in *Apis* was Eleanor Sharpston. Elsewhere, she has criticised the ECJ’s new procedure; see Eleanor Sharpston, “The Changing Role of the Advocate General” in Anthony Arnall et al. (eds), *Continuity and Change in EU law: Essays in honour of Sir Francis Jacobs* (Oxford: Oxford University Press, 2008), pp.20–33 at p.23.

²⁷ Due, “Understanding the Reasoning of the Court of Justice” in *Mélanges en hommage à Fernand Schockweiler*, 1999, p.85.

owing to the German objection that they lacked sufficient originality.²⁸ Yet that German standard was not adopted in EU law. For this reason, it was suggested in English legal literature that an indexed newspaper would qualify for protection under the EU's sui generis database right.²⁹

Conceivably, the ruling in *Infopaq* serves to change this. The ECJ in *Infopaq* did not mention the entire catalogue of works in the Berne Convention—a catalogue that ignored newspapers. The ECJ in *Infopaq* also created triple criteria for creativity. Thus, if it can be said that newspapers and magazines have chosen, sequenced and combined their articles, then why would they not deserve protection? Developing the law in this way would at least allow newspaper owners to sit alongside the other companies that sell works found in art.2 of the InfoSoc Directive—namely the phonogram producers for their phonograms, the producers of films and broadcasting organisations for fixations of their broadcasts. Their inclusion would allow EU law to recognise every step in the chain between the work and the market. The function then of the triple test would be as a species of the law of property and regulate the production and distribution of works in a market. It could just be the latest iteration of what Egbert Dommering once remarked as the paradox facing Continental copyright law in the then 20th century, namely that the more copyright moved in the direction of industry and trade, the more it had to protect works which were more concerned with ideas, methods and functionality.³⁰

In light of these functions, the argument made here is that the court is law-making, engineering a systematisation of EU legislation into a code and prising IP rights from national traditions. That would make copyright law the handmaiden to the changed economic conditions arising from the creation of the economic system of the internal market.

How are the national legal orders responding to the process of Europeanisation? EU law is clear: domestic legislation must be construed as far as possible to be in conformity with, and to achieve the result of, the Directive.³¹

Implications for national law

Dutch law

Existing legal literature on *Infopaq* was a comment by the Dutch academic and lawyer Dirk Visser.³² He identifies the ECJ-judicial presumption that the creativity requirement is harmonised at a European level for every type of work. He comments that while this may be so in theory, the threshold for copyright protection is not the same throughout Europe. Therefore the result of this presumption is that Dutch judges at first instance may, and the Dutch Supreme Court must, now refer cases involving interpretation.

²⁸ Wilhelm Nordemann et al., *International Copyright; Commentary* (Weinheim: VCH Verlagsgesellschaft mbH, 1990), p.47. Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works*, 1987, p.302 provides a slightly fuller account. He indicates that the German position was represented by the eminent German jurist Josef Kohler. Kohler advanced the view that the arrangement of a newspaper was dictated by concern for the interest of readers not any "preoccupation with giving the journal an intellectual unity expressed as a creative thought". As Ricketson states: "This opinion was not shared by the Brussels Conference which regarded such works as being capable of falling within the scope of the provision if they satisfied its requirements, that is, insofar as they consisted an intellectual creation 'in the way in which their subject matter had been arranged and presented'. Nevertheless, as the general principle of protection was clearly expressed in article 2(5), the Conference refused to add to the two examples which already appeared therein, and the British proposal was not adopted". See also Josef Kohler, *Das Autorrecht, eine zivilistische Abhandlung: zugleich ein Beitrag zur Lehre vom Eigentum, vom Miteigentum, vom Rechtsgeschäft und vom Individualrecht* (Jena: Gustav Fischer, 1880) who, at p.165, contended there was no copyright protection for the news, and important events of the day.

²⁹ Copinger and Skone James on Copyright, 15th edn (London: Sweet & Maxwell, 2005), para.18-05, p.927.

³⁰ Egbert Dommering (ed.) (2000) *Informatierecht; fundamentele rechten voor de informatiesamenleving* [Information law: Fundamental rights for the information society] (Amsterdam: Otto Cramwinckel, 2000), p.448. The ECJ might discuss the area of ideas, methods and functionality as Arnold J. is referring a number of questions from the High Court in the case of *SAS Institute Inc v World Programming Ltd* [2010] EWHC 189 (Ch) (lodged August 11, 2010).

³¹ *Marleasing SA v La Comercial Internacional de Alimentación SA* (C-106/89) [1990] E.C.R. I-4135; [1992] 1 C.M.L.R. 305 at [8].

³² Dirk Visser, "Endstra ingehaald door Infopaq; Auteursrechtelijke beschermingsdrempel Europees geharmoniseerd [Endstra overtaken by Infopaq: the threshold for copyright protection harmonised across Europe]" (2009) at <http://www.boek9.nl>, B9 8122 [Accessed August 25, 2010].

Further on in his comment, Visser proceeds to point out that in the year prior to *Infopaq*, the Dutch Supreme Court had handed down its *Endstra* judgment. In *Endstra*, the Dutch court had in effect repeated its 1991 decision in *Van Dale v Romme*. The *Van Dale* test had two limbs: the work had to have an own original character, and also bear the stamp of the maker. In both limbs, there was a creativity requirement. The refinement brought about in *Endstra* judgment of 2008 was that the first limb was downgraded to merely require that the work not be borrowed; and the creativity requirement was confined to just the second limb, the personal stamp.³³

Visser sees that *Infopaq* changes this: the ECJ has given a central place to the originality of the material, which is the own intellectual creation of the author. Although Visser identifies this difference between Dutch and ECJ case law, he believes in practice it will make no real difference to Dutch law. He recalls the words of Feer Verkade, a Dutch Supreme Court Advocate General:

“[M]y impression is that the problem does not really lie in the differences in the terminology but rather in the unavoidable circumstance that the judicial assessment as to whether the criteria are satisfied is highly factual in nature. From this, ‘trading in’ the [Dutch] criterion in *Van Dale v Romme* for the criterion in [the Database Directive] is much more an intellectual exercise than a practically sensible one.”³⁴

Visser concludes that:

“[I]n practice, [*Infopaq*] will undoubtedly make absolutely no difference, but for the lawyer or first instance judge who wants to do it completely right and show that they are up to date, they would be wise to use the formulation of the *Infopaq* case (perhaps even supplemented by the Dutch Supreme Court’s reasoning in *Endstra* on the ‘banal or trivial’).”

Visser’s account has been supported by another Dutch lawyer, Kamiel Koelman. Koelman identified an interesting legal fiction in *Infopaq*:

“[T]he EU is not a party to an international treaty that governs what copyright works are, thus the ECJ has no competence to assess this question. Nevertheless it appears to follow that there is a European norm which exists for all types of work that must fall under copyright, and over which the ECJ has the last word.”³⁵

At the end of the day though, Koelman agrees with Visser: “in all probability, [*Infopaq*] will make little difference to Dutch law and practice”.

From these two accounts, everything looks rosy in the Dutch legal garden. However, what are the Dutch courts making of *Infopaq*? Within a couple of months of the *Infopaq* judgment having been handed down, the Dutch District Court in the city of Utrecht had applied it. The case of *DMO Marketing BV*³⁶ concerned a company that had commissioned a design company to devise a new name. When the commercial relationship broke down and the company continued to use the new name, the design company sued for copyright infringement. The company raised the defence that the new name was not protected by copyright, a defence that was successful before the judge. Applying the Supreme Court judgment of *Endstra* the judge then added:

³³ *Endstra*, Dutch Supreme Court, May 30, 2008, LJN BC 2153 at [4.5.1], available at <http://www.rechtspraak.nl> [Accessed August 25, 2010]. The gist of this paragraph reads: “it must possess an own original character, which means, in brief, that the form may not be borrowed from that of another work (see further Article 13 Dutch Copyright Act). The requirement that the intellectual production must bear the personal stamp of the maker means that there must be a form which is the result of creative human labour and thus of creative choices, and which in this way is the product of the human mind. Outside of this, is all that which has a form which is so commonplace or trivial that no creative labour of whatever type can be seen.”

³⁴ *Nos v Telegraaf*, Dutch Supreme Court, June 6, 2003, LJN AF5100, available at <http://www.rechtspraak.nl> [Accessed August 25, 2010].

³⁵ Kamiel Koelman, “Noot” *Tijdschrift voor Auteurs-, Media-, & Informatierecht* (2009), pp.198–205, copy accessible <http://www.boek9.nl>, B9 8070 [Accessed August 25, 2010].

³⁶ *DMO Marketing BV v FA-MED BV*, Utrecht District Court, September 9, 2009 Case HA ZA 09-110, accessible via <http://www.rechtspraak.nl> [Accessed August 25, 2010].

“Recently, the Court of Justice of the European Communities has also held that copyright can only apply to material that is original, in the sense that it relates to their author’s own intellectual creation (ECJ 16 July 2009, C-5/08 *Infopac*).”

What is right about the Dutch judgment? The judge mentioned *Infopaq*. What is wrong? Spelling mistake aside, the national Dutch law *Endstra* test is applied. Further, one might have thought that the new name of a company was a literary work, and thus falling within the scope of the InfoSoc Directive. But the judge does not mention this. And when discussing the issue of “intellectual creation”, the judge mentions only two of *Infopaq*’s triple elements of the creativity test. The judge does not even indicate which paragraphs of *Infopaq* have informed their decision—so what use is the judgment for those judges located in other Member States who are faced with similar problems, and who seek to understand how their Dutch colleagues are applying European harmonising law? Possibly, this would have made no difference to the end result. However, that is not the point.

The point is that *DMO Marketing* suggests that much more is required of the Dutch judiciary and the lawyers than an appeal to their professional vanity for using the right EU words. This is particularly important given the highly factual nature of the assessment which a court must make—otherwise, there is no hope of harmonisation. An appeal to judicial vanity, with all the discretion and voluntariness that implies, is simply wrong not least as a matter of law. It is a rule of EU law that national judges *must* apply EU law correctly or they expose the Member State to damages.³⁷

Regrettably, this example of the legal culture being able to resist EU law may not be isolated to copyright law. In the area of patent law, Dutch judges also seem barely cognisant of the fact that they are applying harmonising law. Jan Brinkhof studied 20 Dutch Supreme Court judgments involving European patents over a period of 25 years. In that period, during which national patent law became harmonised and uniform law at European level, the Dutch Supreme Court scarcely changed its approach.³⁸

English law

With not everything quite so rosy in Dutch law, how is law in an English country garden? Across the North Sea, EU copyright law does not even appear to have entered England’s estuaries let alone provided nutrients to the roots of copyright law. Neither Parliament nor the judiciary uses the vocabulary of EU copyright law. Statute permits an author to stop the reproduction of a “substantial part” of a work—not the reproduction of just a “part” of a work.³⁹

A comment on *Infopaq* has been written by Estelle Derclaye.⁴⁰ Her argument is that “*Infopaq*’s effects are even more wide-ranging than I first thought and generally beneficial both to authors and to clarity, and thus legal certainty”. Her argument is supported by flagging up the areas of change that *Infopaq* seems to require. She points out that “the good old principle” whereby English copyright law protects sufficient skill, judgment, labour and capital has been overruled. With it, all the decisions prior to and after the House of Lords judgments in *Ladbroke v William Hill* have been overruled. She sees the principal effects

³⁷ The rule is found in C-224/01 *Köbler v Austria* [2003] E.C.R. I-10239; [2003] 3 C.M.L.R. 28. For comment, see Peter Wattel, “Köbler, CILFIT and Welthgrove: We Can’t Go on Meeting Like This” [2004] C.M.L.R. 177. Peter Wattel was a Dutch Supreme Court Advocate General. Although he does not mention this in his article, his advice to the Supreme Court has not always been followed. *Compaxo* (LJN: AF1882, C01/117HR), is an example of where the Dutch Supreme Court could, and in this author’s opinion should, have followed his advice and referred prejudicial questions to the ECJ. The case concerned the harmonised area of EU state aid law, and its application to Dutch social law. The Dutch Supreme Court simply dodged the application of EU harmonised law by reading the bald wording of an old Dutch statute without reference either to more modern legislation or the practice of generating social law in the Netherlands—factors which EU law requires to be taken into account. See further the present author’s analysis in “EU State Aid Law Saves Dutch Social Law Bacon: The Compaxo Comedy” [2004] *Industrial Law Journal* 199.

³⁸ See Jan Brinkhof, “Over 20 arresten van de Hoge Raad op het gebied van het octrooirecht en over 13 annotaties en 7 conclusies van Verkade [On 20 Dutch Supreme Court patent law cases, and Verkade’s 13 commentaries to Supreme Court judgments and his 7 Opinions in patent cases as Advocate General]”, *Liber Amicorum Feer Verkade, Bijblad Industriële Eigendom*, April 30, 2008 pp.9–37.

³⁹ CDPA s.16(3).

⁴⁰ Estelle Derclaye, “*Infopaq International A/S v Danske Dagblades Forening* (C-5/08): Wonderful or worrisome? The impact of the ECJ ruling in *Infopaq* on UK copyright law” [2010] E.I.P.R. 247.

of *Infopaq* being felt in certain types of literary works such as tables, and instructions associated with herbicides or pharmaceutical products. She also points out that the English law for authors of works of “artistic craftsmanship” could change too. This is because English law imposes a threshold about “artistic character or quality”. That she says is at odds with the Directives since the Directives state that no criteria shall be applied other than the “author’s own intellectual creation”. Further, when it comes to sculptures, English law’s additional condition that there is “artistic purpose” also appears to contradict the *Infopaq* ruling. As if that were not enough, *Infopaq* ends the rule in English law that titles and short phrases could not obtain protection. Insofar as reproduction is concerned, she notes that *Infopaq* changes English law on this too. Whereas the House of Lords in *Ladbroke* had indicated that a “substantial part” was a qualitative test (a substantial part was one that included sufficient skill, judgment and labour), now the part taken must be original in the sense that it is the author’s own intellectual creation. She sees that this means that:

“taking parts which represent the authors’ skill, judgment capital or labour will not be considered infringing. Furthermore, the criterion of ‘commercially significant part’ used in *BBC v Time Out* is also thereby overruled.”

It would be fair to say that in light of Derclaye’s account, English law is seriously at odds with EU law.

This author takes a slightly different line. To begin with, it is not quite certain what the scope of *Infopaq* is. This is because the court had reworded the Question limiting it to printing it out on paper but it provided an answer without the limitation of paper. Moreover, as this analysis has demonstrated, the reasoning of the court is contradictory, which might suggest a split judicial chamber. Therefore, it is not certain how much weight should be attached to *Infopaq*.

Secondly, *Infopaq* may not be such a surprise. It was already suspected that English law was at odds with EU law. The “author’s own intellectual creation” is, according to the practitioner’s manual on copyright written by Hugh Laddie et al., a fundamentally different test from that which underpinned the 1988 CDPA. This is because the English statute rested on a skill and labour test—whereas the EU test required the presence of some subjective element. The example they give of this distinction is that of updating a computer program. The update is something unlikely to result in an updater’s own intellectual creation, even though under a substantial skill and labour test this would have resulted in a new copyright work.⁴¹ Thus there were already doubts that English copyright law was not compliant with EU law.

Thirdly, the effect of *Infopaq* may well be particularly felt in the areas where technology is close to ideas, methods and functionality. While it might be the case that instruction leaflets for herbicides and pharmaceuticals might now be protected, there are other areas of industry that are also likely to be hit by re-regulation resulting from *Infopaq*. To begin with, the view had been expressed in English legal literature by Laddie et al. that computer generated works could qualify as works. Thus, for example, a marine chart generated automatically from data gathered from an echo sound was considered capable of protection under the 1988 Act.⁴² Without an author’s own intellectual creation of which to speak, this view might need to be reconsidered in light of *Infopaq*.

Fourthly, any EU “work” within art.2 of the InfoSoc Directive falls within EU harmonised law. This changes the relatively recent Court of Appeal’s judgment about computer games in *Nova Productions Ltd v Mazooma Games Ltd*,⁴³ where Jacob L.J. held:

“First one must identify the artistic work relied upon and then decide whether it has been reproduced by copying of the work as a whole or of any substantial part of it. That is the effect of s.3(1) and s.16(1) of the Act. It is an aspect of UK copyright law untouched by any EU harmonisation.”⁴⁴

⁴¹ Hugh Laddie et al., *The Modern Law of Copyright and Designs*, 3rd edn (London: Butterworths, 2000), Vol.2, pp.1614 and 1615.

⁴² Laddie et al., *The Modern Law of Copyright and Designs*, 2000, Vol.1, para.4.19, p.183.

⁴³ *Nova Productions Ltd v Mazooma Games Ltd* [2007] EWCA Civ 219; [2007] Bus. L.R. 1032.

⁴⁴ *Mazooma* [2007] EWCA Civ 219; [2007] Bus. L.R. 1032 at [11].

If what he meant by this was that artistic works were untouched by EU harmonisation, then this is now obsolete. The ECJ in *Infopaq* states that the Berne Convention protects certain subject-matters as artistic or literary works presupposing that they are intellectual creations. Artistic works have been harmonised too.

Fifthly, if what he meant was that “substantial part” was untouched by EU harmonisation, then that is no longer good law. It will be incumbent to read English law to comply with EU law. That is problematic. English law was not clear to start with. The leading case under English law was the House of Lords’ judgment in *Designer Guild v Russell Williams*.⁴⁵ That case had Lord Hoffmann explaining that the term substantial part “depends on quality rather than quantity”, and it can be “a feature or combination of features of the work, abstracted from it rather than forming a discrete part”.⁴⁶ The commonplace was excluded. That approach was shared only by three of the five Law Lords, and quite what he meant by all that is not entirely clear. Commenting on *Designer Guild*, Michael Spence and Timothy Endicott⁴⁷ understand Lord Hoffmann to be suggesting the question is whether the alleged infringer has taken a substantial part of the “skill and labour” of the original author. Thus the substantiality inquiry seems to be into the level of the author’s skill and labour appropriated by the alleged infringer. They note, however, that the judges in *Designer Guild* did not give clear guidance as to how that level is to be determined.

No extra clarity was forthcoming when six months later another House of Lords judgment was issued. The judgment concerned the alleged copyright infringement by newspaper clippings.⁴⁸ This time, Lord Hoffmann summarised *Designer Guild* as having decided that:

“[T]he copying of certain of the ideas expressed in that design which, in their conjoined expression, had involved original artistic skill and labour, constituted the copying of a substantial part of the artistic work.”⁴⁹

Then, he added, the question of substantiality:

“must be answered by reference to the reason why the work is given copyright protection. In literary copyright, for example, copyright is conferred (irrespective of literary merit) upon an original literary work. It follows that the quality relevant for the purposes of substantiality is the literary originality of that which has been copied. In the case of an artistic work, it is the artistic originality of that which has been copied.”

From this description of the House of Lords judgments, English law is confused but adheres to an approach that seems to rest on skill and labour. That would not seem to be required by *Infopaq*.

And what is one to do with Jacob L.J.’s words in *Mazooma* when he suggested that copying insubstantial parts could not amount to an infringement—otherwise, he said, that would be “so absurd as to be assuredly wrong”.⁵⁰ So absurd as to be assuredly wrong? If the ECJ in *Infopaq* has indeed lifted passages from German law books, then it might be correct to read Jacob L.J.’s retort in light of the words of Friedrich Fromm and Wilhelm Nordemann, for according to those writers:

⁴⁵ *Designer Guild v Russell Williams* [2001] F.S.R. 11 HL per Lord Hoffmann on s.6 on Ideas and Expression.

⁴⁶ Lord Hoffmann’s reasoning is also reproduced in *Navitaire Inc v Easyjet Airline Co* [2004] EWHC 1725 (Ch); [2005] E.C.C. 30 at [119].

⁴⁷ Michael Spence and Timothy Endicott, “Vagueness in the scope of copyright” [2005] L.Q.R. 657, 668.

⁴⁸ *Newspaper Licensing Agency Ltd v Marks and Spencer Plc* [2001] UKHL 38; [2003] 1 A.C. 51, accessible at <http://www.bailii.org> [Accessed August 25, 2010].

⁴⁹ The accuracy of this recollection has been criticised by Ronan Deazley, “Copyright in the House of Lords: Recent cases, judicial reasoning and academic writing” [2004] I.P.Q. 121, who at 128 wrote: “With the greatest respect to Lord Hoffmann, that suggestion is a misleading and erroneous one. Arguably what was decided concerned the appellate function of the Court of Appeal upon questions of fact and law. The ruminations presented by Lords Scott, Millett and Hoffmann upon the question of substantiality should be considered no more than obiter dicta. Moreover, they represent observations on an issue about which the Lords were clearly not in agreement; there emerged no consensus as to what form the substantiality test should in fact take.” (Footnote omitted)

⁵⁰ *Mazooma* [2007] EWCA Civ 219; [2007] Bus. L.R. 1032 at [29]: “I should, in passing, mention one other difference of language pointed out by Mr Howe. The Directive [the Software Directive of 1991] defines ‘restricted acts’ as reproduction ‘in any form, in part or in whole’ (Art 4(a)). The UK Act does not say ‘in part or in whole’. It uses the well-established language ‘in relation to the work as a whole or any substantial part’, s.16(3)(a).

“Even the smallest part, insignificant in relation to the whole work, enjoys protection in so far as the form or content shows an individual stamp.”⁵¹

Conclusion

In *Infopaq*, the ECJ is Europeanising copyright law in a way that does not flow from a logical application of the obligations in international law, or the EC Directives on which the court claims to rely. One could even be forgiven for thinking that it has been lifting words from German law books. The court is making law. The IP right of copyright is being prised from national traditions. A re-regulation of the production and distribution of goods is on the cards befitting an economic system apparently to reflect an internal market. However, if efficient economic development is the intended result of Europeanising copyright law, then the court might be advised to pay greater attention to the role of legal culture. National legal cultures and citizens need to be able to understand the ECJ's questions, reasoning, and its answers. Equally, since the economic and social phenomena fuelling legal conflicts are often transnational, national judges should explain fully how they are interpreting EU law. Otherwise, there will be no harmonisation and EU law's ability to shape social relations will be fettered.

Mr Howe wisely decided that he could not make any point based on this difference of language. He accepted that although the Directive did not say ‘substantial part’ its meaning must be so limited. Otherwise it would require the copying of insubstantial parts to be an infringement — which is so absurd as to be assuredly wrong.”

⁵¹ Fromm and Nordemann, *Urheberrecht*, 1998, §2 para.26.

Foresight into the Future of WIPO's Development Agenda

Jeremy de Beer and Sara Bannerman*

☞ Conferences; Developing countries; Future copyright; Intellectual property; WIPO

The Development Agenda for the World Intellectual Property Organization (WIPO) was proposed in 2004 to reinvigorate the operations of WIPO, given its mandate as a special operating agency of the United Nations (UN). Formal recommendations for reform were adopted in 2007, and implementation of those recommendations through various projects is now underway. Both optimism and pessimism surround the prospects for successful implementation and sustainability of the Development Agenda. Whether the agenda succeeds or fails, however, the implications for global knowledge governance are likely to be significant. Challenges associated with implementation are therefore important to reflect upon and overcome.

Foresight into an array of alternative scenarios is not only warranted but necessary in order to cope with possible developments or, even better, to influence the future. Using the foresight research techniques of scenario building and backcasting, an expert working group met in Prangins, Switzerland, in March 2010 to discuss progress of the agenda's implementation, and to identify a range of future possibilities and corresponding strategic actions, focusing on a medium and long-term view of the WIPO Development Agenda as a catalyst for sustainable changes in global knowledge governance.¹ This article outlines analysis and insights regarding the Development Agenda accumulated over several years of research and meetings, culminating in that retreat. It highlights a number of priorities and possible research directions, particularly in the context of a transition in strategic focus from short to medium and long-term thinking about the impact of WIPO's Development Agenda on global knowledge governance.

Future gazing is not a new practice, but in recent decades increasingly sophisticated methodologies have evolved that enable people to concretely envision and, more importantly, strategically plan for a variety of alternative futures in areas of interest to them. There are many good reasons that foresight techniques are becoming more widely used around the world. Expert consensus builds around two central principles:

1. It is vitally important that we think deeply and creatively about the future, or else we run the risk of being surprised and unprepared.

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¹ The EDGE Network's independent expert working group on global IP policy, led by Jeremy de Beer, previously produced an edited collection of essays entitled *Implementing the WIPO's Development Agenda* (Ottawa: IDRC/CIGI/WLU Press, 2009), at http://www.idrc.ca/en/ev-139311-201-1-DO_TOPIC.html [Accessed November 2, 2010]. Participants at the latest retreat included academic experts, WIPO staff, representatives of think tanks and civil society, and international diplomats from developed countries, developing countries and countries with economies in transition. To facilitate openness, the participants met under the Chatham House Rule, which is that "participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed": <http://www.chathamhouse.org.uk/about/chathamhouserule/> [Accessed November 2, 2010].

2. At the same time, the future is uncertain so we must prepare for multiple plausible futures, not just the one we expect to happen.²

Scenario building can help to think through and envision future possibilities and plan for the future, not only by asking how favourable scenarios might be encouraged and how unfavourable scenarios might be avoided, but also by planning for unforeseen possibilities. Evidence is also emerging that foresight research itself can “facilitate the creation of social capital and open up new opportunities for various forms of information sharing and collaboration”.³

At the recent expert working group retreat, a pilot test was conducted on the foresight research methodology’s viability and utility in the specific context of the WIPO Development Agenda, and several active exercises were conducted. The first was a roundtable discussion to identify drivers of change in the implementation of the WIPO Development Agenda. The second focused on identifying future scenarios based around these drivers of change. Based on these pilot exercises, the expert working group was able to identify several key drivers of change that could dramatically shape the future of the Development Agenda, and a range of scenarios that might arise as a result of these changes.

This article outlines, in the first part, the background of the Development Agenda and where it stands today. In the second part, it surveys the immediate challenges and opportunities facing the Development Agenda, based on the insights and analyses of the working group. It then presents the results of the exercises conducted by the working group, suggesting that the foresighting and backcasting methods used are useful instruments in planning and envisioning the future of the Development Agenda.

Brief update on the WIPO Development Agenda⁴

In 2004 a group of countries coalesced as the Friends of Development and supported a proposal, led by Brazil and Argentina, to the General Assembly of WIPO.⁵ In it, they called for the implementation of a Development Agenda for WIPO, aimed to better integrate the goals and needs of developing countries into the work of the organization, and to better align the organisation with its role as a UN Agency. Brazil submitted that this “was necessary for the sake of WIPO, for its legitimacy and credibility as an institution”.⁶ Academics, scientists, NGOs and members of civil society, for their part, signed the Geneva Declaration on the Future of the World Intellectual Property Organization, in support of the proposal for a Development Agenda for WIPO.⁷

Despite some initial opposition to the provocative ideas and language underlying the initiative, discussions during several years proceeded to establish a set of specific recommendations to be adopted by the General Assembly. In September 2007, a set of 45 recommendations refined in a Provisional Committee on the Development Agenda (PCDA) was adopted unanimously by the WIPO General Assembly. These focused on six thematic areas: technical assistance and capacity building; norm-setting, flexibilities, public policy and public domain; technology transfer, information and communication technologies and access to knowledge; assessment, evaluation and impact studies; institutional matters including mandate and governance; and other issues.

² Some of the organisations that were pioneers or early adopters of “foresight” research include Royal Dutch Shell and the Global Business Network, IBM, the United States Military and NASA, to name just a few examples. Peter Bishop, Andy Hines and Terry Collins, “The current state of scenario development: An overview of techniques” (2007) 9(1) *Foresight* 8.

³ T. Lang, “Building social capital with scenario work”, DPhil Thesis Summary (University of Oxford) (unpublished, on file with authors).

⁴ Further details and analysis can be found in de Beer (ed.), *Implementing the WIPO’s Development Agenda*, 2009, at http://www.idrc.ca/en/ev-139311-201-1-DO_TOPIC.html [Accessed November 2, 2010].

⁵ Proposal by Argentina and Brazil for the Establishment of a Development Agenda for WIPO, WO/GA/31/11 (August 27, 2004).

⁶ Proposal by Argentina and Brazil for the Establishment of a Development Agenda for WIPO, WO/GA/31/11 (August 27, 2004).

⁷ Geneva Declaration on the Future of the World Intellectual Property Organization, at <http://www.cptech.org/ip/wipo/genevadeclaration.html> [Accessed August 25, 2010].

The 2007 General Assembly also established a Committee on Development and Intellectual Property (CDIP).⁸ The mandate of the Committee was to develop a work-programme for implementation of the adopted recommendations; to monitor, assess, discuss and report on the implementation of all recommendations adopted, and for that purpose co-ordinate with relevant WIPO bodies; and to discuss intellectual property and development related issues as agreed by the Committee, as well as those decided by the General Assembly.⁹ The CDIP replaced the Provisional Committee on the Development Agenda and another former Permanent Committee on IP and Development. The CDIP meets twice a year, reporting annually to the General Assembly.¹⁰

Implementation of the Development Agenda has proven inherently challenging. The negotiations that led to the 45 recommendations had taken place between parties who often had dramatically opposed visions of what the Development Agenda would be. The wording of the recommendations was therefore purposely ambiguous. The challenge is to convert these recommendations into actions acceptable to all concerned.

Progress implementing the Development Agenda began more slowly than some people had hoped. By the end of the first year of implementation, only five of the 45 Development Agenda recommendations had been discussed by the CDIP. But it is important to put this pace in the context of WIPO's nearly 150-year history. Nobody could credibly argue that the organisation could have moved as dramatically as proposed overnight.

Nevertheless, a turning point occurred in the third meeting when a project-based approach to the implementation of the Development Agenda was established. At the third meeting of the CDIP, April 27–May 1, 2009, the WIPO Secretariat proposed a new thematic grouping of the recommendations “after hearing concerns from members that recommendations might overlap, did not contain sufficiently detailed financial information, and were moving too slowly”.¹¹ This grouping has resulted in a number of thematic projects that deal with a cross-cutting set of recommendations.

The project approach was generally welcomed. It brought momentum back to the Development Agenda and established clearer strategies, budgets, timelines and benchmarks for success. Some controversy did emerge over the various aspects of the projects proposed, and the extent to which they fit with the vision of the Development Agenda. WIPO hosted an Open-ended Forum on Proposed Development Agenda Projects in October 2009, allowing stakeholders to provide input into the Development Agenda projects.¹²

By the end of the fourth meeting of the CDIP, a number of projects had been approved, many had begun to be implemented and a few were complete. Some required specific financial resources to be allocated, while others were considered to fall under WIPO's existing activities, requiring no additional resources. Most of the projects consist of studies, workshops, conferences, seminars, and training. Some projects are dedicated to providing resources to IP-related institutions, including national and regional IP offices and collective management organisations. A few projects relate to WIPO itself and projects for mainstreaming the Development Agenda through procedures, databases and management systems. Fourteen projects are currently ongoing, with several more projects to be discussed at future meetings of the Committee. Some of the projects include:

- convening a donor conference;
- creating new nodes of the WIPO Worldwide IP Academy;
- conducting studies on the public domain;

⁸ Assemblies of the Member States of WIPO, Forty-Third Series of Meetings, *General Report*, A/43/16 (November 12, 2007), p.152.

⁹ *General Report*, A/43/16, 2007, p.152

¹⁰ *General Report*, A/43/16, 2007, p.152.

¹¹ William New, “WIPO Members Discuss New Methodology for Development Agenda,” *IP-Watch*, April 27, 2009, at <http://www.ip-watch.org/weblog/2009/04/27/wipo-members-discuss-new-methodology-for-development-agenda/> [Accessed August 25, 2010].

¹² WIPO, *Open-ended Forum on Proposed Development Agenda Projects*, http://www.wipo.int/meetings/en/2009/wipo_pda_ge_09/index.html [Accessed August 25, 2010].

- holding events on IP and competition policy;
- putting detailed information about technical assistance on WIPO's website;
- providing access to specialised databases for patent searches;
- building a database to match IP development needs with available resources; and
- compiling a menu of options showing what technical assistance WIPO can offer.

The thematic project approach came along with what proponents of the Agenda saw as a positive sign from the WIPO Secretariat: the establishment of a Development Agenda Coordination Division (DACD). Francis Gurry became the Director General of WIPO in 2008, and then assured participants that he personally attached a great deal of importance to the Development Agenda; that he viewed successful implementation as being vital to the future of WIPO.¹³ At the third meeting of the CDIP, Gurry announced that co-ordination would take place under the DACD, reporting directly to him.¹⁴ The DACD would serve as the secretariat for the committee, and co-ordinate the Development Agenda recommendations and mainstreaming activities within WIPO.¹⁵

Short-term priorities and long-term issues

The following sections of this article provide an overview of the key insights generated at the expert working group's most recent retreat. These reflections represent the range of views that emerged through formal and informal interactions with diverse groups of stakeholders.

Immediate challenges and opportunities

Some of the most pressing short-term issues relate to the progress of implementation to date, the leadership of and vision for the Development Agenda, institutional matters, practical difficulties entailed with implementation, distributed implementation, evaluation, the geopolitics and group dynamics of implementation, and issues affecting international organisations generally.

Progress of the Development Agenda

A great deal of optimism surrounds the progress made on the Development Agenda over the past several years. According to many observers, the very fact that WIPO has established the Development Agenda indicates that change is taking place at WIPO. Some believe that a paradigm shift has occurred, one that is reflected in the language now used at WIPO and the priority given to developing countries' concerns. Insofar as this has occurred, it might be attributed to an incremental shift toward a more nuanced, recalibrated view of intellectual property that is taking place internationally. This paradigm shift could be even more important than particular projects established under the Development Agenda.

The extent to which the Development Agenda is "mainstreamed" has become an important indicator of its success. Mainstreaming involves not just implementation of the various Development Agenda recommendations, but also the diffusion of the constructively ambiguous principles embedded in the Development Agenda throughout WIPO as an organisation. It is not exactly the same as implementing particular recommendations; mainstreaming demands an overarching cultural shift throughout WIPO.

¹³ Committee on Development and Intellectual Property, Second Session, *Report*, CDIP/2/4 (April 27, 2009), p.4.

¹⁴ William New, "WIPO Members Move Ahead on Development Agenda Implementation," *IP-Watch*, May 4, 2009, at <http://www.ip-watch.org/weblog/2009/05/04/wipo-members-move-ahead-on-development-agenda-implementation/> [Accessed August 25, 2010].

¹⁵ WIPO, Development Agenda Coordination Division, at <http://www.wipo.int/ip-development/en/dacd.html> [Accessed August 25, 2010].

Despite some people's optimism, other stakeholders are sceptical about whether a transformation of WIPO's culture has been achieved, whether a "paradigm shift" has occurred at WIPO, and about the extent to which such a shift can be evidenced. It is hard for WIPO to evidence, and for outsiders to see, whether a real change has taken place. There is a danger, or a potential perception, that WIPO activities are now simply being relabelled as "development-related".

It is conceivable that the progress of the Development Agenda may have actually weakened WIPO's position as a forum for IP norm-setting. The changes taking place at WIPO may have reduced the organisation's ability to prioritise developed countries' concerns, and the ability of Member States to discuss those concerns in a frank and open manner. Problems such as the patent backlog and IP piracy, which some feel are undermining the IP system, are now being discussed outside of WIPO. Developed countries may be coming to a point where they feel that WIPO has fundamentally reoriented itself toward the interests of developing countries, and therefore is no longer a forum in which developed-country issues can move forward. Whereas the negotiating structure and culture of other international organisations, such as the World Trade Organization, tend to ensure that tradeoffs take place—that if the interests of one group of countries go forward in one area, the interests of the other group will go forward somewhere else—WIPO's structure and processes do not encourage, to the same extent, such tradeoffs. The engagement of developed countries with the organization, therefore, could be jeopardised.

The shift in focus toward developing-country issues could also be viewed as an historical rebalancing of a past in which developing countries' needs and interests had not been adequately taken into account. The international intellectual property system, on this view, has been structured over many years according to the agendas of the now-developed countries. The Development Agenda represents only a small corrective to a broader global IP agenda that was formed largely during a time of imperialism, when many countries had no voice in the development of international law in general or the international IP system in particular.

Some stakeholders refer regularly to the "spirit" of the Development Agenda. This spirit, however, is hard to define.¹⁶ While the letter of the agenda may be clear, the spirit is not. Is there a spirit? What is it? Is it possible to agree on what it is? How is it possible to implement the "spirit" of the Development Agenda in the absence of such consensus?

Steering the Development Agenda

Visions differ not only with regard to the spirit, but also with regard to steering the direction and implementation of the Development Agenda. Some wish to ensure that it is a Member State-led process. Here, concerns have been raised that, although Member States initiated the agenda, they may now be allowing the Secretariat to lead it. WIPO is viewed, from some perspectives, as a secretariat-led organisation; when WIPO is spoken of, it is usually the Secretariat that is being referred to, rather than the General Assembly of Member States.

Others view implementation as a partnership between various parties. Many groups, according to this view, are important to ensuring the success of the Development Agenda. Those include civil society, academia, industry, Member State governments and other international organisations.

Still others view the Development Agenda as a broader phenomenon occurring (or potentially occurring) not just at WIPO but also beyond. It is something that impacts and therefore should be implemented by grassroots actors: from classrooms, courts, and educational institutions where WIPO may or may not have any direct influence.

¹⁶ Jeremy de Beer, "Defining the Development Agenda" in *Implementing the World Intellectual Property Organization's Development Agenda*, 2009.

Diverging views about who is or should be leading the Development Agenda at WIPO have a practical effect, for example, on the production of project documents. Whereas some may feel that the Secretariat has the most concrete idea of requirements to structure the projects that it will carry out, others feel that Member States must have significant input in the production of project documents in order to retain their ability to control the implementation of the Agenda. As well, there are legitimate concerns that an overly broad conceptualisation of the Development Agenda could have the practical effect of overburdening the Agenda and diverting attention away from core issues where concrete progress can be made.

Internal structural/organisational issues at WIPO

The governance and structure of WIPO are key in the implementation of the Development Agenda. Various changes have been suggested to the working practices, decision-making processes, institutional culture, institutional arrangements and financial structure of WIPO.¹⁷ The use of outside organisations to facilitate the transformation of WIPO has been put forward as a way of facilitating transformation.¹⁸ And the role of WIPO leadership in implementing the Development Agenda has been emphasised.¹⁹ Along with these general issues are the questions of whether WIPO is structured as a development organisation, the transparency of the organisation, and the ability of WIPO to increase its capacity in this area by partnering with other organisations.

A number of general structural and organisational issues affect the organisation as a whole and the implementation of the Development Agenda in particular. Although the Secretariat is viewed as having genuinely adopted a pro-Development Agenda view of intellectual property, there continues to be a desire from some groups to examine various aspects of WIPO governance.

This could include the revision of WIPO statutes, an examination of the structure and independence of WIPO committees and/or an examination of the question of how chairpersonships are decided. In relation to the evaluation of the Development Agenda itself, the creation of an independent evaluation office is one possibility. A number of obstacles and problems are associated with such reforms. Some developed countries were opposed to the idea of a revision of WIPO statutes and the creation of an independent evaluation office during the early debates about the WIPO Development Agenda, and proposals for major structural reforms were thus removed from the negotiating table in those early stages. Changes to the structure of WIPO committees can be a similarly difficult issue.

Along with general issues of structure and governance, the possibility remains that, in putting forth the Development Agenda for WIPO, the wrong people have been asked to do the right thing. WIPO staffing, hiring, expertise, structure and historical mandate do not reflect those of a development agency. Some argue that WIPO is not a development organisation, and questions remain as to whether it can be transformed into one. The structure and governance of WIPO, and its technical assistance programmes, have been built around the mandate of promoting intellectual property, not around issues of development. The organisation's practical ability to focus on the UN's Millennium Development Goals, or development in general, has been questioned.

Transparency is a concern at WIPO. In particular, the transparency of how technical assistance is offered, and by whom, has been emphasised as a part of the Development Agenda. Such transparency is important in eliminating conflicts of interest in technical assistance provision. At the same time, WIPO deserves credit for being very transparent compared to other international organisations. Meeting documents are made available online, NGOs are permitted to participate in WIPO meetings, and the application process

¹⁷ Carolyn Deere, "Reforming Governance to Advance the WIPO Development Agenda" in *Implementing the World Intellectual Property Organization's Development Agenda*, 2009.

¹⁸ Richard Gold and Jean-Frédéric Morin, "From Agenda to Implementation: Working Outside the WIPO Box" in *Implementing the World Intellectual Property Organization's Development Agenda*, 2009.

¹⁹ Sisule F. Musungu, "The Role of WIPO's Leadership in the Implementation of WIPO's Development Agenda" in *Implementing the World Intellectual Property Organization's Development Agenda*, 2009.

to gain observer status at WIPO is simple and straightforward. Several other international organisations are far less transparent. They do not make meeting documents available online, and observer status is difficult to obtain.

The adopted recommendations of the Development Agenda require:

“WIPO to intensify its cooperation on IP related issues with United Nations agencies, according to Member States’ orientation, in particular UNCTAD, UNEP, WHO, UNIDO, UNESCO and other relevant international organizations, especially the WTO, in order to strengthen the coordination for maximum efficiency in undertaking development programs.”²⁰

Such partnerships could strengthen WIPO’s ability to undertake development programmes and bring in development expertise, and could help WIPO in addressing broader issues such as the relationship between IP and health, IP and human rights, or IP and the environment. To a certain extent, such linkages are already being made. Similar partnerships could also benefit IP offices and WIPO Technology and Innovation Support Centres. However, appropriate stakeholders must be chosen with which to partner, and care must be taken not to partner with just the most vocal NGOs. Care must also be taken not to overburden the Development Agenda or WIPO with too great a focus on “IP and ...” agendas.

Practical difficulties

There are a number of difficulties associated with the ability of some developing countries to participate in the implementation of the 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.

There may be difficulty on the part of some developing countries in articulating their own needs and considering their own approaches to intellectual property. One of the recommendations of the Development Agenda is that technical assistance should be demand-driven.²¹ Some countries may have difficulty in articulating their own needs. For example, some developing country representatives see the proposals used to structure Development Agenda projects as being complex and difficult to produce. Institutional capacity is required for the production of such documents, and this could create a gap between the ideas of developing countries and their ability to present those ideas to the CDIP.

The gap in expertise and resources between the International Bureau and local actors leaves room for developing countries to lose control of the articulation of their own needs and approaches. Developing country bureaucrats may feel that, since WIPO specialises in intellectual property, WIPO must know what is best. Technical assistance can be offered to them not only by WIPO, but also by so many different groups that it leaves little time for countries to consider their own approach before they meet with technical assistance providers.

In this context, technical assistance is very much a norm-setting, or at least a norm-reinforcing, exercise. But issues of development are complex, there are many questions and contests as to what “development” means, and there are competing interpretations of whether and how IP and development are linked together. The articulation of needs is, to a certain extent, a practical difficulty for which it is important to find solutions.

²⁰The 45 Adopted Recommendations under the WIPO Development Agenda, Recommendation 40, at <http://www.wipo.int/ip-development/en/agenda/recommendations.html> [Accessed August 25, 2010].

²¹The 45 Adopted Recommendations under the WIPO Development Agenda, Recommendation 1, at <http://www.wipo.int/ip-development/en/agenda/recommendations.html> [Accessed November 2, 2010].

Distributed implementation

Several commentators have emphasised the importance of local, national, and regional implementation of the Development Agenda.²² If work in Geneva proceeds without equivalent change in countries themselves, a gap will be created between the work at WIPO and the fundamentally related work in the capitals and regions. Although the Development Agenda will “never have legs on the ground unless member states go home and implement it”, localisation of the Development Agenda adds to the complexity of implementation, because domestic groups generally have varying views about IP issues.²³

In September 2009 ICTSD hosted an event titled “IP Offices and the Implementation of the WIPO Development Agenda: Challenges and Opportunities”.²⁴ At this event, the Acting Director of the DACD noted that the Development Agenda had been taking place “mostly in Geneva”. Panellists further stressed the important role to be played by national intellectual property offices in implementing the Development Agenda.²⁵ Some work distributing awareness of and responsibility for the agenda has begun with regional seminars on the Development Agenda held in late 2009 in Zimbabwe and Tunisia, and in early 2010 in China. These events demonstrated very clearly, however, that significant work lies ahead in spreading implementation beyond WIPO itself, and into and through regional and national IP offices and other agencies.

Perhaps the Development Agenda can be divided into elements that are, on the one hand, top-down and, on the other hand, bottom-up. In one respect, it could be said that the Development Agenda is still at the top. Knowledge of the Development Agenda, notions of calibrated IP and knowledge about development in general have not necessarily percolated down to the local and regional levels in IP offices. Part of the capacity-building process in these offices could, therefore, be to introduce a more critical and complex appreciation of the ways that intellectual property and development may (or may not) be linked, so as to facilitate a more nuanced understanding of IP.

The socialisation process may be one of the reasons that certain views of IP and its connection to development are often presented at local IP offices. Those from developing countries who are funded to come to WIPO meetings or to participate in IP events may feel required to present a particular view of IP in order to be invited to such meetings. International organisations, including international IP advocacy organisations, may cultivate particular ideologies in IP offices, especially in areas where there is only one agency in a country dealing with IP. However, there are factors mitigating this situation: decentralisation is occurring in some countries, in the sense that more agencies are coming to deal with IP. This is not necessarily a result of the Development Agenda, but it may be a result of a greater awareness of IP generally.

Although IP offices may view themselves as custodians of the IP system, other government agencies must also be involved in implementing the Development Agenda. WIPO often receives duplicative or even conflicting requests from various parties within the same country. The organisation cannot practically

²² Lihong Li called on WIPO to attend to local economic, cultural, and political circumstances in implementing the Development Agenda; V.C. Vivekanandan examined how local conditions of research funding might interact with the Development Agenda; and Pedro Paranaquá called on grassroots organisations to take a role in implementing the Development Agenda; Lihong Li, “Localizing WIPO’s Legislative Assistance: Lessons from China’s Experience with the TRIPs Agreement” in *Implementing the World Intellectual Property Organization’s Development Agenda*, 2009; V.C. Vivekanandan, “The Public-Private Dichotomy of Intellectual Property: Recommendations for the WIPO Development Agenda” in *Implementing the World Intellectual Property Organization’s Development Agenda*, 2009; Pedro Paranaquá, “Strategies to Implement WIPO’s Development Agenda: A Brazilian Perspective and Beyond” in *Implementing the World Intellectual Property Organization’s Development Agenda*, 2009.

²³ Carolyn Deere as quoted in Kaitlin Mara, “Academics Debate How to Release ‘Revolutionary’ Power of Development Agenda”, *IP-Watch*, July 28, 2009, at <http://www.ip-watch.org/weblog/2009/07/28/academics-debate-how-to-release-revolutionary-power-of-development-agenda/> [Accessed August 25, 2010].

²⁴ Kaitlin Mara, “Panel: IP Offices Must be Engaged to Implement Development Agenda,” *IP-Watch*, September 23, 2009, at <http://www.ip-watch.org/weblog/2009/09/23/panel-intellectual-property-offices-must-be-engaged-to-implement-development-agenda/> [Accessed August 25, 2010].

²⁵ Mara, “Panel: IP Offices Must be Engaged to Implement Development Agenda,” *IP-Watch*, September 23, 2009, at <http://www.ip-watch.org/weblog/2009/09/23/panel-intellectual-property-offices-must-be-engaged-to-implement-development-agenda/> [Accessed August 25, 2010].

mediate among potentially contradictory messages conveyed by national representatives from different offices, agencies or departments, nor can it fairly be expected to do so. Co-ordination between government departments is therefore especially important to implementation.

Brazil and the European Union, as examples, have particularly strong mechanisms between government departments to co-ordinate policy on intellectual property. Geneva diplomats who work on various issues with various agencies can also play a co-ordinating role, as can bureaucrats generally, insofar as bureaucrats may stay in their positions while governments change; bureaucrats can provide an element of continuity. Ultimately, the particular responsibility for such co-ordination must lie with Member States.

Structural considerations may affect co-ordination, in cases where one government department had more power than another, or where departments are competing for technical assistance funds. For example, many countries' IP offices are weak relative to other government agencies; as offices, they are lower on the hierarchy than ministries such as finance or industry. Other factors, including the democratic structure of the government, or the relative centralisation or decentralisation of the government generally, might also affect co-ordination.

There are a number of problems that could arise out of co-ordination. In situations where various government agencies are required to agree on an issue, often the approach taken is to try to "balance" policies so as to come to an agreement between the various agencies. This can result in ineffectiveness if the goal of achieving a practical solution is replaced with the goal of achieving consensus.

A number of questions remain about the way that implementation of the Development Agenda will be distributed. At what level (organisational — regional — national — sub-national — transnational) will the activities of the Development Agenda take place? Which types of activities most penetrate which levels? Who will the projects employ? Who will the projects empower? What organisations and groups should be involved in implementing the Development Agenda? Where do the Development Agenda, WIPO, and governments generally locate and recognise expertise?

Evaluation

A focus on monitoring and evaluation is crucial to moving the Development Agenda forward. Such evaluation consists of various types: monitoring and evaluation of the impact of IP on development; monitoring and evaluation of the impact of WIPO's work; and the monitoring and assessment of the progress of the Development Agenda projects themselves.²⁶ At the fourth meeting of the CDIP, November 16–20, 2009, discussion took place as to how high-level co-ordination and monitoring of the Development Agenda should take place. The mandate of the Committee was to "monitor, assess, discuss and report" on the implementation of all recommendations adopted and "for that purpose it shall coordinate with relevant WIPO bodies". Debates surrounded various interpretations of how that should happen.²⁷ Algeria, Brazil, and Pakistan suggested, among other things, that all WIPO bodies at every level should identify and report on the specific ways in which Development Agenda recommendations would be "mainstreamed" in their work. Group B's proposals were less ambitious, but the group also proposed that the General Assembly should instruct chairs to work towards mainstreaming the Development Agenda, and should

²⁶ Xuan Li, "A Conceptual and Methodological Framework for Impact Assessment" in *Implementing the World Intellectual Property Organization's Development Agenda*, 2009.

²⁷ Committee on Development and Intellectual Property, Fourth Session, Draft Report, CDIP/4/14 Prov. (December 30, 2009); William New, "WIPO Power Struggle Looms over Development Agenda Coordination", *IP-Watch*, November 4, 2009, at <http://www.ip-watch.org/weblog/2009/11/04/wipo-power-struggle-looms-over-development-agenda-coordination/> [Accessed August 25, 2010].

report on the contributions of their committee on the implementation of the Agenda. They proposed that all WIPO committees should be considered equal, and that co-ordination should not create new financial obligations on Member States.²⁸ This issue was to be further discussed at future meetings of the Committee.

Questions remain about how best to evaluate the results of the Development Agenda. A management approach to evaluation, involving a tallying of outputs, is not a sufficient method to evaluate the impact of the Development Agenda. The sociological discipline of social impact assessment, and the technique of outcome mapping,²⁹ which examines behavioural change, are methods used by other organisations to evaluate impact. Canada's IDRC, an organisation with decades of experience assessing the impact of its development-related activities, presents one useful model that might be followed. WIPO might look to other organisations more generally, and to organisations that specialise in assessing the development impact in particular, of projects for guidance as it seeks ways to evaluate the implementation and impact of the Development Agenda.

Geopolitics and group dynamics

As the Development Agenda continues to be implemented, economic and geopolitical situations continue to change. Developing countries do not all have the same interests or priorities, and some countries are emerging such that they might, in the not too distant future, be better grouped with developed countries. Such changes could certainly have an impact on the Development Agenda, its priorities, its implementation, and its effects.

At WIPO countries are organised into seven groups: the African group, the Asian group, the Latin American and Caribbean group (GRULAC), the eastern European and Baltic group, the central Asian group and "Group B", consisting of Europe, North America, and other developed countries including Japan, Australia, Canada and New Zealand. China is also a "group". The group system is, however, imperfect, and perhaps no longer reflective of the current geopolitical situation. It may, at times, operate as a straitjacket, limiting the positions individual countries within each group can take, and tying individual countries too strongly to the positions taken by their respective groups.

Challenges facing other international institutions

The Development Agenda at WIPO responds to a set of criticisms that have been targeted not only at WIPO but also at international institutions generally. The IMF, the World Bank, the G8 and the United Nations have been criticised as being fragmented, unrepresentative, ineffective, irrelevant, and as generally suffering a decline in their legitimacy.³⁰ A number of international institutions have, in response, embarked on reform agendas. Some organisations have successfully implemented such agendas, while some are still underway. These include efforts toward IMF reforms intended to give greater representation to emerging

²⁸ Committee on Development and Intellectual Property, Fourth Session, *Draft Report*, CDIP/4/14 Prov. (December 30, 2009); William New, "WIPO Power Struggle Looms over Development Agenda Coordination", *IP-Watch*, November 4, 2009, at <http://www.ip-watch.org/weblog/2009/11/04/wipo-power-struggle-looms-over-development-agenda-coordination/> [Accessed August 25, 2010].

²⁹ Sarah Earl, Fred Carden and Terry Smutylo, *Outcome Mapping: Building Learning and Reflection into Development Programs* (International Development Research Centre, 2001), at http://www.idrc.ca/en/ev-9330-201-1-DO_TOPIC.html [Accessed August 25, 2010]. See also <http://www.outcomemapping.ca/> [Accessed August 25, 2010].

³⁰ Colin I. Bradford and Johannes F. Linn, *Reform of Global Governance: Priorities for Action* (Brookings Institution, October 2007), at <http://www.brookings.edu/~media/Files/rc/papers/2007/10/global%20governance/pb163.pdf> [Accessed August 25, 2010].

markets and low-income countries, along with other reforms.³¹ There have been efforts at the World Bank to increase voting power by developing countries and increase transparency.³² There have also been calls for reform of the WTO.³³

Outlooks for broad UN reform appear pessimistic. This set of challenges faces all international institutions: they must address changing demographics and shifting economic power; increasing interdependence of economies and issues; and global risks such as financial imbalances, global warming, and global epidemics.³⁴ With the reform processes that are taking place, questions remain as to whether reform will be successfully achieved, or whether reform efforts will lapse into stalemate.

Foresight into scenarios for the future

Foresight research techniques were initially developed and deployed in the private sector, by multinational companies like Shell and IBM. They have also been used by government agencies such as the US National Aeronautics and Space Administration (NASA). Subsequently, aspects of foresighting methodologies have been embraced by a wide variety of other organisations. For instance, some national governments adapted foresight research methods to understand their national economies and then to identify niche markets that their nations were strategically placed to grow a market in. The use of foresighting to guide strategic behaviour continues to be most prevalent, however, not by national governments but by international/regional organisations and private sector firms. Bain and Company reported in the *Harvard Business Review* that their most recent survey of companies' use of management tools and techniques shows "an abrupt and sustained surge ... in the use of scenario-and-contingency (S&C) planning tools".³⁵

Though foresighting has in the past been primarily a tool for strategic decision-making in business, in fact it is or can be used by any organisation interested in adaptability to the inherent uncertainty of the future. The author of a seminal work in this field, van der Heijden, refers to scenario practice (the key component of foresight research) as a tool to enable an organisation to undertake research and discuss that research and its implications in a strategic conversation. He also emphasises that the success of any organisation depends on the unique insights and inventions it can generate to set it up apart from others, and how scenarios can enable them.³⁶

Several academic researchers and civil society organisations working in the field of IP have likewise highlighted the need for or explored the potential of foresighting exercises.³⁷ By far the most serious and comprehensive foresighting effort, however, is the European Patent Office's *Scenarios for the Future* project.³⁸ That is an extraordinarily useful resource for anyone contemplating the future of global IP systems.

³¹ "U.S. Congress Vote Marks Big Step for IMF Reform, Funding," *IMF Survey Magazine*, June 18, 2008. <http://www.imf.org/external/pubs/ft/survey/so/2009/NEW061809A.htm> [Accessed August 25, 2010].

³² "World Bank Reform: What the World Bank is Doing", February 4, 2010, at <http://www.worldbank.org/html/xdtr/worldbankreform/> [Accessed August 25, 2010].

³³ Debra Steger (ed.), *Redesigning the WTO for the Twenty-first Century* (Wilfrid Laurier University Press/CIGI/IDRC, 2010), at http://www.idrc.ca/en/ev-148745-201-1-DO_TOPIC.html [Accessed August 25, 2010].

³⁴ Colin I. Bradford and Johannes F. Linn, *Reform of Global Governance: Priorities for Action* (Washington, D.C.: Brookings Institution, October 2007), at <http://www.brookings.edu/~media/Files/rc/papers/2007/10global%20governance/pb163.pdf> [Accessed August 25, 2010].

³⁵ D. Rigby and B. Bilodeau, "Bain's global 2007 management tools and trends survey" [2007] *Strategy & Leadership* 21, as cited in T. Lang, "Systemizing the Organizational Scenario Literature Using Morgan's Metaphors" (2008) (Unpublished, on file with authors).

³⁶ K. van der Heijden, *Scenarios: Art of Strategic Conversation* (John Wiley & Sons, 1996), as cited in Lang, "Systemizing the Organizational Scenario Literature Using Morgan's Metaphors", 2008.

³⁷ M. Gollin, G. Hinze and T. Wong, "Scenario Planning on the Future of IP" in G. Dutfield and T. Wong (eds), *Intellectual Property and Human Development* (UK: Cambridge University Press, forthcoming 2010); D.J. Halbert, "Intellectual Property in the Year 2025" (2001) 6 *Journal of Futures Studies* 25.

³⁸ European Patent Office, *Scenarios for the future: How might IP regimes evolve by 2025? What global legitimacy might such regimes have?* (2007), available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/63A726D28B589B5BC12572DB00597683/\\$File/EPO_scenarios_bookmarked.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/63A726D28B589B5BC12572DB00597683/$File/EPO_scenarios_bookmarked.pdf) [Accessed August 25, 2010].

Foresight research is much more than simply contemplating what the future will bring, or forecasting upcoming events based on current trends. Realising most of the benefits that foresight techniques can yield requires challenging, usually unfamiliar and potentially uncomfortable exercises. Thinking about the future in ways that are familiar and comfortable is unlikely to generate novel insights. Systems that affect the future are inherently dynamic and chaotic. And if one thing *is* relatively certain about the future, it is that the future will probably not be what most people predict. Foresight research is a tool to help us to acknowledge and address that fact.

This section of the article presents the results of the pilot test of the foresighting and backcasting technique carried out at the expert working group retreat. The results suggest that the foresighting and backcasting methods used are useful instruments in planning and envisioning the future of the Development Agenda. First, the working group identified a number of drivers of change that relate to the future of the Development Agenda. Secondly, using insights from foresighting, the group identified drivers of change seen as being a high priority for examination and research. Beginning with these, the group used the foresighting method to imagine future scenarios, presented here. The group then used backcasting to identify possible paths to an ideal future scenario. The results of the backcasting exercise, as well as a creative presentation of some of the ideas highlighted in the backcasting exercise, are presented here as a future retrospective article in *Intellectual Property Watch*.

The “scenario” has been called the “archetypical product of futures studies”.³⁹ A review of the basic theory and practice of scenario development explains a scenario as:

“a product that describes some possible future state and/or that tells the story about how such a state might come about. The former are referred to as end state or ‘day in the life’ scenarios; the latter are ‘chain of events’ scenarios or future histories.”⁴⁰

Another way of describing this division is to distinguish between *exploratory* and *normative* scenario techniques.

The exploratory scenario technique starts in the present moment and asks “what if” questions, for example, asking about the most impactful and uncertain drivers of change. Scenarios are then created as a result of this discussion. This approach tends to be more focused around dialogue, idea generation or highlighting different ways of thinking, and issues to consider.

The normative scenario technique starts at a point in the future and asks “how” questions. This generally involves examining a preferable and feasible scenario placed in a future time period, and then backcasting to generate a series of actions that might have resulted in the creation of this desirable future. Unlike a forecast, which is based on current trends or immediately predictable chains of events, a backcast involves an unconstrained leap forward to any point in the future, and from there deconstructs what must have transpired. This is sometimes called a “future history”. Working backwards, step-by-step, previously unpredictable events can be imagined and then prepared for, or even worked toward. This approach seems to be more appropriate where the exercise will result in decisions or policy recommendations; it is more focused on strategic planning.

Drivers of change that will shape the future of the Development Agenda are not events per se, but are pressure forces that drive and influence the unfolding of events. The somewhat diverse expert group collaboratively brainstormed a long list of relevant forces, from which were discerned several thematic groupings of drivers. With the luxury of further time and resources, no doubt this list could have been distilled even further, and additional or alternative drivers might have been identified. But experts generally agreed upon the relevance of the following clusters of change drivers.

³⁹ European Patent Office, *Scenarios for the future*, 2007, available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/63A726D28B589B5BC12572DB00597683/\\$File/EPO_scenarios_bookmarked.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/63A726D28B589B5BC12572DB00597683/$File/EPO_scenarios_bookmarked.pdf) [Accessed August 25, 2010].

⁴⁰ European Patent Office, *Scenarios for the future*, 2007, available at [http://documents.epo.org/projects/babylon/eponet.nsf/0/63A726D28B589B5BC12572DB00597683/\\$File/EPO_scenarios_bookmarked.pdf](http://documents.epo.org/projects/babylon/eponet.nsf/0/63A726D28B589B5BC12572DB00597683/$File/EPO_scenarios_bookmarked.pdf) [Accessed August 25, 2010].

The first major driver of change identified by the expert group was the level of engagement by Member States in WIPO. The revitalisation of member-driven processes at WIPO and increased engagement of Member States, or, conversely, disengagement of Member States would be a major driver of change. Disengagement could arise out of processes that are primarily Secretariat-led, or could arise out of a perceived lack of response to Member State demands (especially on the part of developed countries, who may feel that developing country interests are taking priority), or arising from expectations being set too high and therefore remaining unmet.

A second major driver of change is the engagement of external stakeholders. This includes the level of engagement between WIPO and the private sector, civil society, external experts, and the media—all of which could affect the future direction of WIPO and the Development Agenda.

Thirdly, WIPO financing is an important driver of change. WIPO financing comes primarily from fees charged under the Patent Cooperation Treaty (PCT), but is also affected by donor funding. Any changes to PCT fees or donor funding would be important drivers of future events.

Fourthly, the domestic circumstances and policies of WIPO Member States were identified as a major driver of change. Domestic circumstances could include anything from the changing economic circumstances of Member States, the transition periods for least developed countries under the TRIPS Agreement, to US health care reform and its effects on the pharmaceutical industry.

Fifthly, WIPO staffing was also identified as a driver of change. The type of and emphasis of staffing, the leadership within the organisation, human resource turnover and recruitment, and the workload faced by staff could all influence the implementation of the Development Agenda.

Sixthly, the structure and procedures of WIPO are important potential drivers of change. This includes WIPO governance, mission, processes and the assessment and evaluation mechanisms used within WIPO, especially as they pertain to the Development Agenda.

Seventhly, policy forums outside of WIPO could affect the implementation of the Development Agenda. The progress of the Anti-Counterfeiting Trade Agreement (ACTA), the Patent Prosecution Highway (PPH) and the Doha Round of Trade Negotiations under the World Trade Organization could impact on the implementation of the Development Agenda, as could policies developed under the G20 and the IP5 (meetings of the heads of the European Patent Office (EPO); the Japan Patent Office (JPO), the Korean Intellectual Property Office (KIPO), the State Intellectual Property Office of China (SIPO) and the United States Patent and Trademark Office (USPTO)). Intergovernmental relations and relations among inter-governmental organisations, as well as relations among technical assistance providers, could also have an impact on implementation.

Finally, global public policy challenges could affect the future of WIPO and the Development Agenda. Challenges discussed included climate change, global economic crises, food insecurity and technological change.

Drivers of change can be relatively more or less significant in terms of their impact. Some drivers are likely to have high impact, while others are likely to have lower impact. Drivers of change are all surrounded by varying degrees of uncertainty. For any change driver, it is relatively more or less certain whether or not it will impact particular events, which events if any it will impact, when it will impact events, how events that it does impact will unfold, and so on.

Once certain drivers of change were identified, it was possible to plot the clusters on two axes: impact and uncertainty. The expert working group broke into small groups to build consensus around the positioning of change drivers, which was aggregated to generate basic agreement about a scatter plotting, recorded graphically on flip-charts at the meeting and reproduced more formally as Figure 1.

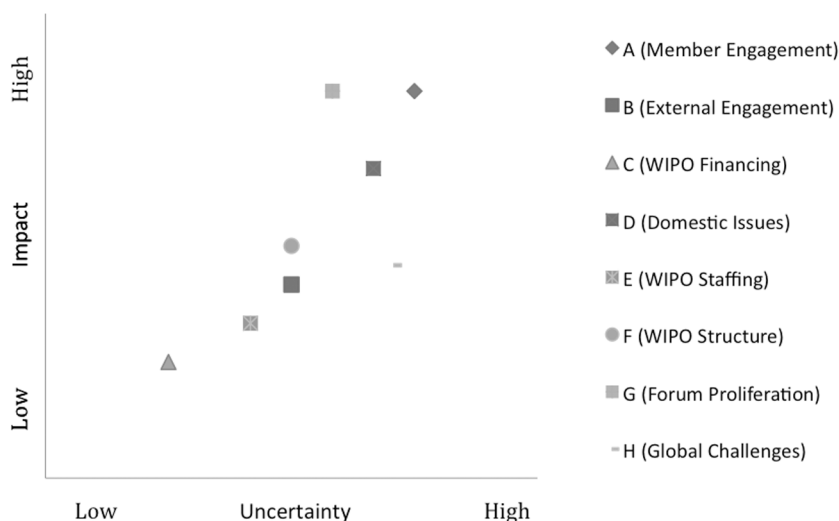


Figure 1: Significance of change drivers

To interpret the figure generated through expert consensus building, notice how change drivers situated toward the upper right are characterised as both highly impactful and highly uncertain. Member engagement, for example, was seen as having a high impact on the implementation of the Development Agenda; there was also a high level of uncertainty associated with member engagement. Drivers toward the lower left are relatively less impactful and less uncertain. For example, WIPO financing was seen to have a relatively low impact on the implementation of the Development Agenda (because the Development Agenda was seen as requiring a relatively low level of financing) and as being associated with a low level of uncertainty (WIPO's budget was seen as being relatively stable). Some drivers are highly impactful, but involve only moderate uncertainty, such as forum proliferation (proliferation is fairly likely to occur, though precisely when and how it might happen is unclear). Similarly, some drivers, including global challenges such as climate change or technological changes, are moderately impactful, but highly uncertain (it is uncertain what the impact of climate change or technological change might be on the Development Agenda). All of these characterisations are not absolute but relative to each other.

Foresight research experts would encourage anyone interested in understanding, preparing for and even shaping possible futures to concentrate their attention on change drivers toward the upper right of Figure 1. These issues are probably the least well studied and most misunderstood because it is extremely difficult to grasp, let alone develop hypotheses and methodologies to empirically investigate, issues engulfed by uncertainty. At the same time, these are the issues that have a high impact and are therefore likely to shape the future most profoundly.

There are several research tools available to begin to unpack the complex ways in which the highest priority could shape the future. The simplest of these with which the expert working group experimented involves constructing scenarios. Four different quadrants can be created by taking two high-priority change drivers and placing one on an X-axis and another on a Y-axis. Polarised outcomes for each driver are placed at both ends of both axes, and the axes are made to intersect somewhere in the middle. Lines thereby move in four different directions, with each corresponding quadrant representing a possible scenario for the future.

To experiment with the technique, experts began by examining drivers A (Member Engagement) and G (Forum Proliferation), contemplating scenarios one decade in the future, in the year 2020. Not surprisingly, these two high-priority drivers are somewhat correlated. The more Member States engage with WIPO, the less forums might proliferate, and visa versa. Of course, this is not to suggest any causal relationship: forum proliferation could be a cause or an effect of engagement/disengagement with WIPO. It could even be a little of both. Regardless, when the expert group examined these drivers—placing more or less Member State engagement on the horizontal X-axis and more or less forum proliferation on the vertical Y-axis—to create quadrants, the outcome was as reflected in Figure 2. The working group found that, based on these two variables, four situations might emerge.



Figure 2: Scenarios based on member engagement and forum proliferation

As rich discussion ensued about the scenarios that might develop given different combinations of Member State engagement and forum proliferation, retreat participants began to describe and then later label each possible outcome. The results of the exercise surprised most participants. It eventually became obvious from discussions that two of the future scenarios (#2: Gridlock, and #3: Hegemony) basically reflect the present and past situations at WIPO, while two other scenarios (#1: Free for all, and #4: Progress) represent new kinds of futures.

More specifically, scenario #2 (the “Gridlock” scenario, arising from more member engagement and more forum proliferation) seems to accurately describe the status quo at WIPO. The numerical majority of WIPO Member States are now more engaged than they have been in the past, but this fact has in several circumstances made it more difficult to build consensus around new norm-setting initiatives. Meanwhile, new substantive rules are being negotiated elsewhere. An agreement on access and benefit sharing under the Convention on Biological Diversity, and the plurilateral Anti-Counterfeiting Trade Agreement are timely examples of these phenomena.

Scenario #3 (the “Hegemony” scenario, arising from less member engagement and less forum proliferation) is basically where WIPO was throughout most of the 20th century. Because many developing and least developed countries were much less engaged at WIPO than they are now, but during the same time there was also relatively less forum proliferation in global IP policymaking, normative discourse was geared toward the interests of a hegemonic group of developed countries.⁴¹

Generally speaking, scenarios #1 and #4 involve previously unseen combinations of engagement and proliferation. Either future is likely to be significantly different than the past or the present. Scenario #1 (“Free for all”, arising from less engagement at WIPO and more forum proliferation) could occur if a significant number of Member States, or even a small number of important and influential Member States, disengage from developments at WIPO. If Member States engage less at WIPO, other IP norm-making forums will probably proliferate. The result could be a future with less engagement at WIPO and more proliferation elsewhere; in other words, a relative free for all. Again, the exercise does not suggest that there is a causal relationship between these variables. It simply recognises that they may be correlated, and speculates about possible implications of that correlation.

Scenario #4 (“Progress”, arising from more engagement at WIPO and less forum proliferation) would also represent a new situation for WIPO and the Development Agenda, but unlike scenario #1, progress is a scenario that many stakeholders are likely to want to experience. It would be characterised by a high degree of engagement by all WIPO Member States, and relatively low levels of forum proliferation. There would be little need to pursue norm-making processes outside of WIPO, because most or all Member States could obtain their desired outcomes. Power structures would necessarily shift, but current incumbents could resist little because the system overall might function better for everyone involved. Of course, this is a utopian ideal. But conceptualising this future and the factors that might drive it is nonetheless helpful in framing strategic courses of action at the present time.

For that reason, the next exercise at the expert working group retreat was to backcast how we might have arrived at this future utopia. Unlike a forecast, which is based on current trends or immediately predictable chains of events, a backcast involves an unconstrained leap forward to any point in the future, and from there deconstructs what must have transpired. This is sometimes called a “future history”. Working backwards, step by step, previously unpredictable events can be imagined and then prepared for, or even worked towards. Participants at the expert working group were asked: if the future were as described in the scenario #4, how did that happen? The scenarios and events that emerged were based around several of the themes already highlighted: the progress of the implementation of the Development Agenda and of IP norm-setting generally; the vision and leadership of the Development Agenda and of WIPO; institutional changes at WIPO; geopolitical forces; and events affecting international organisations broadly.

Progress of the implementation of the Development Agenda and of IP norm-setting generally. The expert group backcasted movement in norm-setting as a key element leading to the “progress” scenario. This could include movement in the areas of enforcement, disclosure of origin, patent law and/or traditional knowledge. Momentum of Development Agenda projects had also led to progress and to better alignment of technical assistance to member states’ needs.

Vision and leadership of the Development Agenda and of WIPO. At the same time, forum proliferation had been reduced through discontent with and lack of progress in other forums, and through a prevailing view that saw WIPO as the best and most legitimate forum for issues of IP—as a leader in the area. Backcasting from the progress scenario saw developing countries taking a sense of ownership over IP. The Development Agenda had encouraged this sense of ownership and had helped countries to find ways of using and innovating within the IP system to their benefit.

⁴¹ Forum proliferation and competing IP systems such as the Montevideo Convention and the Universal Copyright Convention did exist, but faded, leading to effective hegemony.

Institutional changes at WIPO. Some experts backcasted a rebranding of WIPO as the “World Innovation Promotion Organization”, focusing on the general promotion of innovation rather than solely on intellectual property. Experts saw improved evaluation and impact assessment, an investment of greater trust and power in the Secretariat, greater diversity in staffing in terms of geography and expertise, an increased focus on research, increased interaction with epistemic communities outside WIPO, and the facilitation of links with other international organisations as being key elements leading towards “progress”.

Geopolitical forces. Experts saw favourable shifts in global economic conditions as being an important factor leading to the “progress” scenario. Shifts in industry and in geopolitics (new business models, new models of innovation, the rise of the BRIC countries, or the financial crisis) were seen as being relevant. Changes in the group structure used within WIPO were also key.

Events affecting international organisations generally. The state of international organisations generally were seen as being important factors leading to the “progress” scenario. Experts differed, however, on whether it was the decline of competing forums, or successes in multilateralism generally, that would lead to progress.

The following retrospective, drafted as a hypothetical feature published by *Intellectual Property Watch*, has been compiled based on the themes outlined above and the expert backcasting from scenario #4 (“Progress”). *Intellectual Property Watch* may, by 2020, be an even more valuable source than it already is for transparency of and engagement with global knowledge governance. Square brackets in the story indicate where retreat participants held different views of precisely how the second decade of the 21st century might unfold toward the chosen scenario.

Intellectual Property Watch — Special Feature

25 April 2020

Past Decade Sees Progress on IP Issues for Developed and Developing Countries

By Jeremy de Beer and Sara Bannerman for *Intellectual Property Watch*

An epistemic community of development-oriented IP experts gathered in Geneva this week to reflect on the past decade of challenges and changes in global IP policies, and to assess what the next decade might hold. The annual roundtable summit, which was initiated in 2012 by [former] WIPO Director General Francis Gurry, brings independent, recognised academic authorities on the subject of IP and development together with World Innovation Promotion Organization (WIPO) officials, Member State diplomats and industry and civil society representatives.

At this year’s summit, most experts acknowledged that the [energy] [environmental] [food] [pandemic] crisis of 2012 was instrumental in renewing stakeholders’ resolve to reform global knowledge governance. That year marked a major breakthrough in the momentum that had been building over the previous five to ten years.

In part because of that crisis, all Member States began to recognise that the current IP system was not working optimally for anyone. Following the global economic recovery that took place between 2010 and 2012, countries of all kinds realised improvements in IP systems were needed to make the world’s knowledge economy work better.

In the same year, another turning point came when talks among a select group countries about a proposed Anti-Counterfeiting Trade Agreement led to little real change because of disagreements about scope, and the weight of the non-inclusive and non-transparent process adopted at the outset of those talks. Because parties eventually acknowledged that IP enforcement efforts that failed to include countries where counterfeiting is a serious problem could never succeed, WIPO’s Advisory Committee on Enforcement (ACE) emerged as the key forum for debating the issues.

Appreciative of the opportunity to be included in the discussion process, and recognising legitimate concerns about the problem of counterfeiting throughout the world, all WIPO Member States reached a carefully defined agreement on anti-counterfeiting in 2013.

A return to multilateralism happened during the first part of the past decade [in part because of the success] [despite the failure] of the Doha Round of WTO negotiations. Related to that, consensus began to emerge within the WTO about how to approach regional and bilateral trade agreements generally, which has helped to reinforce the role of multilateral and bilateral negotiations.

With BRICs countries solidifying their positions as geopolitical and global economic superpowers, they began taking greater ownership of IP problems that had previously impacted mainly members of the OECD. Countries with economies in transition, as well as many less developed countries, began to find ways to adapt IP systems to suit local circumstances rather than simply adopting foreign models based upon inappropriate technical assistance.

In 2014, countries including China, India, Brazil and Korea joined with the United States, Japan and European Union to spearhead patent process revisions to address an unacceptable backlog of applications in all jurisdictions.

In an effort to reform the system, the broadening scope of patentable subject-matter, falling substantive standards for patentability, inadequate patent disclosures and a lack of quality controls were targeted alongside bureaucratic administrative issues such as work sharing.

Regarding work sharing, a growing proportion of PCT application processing steps were outsourced from the “IP5” group of historically busiest patent offices to India, China and elsewhere. That measure helped reinforce the sense of ownership that countries with economies in transition have taken over practical IP problems. Resulting cost savings were redirected to finance new development-oriented activities.

Projects created and administered through the Development Agenda Coordination Division (DACD), which at that time had fewer human and financial resources than it has now in 2020, contributed greatly to successes in this regard.

Projects designed to implement the 2007 Development Agenda recommendations by building information technology infrastructure and human resource capacity around patent databases helped to create a tremendous library of publicly accessible information. Because that information requires know-how and other infrastructure in order to exploit, databases with landscapes combining technical, legal and commercial information were used to dramatically increase technology transfer through partnerships among developing countries, countries with economies in transition and developed countries too.

Once key developed countries had seen concrete proof that WIPO could in fact still be a forum for addressing their own priorities, there was a new willingness to make concessions on the issues that had long interested less powerful Member States.

Arguably the most important of these concessions came in the context of a formal treaty proclaimed in force in 2015 on traditional knowledge, cultural expressions and genetic resources. The willingness by many developing countries to accept the EU’s position on geographic indications, under certain conditions, has during the past decade served as a model for conciliation in norm-making endeavours.

Owing in part to improved mechanisms for inter-organisational co-operation, provisions of this new WIPO treaty dovetailed well with parts of the CBD’s Nagoya Protocol on Access and Benefit Sharing, as well as [still ongoing proposals for] changes to the WTO TRIPS Agreement regarding informed consent and disclosures of origin regarding genetic resources in patent applications.

Also in 2015, there was a major breakthrough in prolonged discussions about limitations and exceptions in both copyright and patent laws. The result was [a binding instrument on these and other access to knowledge issues] [a soft law solution involving WIPO, WTO and other relevant organisations].

New attitudes toward IP among developed countries were in part attributable to dramatic changes in the perspectives of their most powerful private sector actors. Creativity and innovation were spurred on by new, open and collaborative business models that took advantage of IP flexibilities and managed IP in profoundly different ways from the influential lobbies of the 20th century.

Progressive changes in WIPO's governance structure complemented, and perhaps contributed to, successful norm-making initiatives during the period between 2010 and 2020. An important step was realigning the regional groupings that had characterised discussions at WIPO for most of its history.

The European Union broke ground for major changes when in 2011 it revised policies for its interaction with both Group B and the Group of Central European and Baltic States. Similar moves were made soon afterwards by Egypt and Morocco, in respect of the African and Arab Regional Groups. Brazil also instigated a new approach to its dealings with the GRULAC Group of Latin American and Caribbean countries, as did several countries including Canada, Australia and New Zealand with respect to Group B.

Since 2013, the former regional groupings have ceased to have significant influence. Discussions among like-minded Member States now occur in a more open, ad hoc, nuanced and productive manner. Experts attribute this approach to the success experienced by the Group of Friends of Development, which essentially drove the Development Agenda forward between 2004 and 2007.

Perhaps the most significant change within WIPO during the past decade, according to experts, has occurred at the WIPO Academy. After its establishment near the end of the 20th century, the Academy devoted significant resources to build capacity to deliver highly impactful IP training and education.

Leading up to the proposal for a Development Agenda in 2004, however, critics targeted the nature of WIPO's training and technical assistance programmes. A project launched to implement education-related aspects of the Development Agenda had a profound effect on the Academy's pedagogical approach.

WIPO also made a concerted effort to change its staffing profile, recruiting a large number of development experts. Personnel and structural changes in 2009 and 2010 rejuvenated the Academy's, and indeed, the entire organisation's ability to conduct valuable, objective IP research and educational activities. Development Agenda implementation projects on, for example, studies of the public domain, were precedent-setting for much of this work.

Collaborative partnerships were established soon afterwards to connect the epistemic community of researchers working with WIPO's Chief Economist and Academy leaders. The independent Research and Impact Assessment Unit and the Capacity Building Unit, both formally established in the early part of the last decade, have significantly changed the way that research and education are conducted by and with WIPO.

Meetings such as the one taking place this week have become increasingly important events, helping to define problems and strategic priorities in global IP policymaking. The roundtable's roots can be traced to a major conference on IP and global challenges held in the summer of 2009, the format of which evolved substantially over the years.

Expert authorities are now integrated into the Secretariat and other WIPO bodies to actively engage with key decision-makers in an open, transparent and inclusive process of discussing the world's most pressing IP problems. Consequently, people and processes throughout the organisation are both more trusting and more trustworthy now than they were a decade ago. Several activities were modelled

on the successful experiences of the Intergovernmental Panel on Climate Change (IPCC), a joint initiative of the World Meteorological Organization (WMO) and United Nations Environment Programme (UNEP).

Heads of myriad other international bodies no longer just meet with WIPO officials, but have all signed meaningful memoranda of understanding. One of WIPO's main roles in that process, traceable to recommendation #40 of the Development Agenda adopted in 2007, is to help facilitate interactivity among the epistemic IP and development community and these other international bodies.

By the conclusion of the 2020 IP and Development experts summit, it became clear that much progress had been made. Perhaps because the Development Agenda was not overburdened at the outset with the unrealistic expectation to overhaul the entire global IP system alone, manageable projects were able to facilitate incremental progress.

When the Development Agenda was adopted in 2007, it was difficult to predict the cumulative contribution that an ongoing set of relatively modest projects might make. Reflecting backwards, however, the agenda's effect on global knowledge governance reforms has been substantial.

One of the purposes of backcasting from a future scenario is to reveal possible chains of events that might not have been clear starting from the status quo. The nature of the exercise encourages thinking outside the box about drivers of change. By better understanding *how* scenarios might develop, actors are better able to influence outcomes. They can hone in from a range of *possible* scenarios, to the realm of the *plausible* and even *probable*. More usefully, actors might be able to shape the future into one that is *preferable*. Figure 3 depicts the idea.

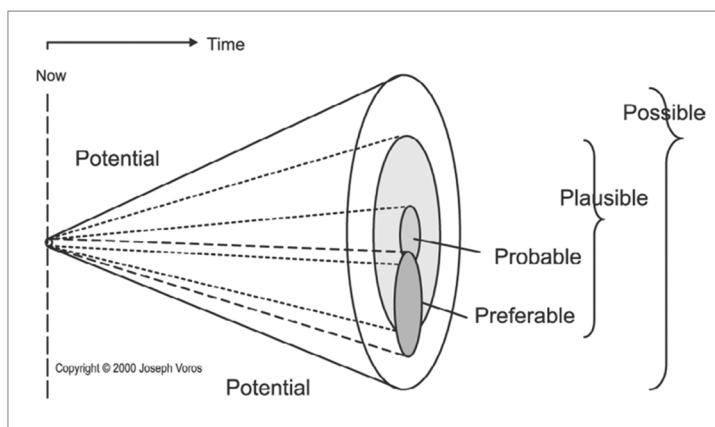


Figure 3: The “Futures Cone” from Voros (2003).⁴²

One very important thing to note about all of the analysis reported over the previous pages is that the scenario-building exercise that the expert group performed is barely the tip of the iceberg. A full foresight research project would not only devote much more time and energy to exploring drivers of change, it would also analyse various interconnections among many of these drivers. At this particular workshop, participants cross-referenced only two drivers (member engagement and forum proliferation) to create four quadrants and four scenarios.

Cross-referencing other drivers (member engagement and WIPO staffing issues, or forum proliferation and external engagement, or global challenges and domestic policies, for examples) could yield entirely different future scenarios. Moreover, it is more than somewhat artificial to select and compare only two

⁴²Using foresight research to move towards preferable futures, Source: Joseph Voros, “A generic foresight process framework” (2003) 5(3) Foresight 10.

drivers at a time. In reality, drivers interact with each other in a non-linear, chaotic fashion to influence behavioural changes. With only the eight drivers of change that retreat participants quickly brainstormed, it would be possible to create 40,320 different combinations. Each of those combinations might lead to a different future scenario.

It is easy to see how, therefore, the methodologies for executing foresight research can become extraordinarily complex and eventually unmanageable. But techniques, including algorithms and computer-aided analysis, do exist to exploit foresight research possibilities efficiently and effectively. The objective of this expert working group's retreat has been to pilot some of the simplest but still useful foresight research methods in order to demonstrate the utility of the framework, hopefully as a stepping stone to a fuller foresighting exercise into the long-term future of WIPO's Development Agenda.

Conclusions and directions for further research

Foresight research can, as demonstrated, be useful for generating insight into future planning and areas for further research into the Development Agenda. This pilot research project led to a number of conclusions about possible areas of uncertainty and possibilities for future research.

First, several drivers of change could dramatically shape the future of the Development Agenda. High levels of uncertainty are associated with several of these drivers, and these are possible areas of future research: member engagement, forum shifting and Member States' domestic circumstances/policies. Secondly, various drivers of change could interact in unforeseen ways. Foresight exercises, such as the one piloted here, can help to think through these various interactions and to help in envisioning future possibilities. Thirdly, the pilot project shows a number of possible future scenarios: free for all, gridlock, hegemony, and progress. These possible futures, or others that could be developed using the techniques of foresight research, can help interested groups to plan for the future, not only by asking how favourable scenarios might be encouraged and how unfavourable scenarios might be avoided, but also by planning for unforeseen possibilities.

Uncertainties and differences of opinion continue to surround issues such as the progress of implementation to date, the vision and leadership of the Development Agenda, institutional matters, practical difficulties associated with the implementation of the Development Agenda, the geographical distribution of implementation, evaluation of the Development Agenda, how changing geopolitics will continue to affect implementation, and how international institutions will deal with the challenges they face generally. All these issues have had and will continue to have a tremendous impact on the vision and implementation of the Development Agenda. The uncertainties surrounding these issues make continued examination of, and foresight into, future possible scenarios, an important tool in the successful implementation of the Development Agenda.

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