



DRAFT REFERENCE DOCUMENT ON THE EXCEPTION REGARDING THE USE OF ARTICLES ON FOREIGN VESSELS, AIRCRAFT AND LAND VEHICLES (SCP/35/4)

Standing Committee on the Law of Patents (SCP)
Thirty-fifth session (October 16 to 20, 2023)

Presentation by the Secretariat

SCP/35/4: Background

At SCP 34 (September 26 to 30, 2022), the Committee agreed that:

- The Secretariat would
 - Continue working on a draft reference document on exceptions and limitations
 - Submit a draft reference document on **the exception regarding use of articles on foreign vessels, aircraft and land vehicles to SCP/35**

- Annex to document SCP/34/3 contains the draft reference document

- The Secretariat made use of information submitted by the Member States, as well as other information collected through the SCP activities

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APPENDIX

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1. Overview of the exception regarding the use of articles on foreign vessels, aircraft and land vehicles

- Patents are territorial rights
- However, in many countries, the use of the patented invention that forms part of vessels, aircraft and land vehicles of foreign countries is not an infringement of rights
 - Subject to conditions: such as, the transportation means enters the territory of a country concerned “temporarily” or “accidentally” and the invention is used “exclusively for the needs” of the transportation means
- The practical effect of the exception - no need for the owner to obtain a license for using the patented invention in each country where the patent is in force
- The exception applies with respect to means of transportation of “foreign” countries only

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2. Objectives and Goals of the Exception

Maintain freedom of transport/communication

- Spain: “Exercise of the right of exclusion may cause disproportionate harm to the operators of the means of transport in transit through the State in which the protection applies. [...] The objective, therefore, is to **facilitate the operation of international transport** and to ensure that it is not hindered by the existence of patent rights in force.”
- Professor G.H.C. Bodenhausen: the exception is provided “in cases where the full exercise of such rights would cause too much prejudice to the public interest in maintaining **freedom of transport**”

Protect or facilitate international trade

- USA: “[...] In section 272, Congress intended to join an international movement to place foreign-owned means of international transport beyond the reach of domestic patentees’ exclusive rights because the cost of complying with multiple, inconsistent rights of exclusion provided by the patent regimes of a large number of countries would likely place an **excessive drag on international commerce**.”

Achieve an appropriate balance of rights

- Germany: “The purpose of these provisions is to **protect and facilitate international trade** [...] The respective provisions thus implement a **balancing of interests** between the interests of domestic patent holders and national patent protection systems on the one hand, and the interest in functioning international trade on the other hand”

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3. Origin of the Exception and the Current International Legal Framework

3.1 Developments prior to the inclusion of the exception in the Paris Convention for the Protection of Industrial Property

- *Caldwell v. Vanvlissengen* (1851)
- *Brown v. Duchesne* (1856)

3.2 Paris Convention for the Protection of Industrial Property

- 1923 - desirability of inclusion of a provision in the Paris Convention regulating the use of patented invention on FMT studied
- 1925 - Article 5^{ter} introduced into the Paris Convention by the Revision Conference of The Hague (proposal by the Delegation of France)

3.3 Convention on International Civil Aviation, Art. 27 “Exemption from seizure on patent claims”

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3. Origin of the Exception and the Current International Legal Framework

Article 5ter of the Paris Convention:

“Patents: Patented Devices Forming Part of Vessels, Aircraft, or Land Vehicles”

*“In any country of the Union **the following shall not be considered as infringements of the rights of a patentee:***

- 1. the use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels **temporarily or accidentally** enter the waters of the said country, provided that such devices are used there **exclusively for the needs of the vessel;***
- 2. the use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories of such aircraft or land vehicles, when those aircraft or land vehicles **temporarily or accidentally** enter the said country.”*

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4. Regional Instruments relating to the Exception

Decision № 486 establishing the Common Industrial Property Regime for the Andean Community

Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organization (1999)

Patent Regulation of the Cooperation Council for the Arab States of the Gulf

Patent Regulations under the Eurasian Patent Convention

Agreement on a Unified Patent Court

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5. National Implementation of the Exception

<p>Countries and territories where this exception is provided in statutory IP law (Total: 161)</p>	<p>Albania, Algeria, Andorra, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belarus, Belgium, Belize, Benin*, Bhutan, Bolivia*, Bosnia and Herzegovina, Botswana, Brunei Darussalam, Bulgaria, Burkina Faso*, Burundi, Cabo Verde, Cambodia, Cameroon*, Canada, Central African Republic*, Chad*, Chile, China, Hong Kong China, Colombia*, Comoros*, Congo*, Cook Islands, Croatia, Cuba, Czech Republic, Côte d'Ivoire*, Democratic People's Republic of Korea, Denmark, Dominica, Dominican Republic, Ecuador*, Egypt, El Salvador, Equatorial Guinea*, Estonia, Eswatini, Ethiopia, Finland, France, Gabon*, Gambia, Georgia, Germany, Ghana, Greece, Guatemala, Guinea*, Guinea-Bissau*, Guyana, Hungary, Iceland, India, Iran (Islamic Republic of), Iraq, Ireland, Israel, Italy, Jamaica, Japan, Kazakhstan, Kenya, Kiribati, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lesotho, Liberia, Libya, Liechtenstein, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Mali*, Malta, Mauritania*, Mauritius, Mexico, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nauru, Netherlands (the Kingdom of), New Zealand, Nicaragua, Niger*, Niue, North Macedonia, Norway, Oman, Pakistan, Papua New Guinea, Peru*, Philippines, Poland, Portugal, Qatar**, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, San Marino, Sao Tome and Principe, Saudi Arabia, Senegal*, Serbia, Seychelles, Sierra Leone, Singapore, Slovakia, Slovenia, Solomon Islands, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tajikistan, Thailand, Togo*, Tonga, Trinidad and Tobago, Tunisia, Turkmenistan, Türkiye, Uganda, Ukraine, United Arab Emirates, United Kingdom, United Republic of Tanzania, United States of America, Uzbekistan, Vanuatu, Viet Nam, Yemen, Zambia, Zimbabwe.</p>
<p>Countries with no express provision on this exception in statutory IP law (Total: 28)</p>	<p>Afghanistan, Angola, Bangladesh, Brazil, Costa Rica, Cyprus, Democratic Republic of the Congo, Dominican Republic, Djibouti, Fiji, Grenada, Haiti, Holy See, Honduras, Indonesia, Jordan, Lebanon, Maldives, Monaco, Nepal, Nigeria, Panama, Paraguay, Sudan, Suriname, Syrian Arab Republic, Uruguay, Venezuela.</p>

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5. National Implementation of the Exception

- In many countries, the wording of the exception is largely similar to Article 5*ter* of the Paris Convention
- In few countries, Article 5*ter* of the Paris Convention is incorporated by reference.
- In some other countries, differences in texts mainly relate to:
 - Whether the types of means of transportation to which the exception applies are listed expressly or not;
 - Where the statutes list the types of transportation means, whether the scope of permissible activities differ for different types of FMT;
 - Whether the exception applies to means of transportation of any country or of the Member States parties to the Paris Convention and/or the members of the WTO;
 - Whether the exception is subject to reciprocity; and
 - Whether a reference to the Chicago Convention is made or not.

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6. Challenges Faced by the Member States in Implementing the Exception

- No notable issues identified regarding the implementation of the exception at the national level.
- Clarity in the scope of the exception may influence its adoption and utilization by the relevant stakeholders at the national level.
 - Academic literature focuses on the interpretation of the term “temporarily”, whether the scope of the exception should encompass spacecraft, satellites and other items in outer-space constellations, offshore service vessels.

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7. Results of National/Regional Implementation of the Exception

- The exception regarding the use of articles on FMT is a **highly common exception** to the rights found in the legislation of virtually all countries
- **The socio-economic effects** resulting from the implementation of this exception within their respective countries are fairly **unknown** due to the lack of relevant data and analysis
- The submissions of some Member States supports the idea that the exception has been implemented at the national/ regional levels **without upsetting the balance** between the interest of producers and users of the patented technology
- Some commentators anticipate that in today's global economy and increase of commerce, **the importance of the exception will likely grow**

Thank you.