The chilling effects of IP: Transparency rules and practice by public authorities and universities

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Abstract

Information is a crucial element of modern democratic societies and access to information and transparency an important issue for good governance. Such access is often safeguarded by rules on transparency in governance and freedom of information acts which relate to information held by public authorities. However, intellectual property rights held by third parties can often create an obstacle to access to information, and hence transparency. The authority holding a third-party document is then in a dilemma that it has to grant access to information while also safeguarding the commercial interests held by third parties whose IP rights may be undermined by the disclosure.

This chapter wishes to illuminate this field of conflict between access to information and the protection of intellectual property rights. It is submitted that access is often of utmost importance for social enterprises and NGOs that are often spearheading campaigns for more transparency, especially within the field of environmental information. The chapter wishes to trace this conflict by analysing the rules of the Access Regulation, its practice regarding conflicting intellectual property rights and will provide a snapshot of how universities are affected by this conflict.

1. Introduction

Transparency rules are perceived as a crucial element of good governance. It is suggested that it fortifies the legitimacy of democratic institutions and trust of the populace in governance. Many jurisdictions now provide legislation on transparency and Freedom of Information Acts. Such legislation can have a broad application, such as Regulation No 1049/2001[1] for institutions of the European Union (EU) or the UKs Freedom of Information Act 2000. They may, however, be provided for a particular regulatory aspect. An example for the latter is the legislation to implement the rules of the Aarhus Convention[2] which focus on environmental information.

While transparency is generally perceived as being beneficial for society, it can clash with other public or private interests. Such interest can, for instance relate to state secrets or to private commercial interests which may be compromised by the disclosure of documents. Intellectual property has been identified in various pieces of legislation as an interest which could oppose the disclosure of the document. Resolving the conflict between the interest in transparency and the countervailing interest to keep a document undisclosed often proves to be a challenge for the authorities that have to make such decision. Universities may also have

[1] Regulation (EC) No 1049/2001 regarding public access to European Parliament, Council and Commission documents, O.J. 2001, L 141/43.

[2] Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters.

to deal with this dilemma. They either generate intellectual property themselves or in collaboration with private entities which they might deem to keep undisclosed. This chapter will showcase an important piece on legislation with regards to transparency - Regulation No 1049/2001. It will highlight the rationale and application of the Regulation and how intellectual property may be an interest which may be applied to oppose the disclosure of documents. Finally, the chapter will address the particular aspects of this conflict in the university context.

2. Transparency under EU Law

Transparency has become an important element for many governments and organisations. This is particularly the case with respect to EU governance. The structure and operation of the EU has often been criticised for not being not sufficiently democratically legitimised[3] and not fully transparent. The nexus between transparency as a policy goal and more democratic legitimacy was explained by the Court of Justice of the European Union (CJEU), the highest judicial body of the EU: "The principle of transparency … enables citizens to participate more closely in the decision-making process and guarantees that the administration enjoys greater legitimacy and is more effective and more accountable to the citizen in a democratic system."[4]

Transparency as a concept of good governance comes in various forms: Providing public access to information, openness of the decision-making system, institutional transparency and quality of drafting and transparency of involvement of third party actors' are parts of this concept. These programmatic rules were enshrined in the EU's primary law within Article 10 (3) TEU and Article 15 TFEU. Another form of transparent governance is providing access to documents held by authorities. This form has even been elevated as a fundamental right of EU citizens. Article 42 of the EU Charter on Fundamental Rights establishes that "[a]ny citizen of the Union, and any natural or legal person residing or having its registered office in a Member State, has a right of access to European Parliament, Council and Commission documents."

One embodiment of the transparency and access-to-documents initiative and focus of this chapter is Regulation (EC) No 1049/2001. The Regulation, which came into force on the 03rd of December 2001, is addressed to the European Parliament, Council and Commission but also applies to agencies established by these institutions.[5] Other important pieces of legislation with this regard are the Aarhus Regulation[6] and Directive.[7] Both are based on the Aarhus Convention[8] which sought to provide access to information, public participation in

[3] Paul Craig and Gráinne de Búrca, EU Law-Text, Cases and Materials (6th ed, OUP 2015) 151-157.
[4] Joined Cases C-92/09 and C-93/09, *Schecke and Eifert v. Hessen* [68].
[5] Recital 8, Regulation (EC) No 1049/2001.
[6] Regulation 1367/2006 on the application of the provisions of the Aarhus Convention with regards to Community institutions and bodies.
[7] Directive 2003/4/EC on public access to environmental information implemented the Aarhus Convention with regards to the Member States.
[8] Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters

decision making and access to justice in environmental matters and regulate specific issues with regard to access to environmental information.

Following the legislative goal to provide as much transparency as possible, the Regulation stipulates that documents should be made accessible to the greatest possible extent.[9] In this line, the term "document" is deliberately chosen to be broad. It encompasses "any content whatever its medium (written on paper or stored in electronic form or as a sound, visual or audio-visual recording)."[10] The documents covered by the Regulation do not only extend to those produces by the authority in question but also those received by it, i.e. by third parties.[11] The third party must, however, shall be consulted as to whether it an exception which may oppose the disclosure applies.[12]

Documents must, however, refer to the "policies, activities and decisions falling within the institution's sphere of responsibility"[13] which places private documents outside of the scope of the Regulation. Finally, only existing documents are covered which means that the Regulation does not mandate the creation of documents.[14] The beneficiaries of the Regulations are citizens of the European Union and natural or legal person which reside or having its registered office in a Member State.[15] This stipulates a preferential treatment of EU residents. With regards to legal challenges and reviews of decisions made by an authority on whether to disclose a document or not, a complaint to the Ombudsman can be launched.[16] A refusal to grant access may also be challenged before the General Court of the EU pursuant to Article 263 TFEU.[17]

3. Exceptions to the Right of Transparency

As discussed, the Regulation lays out a broad general rule that principally all documents should be accessible to the public. Recital 11, however, specifies that certain public and private interests should be protected by means of exceptions to this rule. Since the right to access documents was enshrined as a fundamental rights, Article 52 of the Charter on Fundamental Rights become relevant in context. It states that "[a]ny limitation on the exercise of the rights and freedoms recognized by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognized by the Union or the need to protect the rights and freedoms of others." This provides some clarification as to how the limitations enshrined in Article 4 ought to be applied.

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[9] Recital 4, Regulation (EC) No 1049/2001.
[10] Article 3(a) Regulation (EC) No 1049/2001.
[11] Article 2 (3) Regulation (EC) No 1049/2001.
[12] Article 4(4) Regulation (EC) No 1049/2001.
[13] Article 3(a) Regulation (EC) No 1049/2001.
[14] T-264/04, *WWF-EPO v Council*, [75].
[15] Article 2 (1) Regulation (EC) No 1049/2001.
[16] Article 8 (1) Regulation (EC) No 1049/2001.
[17] Ibid.

Article 4 (1) of the Regulation specifies certain, mostly public interests, such as defence and military matter, issues regarding international relations which may be used to oppose the disclosure of a document. Subsection 2 of Article 4 specifies that private interests which may serve as an exception to the rule of disclosure. Here we find private interests such as commercial interests, including intellectual property, matter with regards to court procedures and inspections, investigations and audits. The difference here is that, in contrast to subsection 1, a disclosure may still occur where there is an overriding public interest in disclosure.

The CJEU has elaborated the way to assess the application of the exception within Article 4(2): (1) Identification of protected interest at stake, (2) an assessment whether the disclosure would undermine the protection of that interest and (3) an assessment of overriding public interest justifying disclosure.[18] As Regulation (EC) No 1049/2001 should provide public access to documents to the fullest possible extent, meaning that transparency is the rule, exceptions hereto must be interpreted and applied strictly.[19] This sets some additional burden on the authority in question as it has to explain how disclosure could specifically and actually undermine the interest protected by the exception.[20] The mere fact that a document concerns an interest is not sufficient. The risk must be foreseeable and not just be hypothetical.[21] In addition, the authority in question is required to make the assessment whether an interest is harmed individually. This means that the institution cannot agree with a third party that certain information will fall under an exception.[22]

The scrutiny that authorities have to apply has been alleviated for certain sets of documents. This means that with regards to such documents a general assumption can be made that disclosure of such documents may impair the interest of the third party of non-disclosure. With this regard the court "acknowledged that it is open to the EU institution concerned to base its decisions in that regard on general presumptions which apply to certain categories of documents, as considerations of a generally similar kind are likely to apply to requests for disclosure relating to documents of the same nature."[23] Documents that relate to a procedure for reviewing State aid,[24] documents exchanged between the Commission and notifying parties, or third parties, in the course of merger control proceedings,[25] documents with regard to the pleading lodged by one of the institutions in court proceedings,[26] documents concerning an infringement procedure during its pre-litigation phase[27] as well as

[18] Joined Cases C-39/05P and C-52/05P, *Sweden and Turco v. Council*, [37] – [47].
[19] Case C-266/05 P *Sison v Council* [63]; Case C-64/05 P *Sweden v Commission* [66]; C-280/11 P, *Council/Access Info Europe*, [30]; T-181/10, *Reagens SpA/Commission*, [87]
[20] Joined Cases C-39/05P and C-52/05P, *Sweden and Turco v. Council*, [49]; C-350/12 P, *Council/Sophie in't Veld*, [52].
[21] Joined Cases C-39/05P and C-52/05P, *Sweden and Turco v. Council*, [43].
[22] "[T]he Commission cannot, in this case, base its refusal on the assurance which it contends it gave the experts that they could express themselves personally and that their identities and opinions would not be disclosed." - Case T-166/05, *Borax Europe v. Commission II*, [41].
[23] C-365/12, *EnBw Energie Baden-Württemberg*, [65].
[24] Case C-139/07 P, *Commission v. Technische Glaswerke Ilmenau*, [61].
[25] Case C-404/10 P, *Commission v. Éditions Odile Jacob*, [123]; Case C- 477/10 P, *Commission v. Agrofert Holding*, [64].
[26] Joined Cases C-514/07 P, C-528/07 P and C-532/07 P, *Sweden and Others v. API and Commission*, [94].
[27] Joined Cases C-514/11 P and C-605/11 P, *LPN and Finland v. Commission*, [65].

documents in a file relating to a cartel procedure[28] have been found to be covered by the general assumption. Additionally, the authority may base its decision not to disclose a document on several protected interests. Based on the principle of proportionality, the authority may provide partial access to a document where only some parts are covered by the exceptions. Article 4(6) requires that the remaining, unproblematic parts of the document must be disclosed.

4. Conflicting Intellectual Property Rights

Intellectual property rights are considered as a conflicting private interest within Article 4(2) of the Regulation. The particular harm that is envisaged by the provision is that the disclosure of the document in question would undermine the commercial interest of the IP right holder. And indeed, intellectual property rights can entail substantial commercial value for its right holders. The fact that they have been verbatim enunciated as an example for protected commercial interest reveals that the legislator specifically wanted to cover conflicting commercial interests based on IP rights as a possible exception to the disclosure of the document.

IP rights entail patents, copyright, trade marks and designs, as well as other forms of IP. Not all of these rights are equally relevant in the present discussion within Article 4(2) of the Regulation. This is because many rights require registration for them to exist. Hence some form of disclosure is bound to occur here which means that a request to disclose a document encompassing such IP right would be futile as the information sought would already be publicly available.

4.1 Copyright

First and foremost, copyright may be an issue with regards to a request for disclosure. This is because the right arises without the need to register it.[29] Some jurisdictions, however, require that the work in question needs to be contained or fixated[30] in some physical form, usually on paper or canvas but also a tape recording. This means that many documents which are subject to a request for disclosure may be protected by copyright law.[31] Difficulties for authorities arise due to the fact that not all documents held by an authority will necessary contain copyright protected works. Only original works are protected by copyright law.[32] Many documents may just be below the threshold of originality which then do not entail an intellectual property right in the meaning of Article 4(2)(a) of the Regulation.

This problem is acerbated since the question of which copyright law is applicable becomes relevant. Differences between the national copyright regimes exists. The differences are important since rules of copyright subsistence may differ as well as the rights such as moral rights concerned and the term of protection. The UK, for instance, has traditionally had

[28] C-365/12, *Commission v. EnBw Energie Baden-Württemberg*, [81].
[29] Some form of registration may be necessary for enforcement purposes such as in the United States.
[30] E.g. Sec 3 (2) of the UK's CDPA 1988. In relation to literary, dramatic or musical works.
[31] See with regards to the situation under the UK Freedom of Information Act 2000 – Information Comissioner's Office, Intellectual property rights and disclosures under the Freedom of Information Act, p. 6.
[32] E.g. Sec 1(1)(a) CDPA 1988.

a lower standard of originality than the author's rights legislation within continental civil law jurisdictions.[33] This means that a work might be protected in the UK while not fulfilling the more stringent thresholds of originality in continental European copyright regimes.[34] Under German copyright law, works such as scientific works and attorney letters may not necessarily be original.[35] This would mean that a request for disclosure of such document would be successful since no copyright would subsist here. "Owners" or originator of this document may, however, still argue that the disclosure would still impair their commercial interest.

Where the document in question is protected by copyright law, the next consideration that would have to be made is whether the disclosure "would undermine [its] protection." This would generally be the case where the disclosure would entail an infringement of the copyright. The Regulation specifies that the disclosure of the document on which the transparency request is aimed at should be completed by reproducing the document pursuant to Article 10(3). The reproduction of a document which contains a copyright protected work is, however, considered to be an exclusive right by the right holder.[36] Any reproduction without consent of the right holder can be considered as an infringement of the copyright.

Additionally, the right of divulgation or publication can additionally be infringed in some jurisdictions. This right is considered a moral right of authors which aims to protect the relationship between the author and his or hers work. In Germany, this right is legislated within Article 12 of the German Author's rights Act and reserves the right of whether and how a work should be published to the author. The right seizes to exists where the author publishes the work or is published or communicated by his authorisation. However, it is not certain whether this right is exhausted by passing a document which contains the copyright to an institution.[37] This means that the right may still exist where a request for disclosure is made.

Some national copyright laws specifically deal with the question whether the actions by the authority would constitute copyright infringement. Section 50 of the CDPA 1988 stipulates that where "a particular act is specifically authorised by an Act of Parliament, whenever passed, then, unless the Act provides otherwise, the doing of that act does not

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[33] Nicholas Caddick and others, *Copinger & Skone James on Copyright* (17th edn, Sweet & Maxwell 2016) [3-199].

[34] This standard of originality within the European Union was harmonised to a certain degree by the CJEU's controversial Infopaq decision (Case C-5/08, *Infopaq International A/S v Danske Dagblades Forening*). There, the court held that a work is original where it contains the author's own intellectual creation (Case C-5/08, *Infopaq International A/S v Danske Dagblades Forening*, [37]). This has generated some questions as to whether the "labour, skill and/or judgment" standard in the UK has become obsolete.

[35] Benjamin Raue, 'Informationsfreiheit und Urheberrecht' [2013] JZ, 280-288, 283.

[36] Article 2, Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, Official Journal L 167 , 22/06/2001 P. 0010 – 0019 (InfSoc Directive).

[37] Benjamin Raue, 'Informationsfreiheit und Urheberrecht' [2013] JZ, 280-288, 285-286; Thomas Dreier and Indra Spiecker gen Döhmann, Gegenrechte – Datenschutz/Schutz von Betriebs- und Geschäftsgeheimnissen, Geistiges Eigentum' in: Thomas Dreier,Veronika Fischer, Anne van Raay, Indra Spiecker gen. Döhmann (ed), Informationen der öffentlichen Hand – Zugang und Nutzung, (Nomos 2016) 186.

infringe copyright." This means that providing information in responding to a request which is made under the UK Freedom of Information Act is not an infringement since the Act would constitute such an Act of Parliament.[38] Similarly, § 53 (1) of the German Copyright Act (Urhebergesetz, UrhG) may be applicable in such a situation.[39] The *Infosoc* Directive allows Member States to provide for an exception for the reproduction right for "use for the purposes of public security or to ensure the proper performance or reporting of administrative, parliamentary or judicial proceedings" within its Article 5(3)(e).

Additionally, a possible solution for authorities to circumvent any possible threat of copyright infringement would be to provide the information of the document in question orally. The document could also be displayed to the person seeking disclosure without making a reproduction of the document. Finally, since copyright law only provides protection for the expression of an idea and not for the idea as such, authorities could provide the sought information by circumscribing the contents of the document but not its exact expression. This, however, entails a high administrative burden for authorities so reliance on exceptions for the reproduction would be preferable.

4.2 Patents

Patent rights are usually fully disclosed after 18 months of the filing of the patent.[40] This means that the request for disclosure would not impair the interest of the patent holder since the invention has already been disclosed and is available through the patent application and the specification after grant.[41] Something different may apply to information with regards to prospective patents. In such cases the information may entail details of the invention pre-application. Here, the disclosure of a document containing such information would potentially harm the commercial interest of the "owner" of such information while not being considered as intellectual property. A disclosure of such information would potentially place it in the public domain rendering it to prior art.[42] The absolute standard of novelty which applies in many jurisdictions would make any subsequent patent application futile since the invention is not new anymore, hence unpatentable.

4.3 Trade Secrets

Another important aspect in this discussion is how trade secrets are considered under the Regulation. The World Intellectual Property Organisation defines trade secrets as including "sales methods, distribution methods, consumer profiles, advertising strategies, lists of suppliers and clients, and manufacturing processes."[43] The EU Trade Secret Directive[44]

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[38] Section 44 FOIA.
[39] Thomas Dreier and Indra Spiecker gen Döhmann, Gegenrechte – Datenschutz/Schutz von Betriebs- und Geschäftsgeheimnissen, Geistiges Eigentum' in: Thomas Dreier,Veronika Fischer, Anne van Raay, Indra Spiecker gen. Döhmann (ed), Informationen der öffentlichen Hand – Zugang und Nutzung, (Nomos 2016) 184-185.
[40] E.g. Article 93 (1) EPC 2000.
[41] Article 98 EPC 2000.
[42] See Article 52 EPC 2000.
[43] http://www.wipo.int/sme/en/ip_business/trade_secrets/trade_secrets.htm

which is currently in the process of being implemented within EU Member States, provides a definition of trade secrets which would very well fulfil the criterion of commercial interest.[45]

The Trade Secret Directive, however, provides that it does not affect "the application of Union or national rules requiring trade secret holders to disclose, for reasons of public interest, information, including trade secrets, to the public or to administrative or judicial authorities for the performance of the duties of those authorities".[46] Recital 11 of the Directive specifically foresees that the Regulation No 1049/2001, belongs, inter alia, to such Union or national rules. This means that the Directive foresaw and governs the potential conflict between the requirements of transparency rules and the protection of trade secrets.

5. An overriding public interest

The term public interest is an undefined legal term which provides many difficulties in the practical application. However, the abstract terminology has the advantage that it is flexible and can be adapted to changes in society over time. Interestingly, the public interest has three variations within Article 4 of the Regulation. Generally, the Regulation provides the assumption that transparency, and therefore disclosure, would be in the public interest. Within subsection 1 of Article 4, the relevant public interest lies in the secrecy while finally, an overriding public interest in disclosure can be applied to overcome the private interest in non-disclosure within Article 4(2).

Case law has simplified the application of the exceptions within Article 4. With regards to legislative documents, it was held that that the disclosure would always constitute an overriding public interest. This can be explained by the *ratio legis* of the Regulation to strengthen democratic legitimacy in the decision making process, and particularly where the organ acts in a legislative capacity.[47] In such a case, the authority has to dispel in exceptional cases where the document in question is "of a particularly sensitive nature or having a particularly wide scope that goes beyond the context of the legislative process in question."[48] This presumption does, however, not extend to purely administrative documents which means that an overriding public interest needs to be found on behalf of the authority.

The authority which must deal with the request is in charge of identifying whether an overriding public interest is present in the particular case. The European Ombudsman held that "the institution holding the document is in a better position to evaluate all possible issues relating to the public's interest in disclosure of the documents given that, contrary to the applicant, it clearly knows the specific content of the document in question."[49]

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[44] Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (Trade Secret Directive).
[45] Article 2(1) Trade Secret Directive.
[46] Article Nr. 2 (b) Trade Secret Directive.
[47] Joined Cases C-39/05P and C-52/05P, *Sweden and Turco v. Council*, [46].
[48] Joined Cases C-39/05P and C-52/05P, *Sweden and Turco v. Council*, [69].
[49] Decision of the European Ombudsman closing his inquiry into complaint 1294/2009/(TN)DK against the European Commission [35].

Jurisprudence has established that the interest must be public and not merely of private. This means that the applicant's private interest, i.e. where the document is sought in their own sake[50], then this may not be construed as a public interest. Areas where a public interest was identified within the Freedom of Information context related to issues affecting a wide range of individuals or companies, the accountability for proceeds of sale of assets in public ownership, within tender processes and prices, and in relation to air safety, nuclear plant safety and public health.[51]

6. Transparency in the University context

Universities, which produce a significant amount of intellectual property can also be placed under the rules of transparency laws. In the United Kingdom, the Freedom of Information Act 2000 extends to publicly funded universities. But the Act has not been as widely used since the practice of universities has always been transparent to certain degree. Results of scientific research are generally published. Something else may be said for commercial interests which the university in question does not wish to share. An example is a case before the Information Commissioner. There a university was held to disclose the guide on a course on homeopathy since it was held that there was an overriding public interest in knowing what was being taught at UK universities.[52]

The current framework of placing universities under the framework of transparency laws can be soon be considered to be obsolete. While transparency rules are provided to provide transparency and accountability to government actions, this becomes questionable where universities are increasingly becoming dependant on private income. In addition, many universities are engaged in partnerships with private companies.[53] This hybridisation of universities could render rules on transparency increasingly inapt to govern access to documents.

7. Conclusion

This chapter has displayed the conflict between intellectual property rights and rules on transparency. It has shown that this can create significant problems for the authorities who have to assess whether to release a document or not. Especially, the assessment of whether a document may contain copyright protection becomes difficult since the rules of copyright subsistence in national copyright laws require attention. In addition, the lack of specific exception provisions which would allow the reproduction of copyright protected works provide an extra burden for authorities *de lege lata*. Registered IP rights are not as

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[50] Case T-306/12, *Spirlea v Commission*, [99].

[51] Meredith Cook, *Balancing the public interest: applying the public interest test to exemptions in the UK Freedom of Information Act 2000*, (2003 Imprint London, UCL, The Constitution Unit) 16 – 17.

[52] University of Central Lancashire v Information Commissioner, EA/2009/0034 http://informationrights.decisions.tribunals.gov.uk//DBFiles/Decision/i357/UCLAN_v_IC_&_Colquhoun_(EA-2009-0034)_Decision_08-12-09_(w).pdf

[53] https://www.theguardian.com/science/political-science/2014/dec/04/should-universities-be-exempt-from-freedom-of-information-requests

problematic with this regards since the information surrounding these rights has usueally been disclosed.

Universities are also burdened with this assessment. While they generally create vast amounts of information which they usually would disseminate, there are increasingly more cases where a university would rather keep a specific document undisclosed. This issue is heightened by the fact that universities rely more on privately generated income and partnerships with private entities. Then, transparency rules which are usually addressed to public entities, do not really apply well. Then again, it has to be said that this should not become a blanket excuse for non-disclosure. Rather, this new situation warrants to be addressed by legislators and courts.