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DRAFT REFERENCE DOCUMENT ON THE EXCEPTION REGARDING THE USE OF ARTICLES ON FOREIGN VESSELS, AIRCRAFT AND LAND VEHICLES

Document prepared by the Secretariat

INTRODUCTION

1. At its thirty-fourth session, held in Geneva from September 26 to 30, 2022, the Standing Committee on the Law of Patents (SCP) agreed that the Secretariat would continue working on a draft reference document on the exceptions and limitations to patent rights in conjunction with patent protection, in accordance with the agreement reached at the twenty-sixth session of the SCP. In particular, it was agreed that the Secretariat would, *inter alia*, prepare and submit a draft reference document on the exception regarding the use of articles on foreign vessels, aircraft and land vehicles to the thirty-fifth session of the SCP (see document SCP/34/8, paragraph 25, first bullet point under “Exceptions and Limitations to Patent Rights”).
2. In accordance with the above decision of the SCP, the Annex to this document contains the said draft reference document for the Committee’s discussion at its thirty-fifth session to be held in Geneva from October 16 to 20, 2023. In the preparation of the draft reference document, the Secretariat made use of information provided by the Member States¹, including national/regional legislative provisions and court cases, as well as other information made

¹ Member States and Regional Patent Offices were invited, through its Note C. 9141, dated December 7, 2022, to submit to the International Bureau any additional inputs for the preparation of the draft reference document on the exception regarding the use of articles on foreign vessels, aircraft and land vehicles. The inputs received are published on the website of the SCP electronic forum at: https://www.wipo.int/scp/en/meetings/session_35/comments_received.html.

available through various SCP activities. In addition, the Secretariat consulted other sources of information in order to obtain supplementary material on the topic.

3. This document contains the following sections: (i) Overview of the exception regarding the use of articles on foreign vessels, aircraft and land vehicles; (ii) Objectives and goals of the exception; (iii) Origin of the exception and the current international legal framework; (iv) Regional instruments relating to the exception; (v) National implementation of the exception; (v) Challenges faced by Member States in implementing the exception; and (vi) Results of national/regional implementation of the exception. In addition, the document contains an Appendix, in which various legal provisions on the exception regarding the use of articles on foreign vessels, aircraft and land vehicles are compiled.

[Annex follows]

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REGARDING THE USE OF ARTICLES ON FOREIGN
VESSELS, AIRCRAFT AND LAND VEHICLES

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APPENDIX

1. Overview of the Exception Regarding the Use of Articles on Foreign Vessels, Aircraft and Land Vehicles

1. Patent rights allow the patentee to take action against a third party which uses the patented invention without its authorization. However, a main principle of international patent law is that patents are territorial rights. Consequently, a patentee enjoys protection within the territory of the country or countries they obtained patent rights for, and can exercise their rights in court if infringement takes place within these territories.
2. Yet according to the patent laws of most of countries, the use of the patented invention that forms part of vessels, aircraft and land vehicles of foreign countries (hereinafter referred to as “foreign means of transportation”) is not deemed an infringement of the patentee’s rights. It is nonetheless important to note that, under most patent laws, this exception is subject to certain conditions, such as that the transportation means shall enter the territory of a country concerned “temporarily” or “accidentally” and the invention is used “exclusively for the needs” of the transportation means.
3. The practical effect of the exception is that, in principle, if a vessel, aircraft or land vehicle with a patented invention in it, temporarily or accidentally enters the territory of foreign countries, the owner of such a transportation means is not required to obtain a license for using the patented invention in each country where the patent is in force. It is important to clarify that the exception applies with respect to means of transportation of “foreign” countries, meaning that it does not extend to national conveyances, which remain subject to the patent laws of their home country.
4. Such a limitation to patent rights are granted in order to support the public interest in maintaining freedom of transport, protecting or facilitating international trade, and achieving an appropriate balance of rights.
5. At the international level, in accordance with Article 5^{ter} of the Paris Convention for the Protection of Industrial Property (Paris Convention), its Contracting Parties shall implement the exception to patent rights regarding the use of articles on foreign vessels, aircraft and land vehicles.² In addition, given Article 2.1 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)³, this exception is also mandatory for the members of the World Trade Organization (WTO).
6. The subsequent sections of this paper provide information on, inter alia, how the exception provided in the Paris Convention is implemented under regional and national laws. Unless the precision of the type of the transportation means is necessary for the purposes of analysis of the scope of the exception in a specific jurisdiction, the term “foreign means of transportation” or its abbreviation “FMT” encompassing various transportation means is used in the following sections.

² Article 5^{ter} of the Paris Convention is discussed in Section 3.2. See paragraph 28 for the text of Article 5^{ter}.

³ For the text of Article 2.1 of the TRIPS Agreement, see footnote 29.

2. Objectives and Goals of the Exception

7. In general, the main policy objectives for the exception regarding the use of articles on FMT, as stated in the submissions of Member States and scholarly publications, are to maintain freedom of transport/communication, to protect or facilitate international trade, and to achieve an appropriate balance of rights.

8. For example, the submission from the Czech Republic explains that the exception in question intends to “enable the freedom of international transport and serve to ensure the transport of persons and goods across state borders, whether by land, air, or water.”⁴

9. Similarly, the following objective of the exception is noted in the submission of Spain:

“The reason for this exception is that the 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. [...] Therefore, it shall not be necessary to obtain a license on the patent in countries in the territory of which such means of transit enter temporarily or accidentally, provided that use is for the purposes of repair or for the needs of the means of transport.”⁵

10. Likewise, the response from the Republic of Korea explains that:

“[e]ven though the working of transportation methods infringes the rights of a patentee, damage which vessels, aircraft or vehicles merely passing through the Republic of Korea would do to a patentee is, if any, little, since such transportation methods just pass through the country in a short time. If such transportation methods are banned from passing through Korea, it would raise a critical problem in the international transportation system.”⁶

11. Focusing on international trade and balancing aspects of the exception provided in Section 11 No. 4, 5 and 6 of the Patent Act, the submission of Germany explains:

“The purpose of these provisions is to protect and facilitate international trade,^[...] which would be hampered if the use of articles on foreign vessels, aircraft and land vehicles that pass through the territories of several states were prohibited under the patent laws of these states. The respective provisions thus implement a balancing of interests between

⁴ See submission of the Czech Republic to SCP/35, published at: https://www.wipo.int/scp/en/meetings/session_35/comments_received.html.

⁵ See the submission of Spain to SCP/35.

⁶ See the response of the Republic of Korea to Section 6 of the Questionnaire on the Exceptions and Limitations to Patent Rights carried out within the SCP (hereafter “the Questionnaire”). The Questionnaire is available at: <https://www.wipo.int/scp/en/exceptions/>.

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.^{[...]7,8}

12. Likewise, the underlying policy of the exception provided in Section 272, Title 35 of the United States Code is to prevent patent enforcement from inhibiting international commerce. According to the Court of Appeals for the Federal Circuit,⁹ the exception:

“demonstrate[s] a concern to leave the channels of international commerce, or more accurately the vessels and vehicles that pass through these channels, free from the excessive burdens that would result if such vessels or vehicles had to conform to the patent laws of all nations that the vessel or vehicle visited during its lifetime. Different inventions are likely to be patented in different countries, and the same invention may be owned by different parties in different countries. 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.”

13. As the obligation to provide for the exception on the use of articles in FMT under the national law arises from Article 5*ter* of the Paris Convention,¹⁰ some Member States also referred to this provision with respect to objectives of the exception.¹¹ As to Article 5*ter* of the Paris Convention, Professor G.H.C. Bodenhausen states that the provision:

“provides for certain limitations on the exclusive rights conferred by a patent in cases where the full exercise of such rights would cause too much prejudice to the public interest in maintaining freedom of transport.”¹²

14. Professor Ladas, with reference to Article 5*ter* Paris Convention also explains:

“[t]he right of the patentee to prevent the use of his invention in foreign vessels or other means of transportation coming temporarily into the jurisdiction of a State may cause much inconvenience to the freedom of communication. It is too rigid to require a foreigner, who may be altogether ignorant of the grant of a patent in a country, to secure license from the patentee for the use of the invention at the risk of being subjected to seizure of the machine or engine employed in the construction, fitting out, or functioning of his vessel or other means of transportation.”¹³

⁷ The submission makes a reference to Cf. Ensthaler, in: BeckOK Patentrecht, 26th edn. 2022, Section 11 para 19, and Cf. Ensthaler, in: BeckOK Patentrecht, 26th edn. 2022, Section 11 para 19; Stauder, Die Freiheit des internationalen Verkehrs im Patentrecht, GRUR 1993, 305.

⁸ With respect to the objectives of the exception, in the Questionnaire, some other Member States also referred to a balancing aspect. For example, in Kenya “[t]o ensure a balance between the rights of the patentee and the public interest”, the United States of America “to achieve an appropriate balance of rights”.

⁹ *National Steel Car, Ltd. v. Canadian Pacific Railway, Ltd.*, 357 F.3d 1319 (Fed. Cir. 2004).

¹⁰ With respect to Article 5*ter* of the Paris Convention, see Section 3 of this document.

¹¹ See, e.g., response to the Questionnaire of Canada stating with respect to public policy objectives of the exception: “respecting the sovereign rights of nations over their own intellectual property laws and ensuring that movement of foreign ships, etc. is not impeded by threat of patent infringement and respecting our international obligations under the Paris Convention for the Protection of Industrial Property”; China: “to ensure free international transportation, and is in conformity with international practices and with the relevant provisions in the Paris Convention”.

¹² See p. 82 of the Guide to the Application of the Paris Convention for the Protection of Industrial Property by Professor G.H.C. Bodenhausen.

¹³ Stephen P. Ladas, Patents, Trademarks, and Related Rights, National and International Protection, Harvard University Press, Vol.1, 1975, p.417.

15. In addition, the responses from some other Member States also note that the exception in question is provided in order to comply with their obligations under the Chicago Convention on International Civil Aviation of December 7, 1944.¹⁴

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

16. As discussed below, at the international level, Article 5ter of the Paris Convention provides for the exception on the use of patented articles in FMT. However, long before that provision was introduced into the Paris Convention, the issue of inventions embedded in foreign vessels visiting the territory of a country in which the inventions are protected by patents had already come up before national courts. In particular, in the middle of the 19th century, courts of the United Kingdom and the United States of America issued decisions on the matter, which paved the way to the adoption of Article 5ter of the Paris Convention.

17. The issue was first addressed by the Chancery Court of England in 1851 in *Caldwell v. Vanvlissengen* case.¹⁵ The case involved a Dutch steam vessel that made regular stops in England and employed a screw propeller patented in England. The plaintiffs requested an injunction to prevent the defendant's vessel from entering English waters. The defendant argued that he did not know about the plaintiffs' English patent and that no corresponding patent had been filed and granted in Holland where the vessel was built.¹⁶ The plaintiffs contended that no exception should be made for foreigners and urged the court to rule against the defendant because permitting the defendant's behavior would mean that "*any foreigner might infringe an [English] patent, and the patentee is without remedy*" and that "*every foreigner in this country owes obedience to its laws*"¹⁷. In an affidavit introduced by the defendants, the master of the ship emphasized the importance of steamship transportation at that time and noted that ships using the propeller were the prevailing means of transportation between Holland and England. He thus emphasized that the ship facilitated trade that "*in his judgment and belief, [was] of great advantage to both the said countries; that such trade would be greatly prejudiced if such steamships were prevented from trading between said countries*".¹⁸

18. The Court considered that the question of the exemption of foreign vessels is one of national policy, and to be dealt with by the legislature, rather than by the courts.¹⁹ Therefore, the Court granted an injunction against the Dutch ship. In response to the Court's ruling, the English Parliament amended the patent law to provide an exception to infringement liability when foreign ships enter English ports or waters, subject to reciprocal treatment. In addition, the Court excluded from the scope of the exception the use of the patented invention "*for the manufacture of any goods or commodities to be vended within or exported from Her Majesty's dominions*".²⁰

¹⁴ See, e.g., the response from Portugal to the Questionnaire and submission of the Czech Republic to SCP/35.

¹⁵ *Caldwell v. Vanvlissengen*, (1851) 68 Eng. Rep. 571 (Ch.).

¹⁶ *Ibid*, at 572.

¹⁷ *Ibid*, at 575.

¹⁸ *Ibid*, at 573.

¹⁹ *Ibid*, at 577.

²⁰ Patent Law Amendment Act, 1852, 15 & 16 Vict., c. 83, 26 (Eng.). The statute stated: "No letters patent for any invention (granted after the passing of this Act) shall extend to prevent use of such invention in any foreign ship or vessel, or for the navigation of any foreign ship or vessel, which may be in any port of Her Majesty's dominions, or in any waters within the jurisdiction of any of Her Majesty's Courts, where such invention is not so used for the manufacture of any goods or commodities to be vended within or exported from Her Majesty's dominions: provided always, that this enactment shall not extend to ships or vessels of any

19. In 1856, four years after the amendment of the English Patent law, the Supreme Court of the United States of America in *Brown v. Duchesne* case²¹ addressed the issue of application of the United States patents against foreign ships temporarily located in the territorial waters of the country. The case concerned the French vessel *Duchesne*, which incorporated a gaff made in France and not subject to a patent right in that country. When travelling into the United States of America, the owner of a patent over the improved means of constructing that gaff alleged that his patent was infringed.

20. The question presented to the Supreme Court was:

“whether any improvement in the construction or equipment of a foreign vessel, for which a patent has been obtained in the United States, can be used by such vessel within the jurisdiction of the United States, while she is temporarily there for the purposes of commerce, without the consent of the patentee?”

21. At the outset, the Supreme Court noted that a literal construction of the patent statute “*would seem to sanction the claim*” of the plaintiff.²² However, relying on the perceived intent of the legislature in enacting the Patent Act, the Court found that the United States patents were not enforceable against foreign vessels lawfully harbored in the ports of that country. Specifically, the Supreme Court held that an interpretation of a patent right so broad as to label the French vessel’s use of the invention as an infringing use:

“would confer on patentees not only the rights of property, but also political power, and enable them to embarrass the treaty-making power in its negotiations with foreign nations, and also to interfere with the legislation of Congress when exercising its constitutional power to regulate commerce.”²³

22. Thus, because the Court considered it unlikely that Congress would have intended to delegate such broad authority to patentees, the Court construed that:

“the rights of property and exclusive use granted to a patentee do not extend to a vessel fully entering one of our ports; the use of such improvement, in the construction, fitting out or equipment of such vessel, whether she is coming into or going out of a port of the United States, is not an infringement of the rights of an American patentee, provided it was placed upon her in a foreign port, and authorized by the law of the country to which she belongs.”

23. While the Court circumscribes the rights of a US patentee vis-a-vis the use of a patented invention on foreign vessels present in the United States, other parts of the decision demonstrates that the Court did not intend to place all conduct on such vessels outside the scope of a patentee’s rights:

“If [the invention] had been manufactured on her deck while she was lying in the port of Boston, or if the captain had sold it there, he would undoubtedly have trespassed upon

foreign state of which the laws authorize subjects of such foreign state, having patents or like privileges for the exclusive use or exercise of inventions within its territories, to prevent or interfere with the use of such inventions in British ships or vessels, or in or about the navigation of British ships or vessels, while in the ports of such foreign state, or in the waters within the jurisdiction of its courts, where such inventions are not so used for the manufacture of goods or commodities to be vended within or exported from the territories of such foreign state.”

²¹ *Brown v. Duchesne*, 60 U.S. (19 How.) 183 (1856).

²² *Ibid*, at 194.

²³ *Ibid*, at 197.

the rights of the plaintiff, and would have been justly answerable for the profit and advantage he thereby obtained.”²⁴

24. Following the above developments in England and the United State of America, other countries began to protect FMT temporarily entering their territories from patent infringement claims.²⁵ Germany, for example, introduced to its patent law a first general clause on the matter in 1877.²⁶ While the above statutory interpretation of the Supreme Court of the United States of America was issued in 1856, a specific statutory provision on the issue was adopted only in 1952.

25. At the international level, the exception was first regulated in 1919 by the Convention Relating to the Regulation of Aerial Navigation. Article 18 of the Convention stated:

“Every aircraft passing through the territory of a contracting State including landing and stoppages reasonably necessary for the purpose of such transit, shall be exempt from any seizure on the ground of infringement of patent, design or model, subject to the deposit of security the amount of which is default of amicable agreement shall be fixed with the least possible delay by the competent authority of the place of seizure.”

26. The Convention concerned only aircraft and it did not expressly declare permissible the use of a patented invention, e.g., in the “*construction, fitting out or equipment*” of an aircraft. The Convention’s exception merely protected infringing foreign airplanes from seizure in foreign countries on condition of deposit of security. The Convention was superseded by the Convention on International Civil Aviation (also known as “the Chicago Convention”), discussed below.

[3.2 Paris Convention for the Protection of Industrial Property](#)

27. In 1923, the Commission on Industrial Property of the International Chamber of Commerce submitted to the National Committees of Industrial Property a question about desirability of inclusion of a provision in the Paris Convention regulating the use of patented invention on board of ships, or in construction or functioning of trains, automobiles and airplanes of a country entering the territory of another country.²⁷ Ultimately, on the basis of proposal by the Delegation of France, Article 5^{ter} was introduced into the Paris Convention by the Revision Conference of The Hague in 1925 and remained essentially unchanged in subsequent Acts.²⁸

28. Article 5^{ter} of the Paris Convention entitled “Patents: Patented Devices Forming Part of Vessels, Aircraft, or Land Vehicles” states:

“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

²⁴ *Ibid*, at 196.

²⁵ Lynfield reported that by 1907 six other countries had adopted such a provision, including the Austro-Hungarian Empire and Germany. H. Geoffrey Lynfield, *Patent Infringement on British and American Ships*, 37 *J. Pat. Off. Soc’y* 389, 390(1955), *cited in* *Protecting an Invention outside the Protecting Country*, Oxford University Press, 2012.

²⁶ See the submission from Germany to SCP/35.

²⁷ *Prop. Ind.* (1926), p.221, cited by Stephen P. Ladas, *Patents, Trademarks, and Related Rights, National and International Protection*, Harvard University Press, Vol.1, 1975, p.417.

²⁸ *Actes de La Conference de La Haye de 1925*, pp. 339 (proposal of Delegation of France), pp. 435 and 436 (report of Second Sub-Committee), p. 521 (report of General Committee), pp. 541 and 542 (report of Drafting Committee), and p. 577 (adoption in Second Plenary Session).

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.”

29. As the provision states “the following shall not be considered infringements”, this exception is not optional for the Contracting Parties to the Paris Convention, and given Article 2.1 of the TRIPS Agreement, it is also mandatory for the members of the WTO, even if they are not Contracting Parties to the Paris Convention.²⁹

30. With respect to the implementation of Article 5*ter* of the Paris Convention, if the constitutional system of the State concerned permits provisions of the Paris Convention to be “self-executing”, i.e., directly applicable to private parties without further intervention by the national legislation or possibly even against differing provisions of such legislation, this provision, *inter alia*, is so drafted as to permit such direct application.³⁰

31. The provision covers only the *use* of patented devices and does not apply to the manufacture of articles on board of vessels, aircraft or land vehicles, nor to the sale of patented products.³¹ In addition, the patented device should *exclusively* be used *for the needs of the vessel* for the exception to apply.³² Furthermore, the exception applies to the vessels, aircraft and land vehicles of *another country of the Union*.

32. As the text of Article 5*ter* was adopted by the Conference of The Hague without much discussion, little guidance with respect to the definition of terms used in the provision can be found in the negotiation records. Nevertheless, with respect to the word “temporarily”, the records clearly state that the expression includes *regular entries*, especially *periodical entries* of vessels into the territorial waters of another country of the Union.³³ With respect to the meaning of the word “accidentally”, the only record found states that the word “seemed superfluous, whereas, on closer examination, it was not superfluous at all”.³⁴

²⁹ Article 5*ter* of the Paris Convention, *inter alia*, is incorporated by reference in the TRIPS Agreement. In particular, Article 2.1 of the TRIPS Agreement states: “In respect of Parts II, III and IV of this Agreement, Members shall comply with Articles 1 through 12 and Article 19 of the Paris Convention”.

³⁰ See commentaries of G.H.C. Bodenhausen in the Guide to the Application of the Paris Convention for the Protection of Industrial Property, pp. 12 to 15.

³¹ Report of Second Sub-Committee, *ibid.* p. 435. “The British Delegation declares that it accepts paragraph 1 of the proposal, with the restriction - already stipulated in the English law - that articles produced on board ships may not be sold in ports.” [Non-official translation]. See also p. 82 of the Guide to the Application of the Paris Convention for the Protection of Industrial Property by Professor G.H.C. Bodenhausen.

³² Report of Second Sub-Committee, *ibid.* “The French Delegation specifies that it is only concerns, as the text indicates, the patented devices employed exclusively for the needs of the vessel.” [Non-official translation]. See also p. 542 (report of Drafting Committee).

³³ Report of Second Sub-Committee, *ibid.* p. 435.

³⁴ p. 521 of the report of General Committee [Non-official translation].

33. Further interpretive comments with respect to this provision can be found in the Guide to the Application of the Paris Convention for the Protection of Industrial Property by Professor G.H.C. Bodenhausen, which are summarized below:³⁵

- Meaning of the word “accidentally”: accidental entrance may be caused by inadvertence or shipwreck, and that, in the latter case, a ship will not infringe patents even if its presence in foreign waters is not temporary.³⁶
- Meaning of the words “vessels”, “aircraft” and “land vehicles”: it is up to the national authorities to interpret these terms. The word “vessel” would probably not include, for example, floating islands for purposes of drilling.
- The expression “vessels of other countries of the Union”: in each country of the Union the provision will apply only to vessels carrying the flag of other countries, and not to vessels of the country itself, even if such vessels have a home port elsewhere and enter the country only temporarily or accidentally.³⁷
- The word “device”: a device may be the subject of a patent either because it is patented itself or because a patented process is used to operate it.
- The use of the patented device shall be in the first place in the “body of the vessel itself”, as well as in the accessories of the vessel, such as machinery, tackle and gear, and that these accessories include instruments for navigation, loading and unloading, and other accessories depending on the character of the vessel.
- The expression “exclusively for the needs of the vessel”: depending on the type of the ship, these needs may vary considerably. The provision would however not apply if, for example, a ship’s tackle were used to move goods from one warehouse to another.
- The word “waters” of a foreign country: such waters include territorial waters of a foreign country and all inland waterways and harbors, including docks.³⁸
- The use of patented devices aboard which do not relate to construction or operation of aircraft or land vehicles or their accessories will not be exempted from patent infringement.³⁹

³⁵ See pp. 82 to 84 of the Guide to the Application of the Paris Convention for the Protection of Industrial Property by Professor G.H.C. Bodenhausen. It should be noted that the Guide does not constitute an official interpretation of the Paris Convention.

³⁶ See also Sam Ricketson, *The Paris Convention for the Protection of Industrial Property: A Commentary*, 2015, p.415, suggesting that “the adverb ‘accidentally’ cover not only unintended entries through navigational error, but also involuntary entries through shipwreck (which may, of course, end up being more than temporary).”

³⁷ In this respect, Ladas states that expression “others” refers “undoubtedly to the nationality of the ship or of the person to whom the engine belongs, and the word also implies that national ships, or engines belonging to nationals of countries which are not members of the Union, are not within the purview of Article 5*ter*.” Stephen P. Ladas, *supra* note 11, p.418.

³⁸ See also Sam Ricketson, *Ibid*, stating that “the term ‘waters’ also seems apt to include territorial and harbour waters, as well as inland waterways, as for example, would be the case with vessels passing along significant rivers like the Rhine, Danube, or Yangtze”.

³⁹ G.H.C. Bodenhausen, *supra* note 10.

3.3 Convention on International Civil Aviation

34. Another international treaty which provides a similar exception with respect to the use of patented devices in civil aircraft is the Convention on International Civil Aviation of December 7, 1944 (the Chicago Convention). The Convention sets certain principles and arrangements in order that international civil aviation may be developed in a safe and orderly manner and that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically.⁴⁰ Under Chapter IV, entitled “Measures to Facilitate Air Navigation”, Article 27 of the Chicago Convention (Exemption from seizure on patent claims) states:

(a) While engaged in international air navigation, any authorized entry of aircraft of a contracting State into the territory of another contracting State or authorized transit across the territory of such State with or without landings shall not entail any seizure or detention of the aircraft or any claim against the owner or operator thereof or any other interference therewith by or on behalf of such State or any person therein, on the ground that the construction, mechanism, parts, accessories or operation of the aircraft is an infringement of any patent, design, or model duly granted or registered in the State whose territory is entered by the aircraft, it being agreed that no deposit of security in connection with the foregoing exemption from seizure or detention of the aircraft shall in any case be required in the State entered by such aircraft.

(b) The provisions of paragraph (a) of this Article shall also be applicable to the storage of spare parts and spare equipment for the aircraft and the right to use and install the same in the repair of an aircraft of a contracting State in the territory of any other contracting State, provided that any patented part or equipment so stored shall not be sold or distributed internally in or exported commercially from the contracting State entered by the aircraft.

(c) The benefits of this Article shall apply only to such States, parties to this Convention, as either (1) are parties to the International Convention for the Protection of Industrial Property and to any amendments thereof; or (2) have enacted patent laws which recognize and give adequate protection to inventions made by the nationals of the other States parties to this Convention.

35. As of June 1, 2022, 193 countries are Contracting States to the Chicago Convention.⁴¹ It follows from the wording of Article 27 of the Chicago Convention that the exception provided in the provision is mandatory for those parties to the Chicago Convention which are either parties to the Paris Convention for the Protection of Industrial Property or have patent laws which provide adequate protection to inventions made by the nationals of other countries parties to the Chicago Convention.

36. While with a similar objective as Article 5^{ter} of the Paris Convention, Article 27 of the Chicago Convention does not allow any seizure or detention of, and any other interference with, the civil aircraft on the ground that the “construction, mechanism, parts, accessories or operation” of the aircraft constitutes an infringement of patents. Furthermore, the scope of the exception in the Chicago Convention includes the “storage of spare parts” and their use in the repair of the aircraft, and is not limited to “temporary” or “accidental” entries by aircraft to countries where patents are in force. Rather, an authorized “entry” of aircraft into, or its “transit” across, the territory of another State with or without landings is permitted under Article 27 of the Chicago Convention. On the other hand, that provision is applicable with respect to civil aircraft

⁴⁰ The Convention on International Civil Aviation, Preamble, third paragraph.

⁴¹ See: <https://www.icao.int/about-icao/Pages/default.aspx>.

only, while the term “aircraft” in the Paris Convention, depending on the definition given under the national law, might include all other kinds of aircraft.⁴²

4. Regional Instruments relating to the Exception

37. Several regional instruments contain provisions on the exception regarding the use of articles in FMT. These are: Decision № 486 establishing the Common Industrial Property Regime for the Andean Community (hereafter “Andean Community Decision № 486”); Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organization (1999) (hereafter “Bangui Agreement”); Patent Regulation of the Cooperation Council for the Arab States of the Gulf (hereafter “GCC”); Patent Regulations under the Eurasian Patent Convention; and the Agreement on a Unified Patent Court.⁴³

Table No. 1 Regional Instruments

<p>Andean Community Decision № 486⁴⁴</p>	<p>Article 53:</p> <p>“The owner of the patent may not exercise the right referred to in the foregoing Article in relation to the following acts:</p> <p>[...]</p> <p>(d) acts referred to in Article 5<i>ter</i> of the Paris Convention for the Protection of Industrial Property;</p> <p>[...] “</p>
<p>Patent Regulation of GCC⁴⁵</p>	<p>Article 14:</p> <p>“The rights under the patent shall not extend to:</p> <p>[...]</p> <p>14/2 The use of patent articles on means of transportation temporarily or accidentally entering the territories of the Council States, whether such articles were used in the body, apparatus, devices, equipment, or any other accessories of the said means, provided use of such articles is limited to their necessities.”</p>

⁴² Paragraph a) of Article 3 of the Chicago Convention states that the Convention applicable to civil aircraft and shall not be applicable to state aircraft. Paragraph b) of Article 3 further clarifies that the state aircraft is an aircraft used in military, customs and police services.

⁴³ As regards to Europe, Article 27 of the Agreement relating to Community patents (89/695/EEC) (adopted 15 December 1989) provided for the exception regarding the articles on foreign transportation means, mirroring the provisions of the Paris convention and Chicago Convention. Although the Agreement has not entered into force, some contracting states have brought their national laws in line with the Agreement.

⁴⁴ Decision № 486 of September 14, 2000 of the Commission of the Andean Community. Andean Community comprises Bolivia, Colombia, Ecuador and Peru.

⁴⁵ The Cooperation Council for the Arab States of the Gulf consist of the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar, and the State of Kuwait.

<p>Bangui Agreement ⁴⁶</p>	<p>Article 7(1)(b):</p> <p>“7. Limitation of the rights conferred by the patent</p> <p>(1): The rights deriving from the patent shall not extend to the following: [...]</p> <p>(b) the use of objects on board foreign aircraft, land vehicles or ships that temporarily or accidentally enter the airspace, territory or waters of a Member State;”</p>
<p>Patent Regulations of the Eurasian Patent Convention ⁴⁷</p>	<p>Rule 19:</p> <p>“The following cases of the use of the patented invention shall not constitute an infringement of the Eurasian patent:</p> <p>use in the construction or operation of means of transportation of a member State of the Paris Union for the Protection of Industrial Property that is not a Contracting State, when such means of transportation temporarily or accidentally enter the territory of the Contracting State, provided that the invention is used exclusively for the needs of said means of transportation; [...]”</p>
<p>Agreement on a Unified Patent Court ⁴⁸</p>	<p>Article 27</p> <p>“Limitations of the effects of a patent</p> <p>The rights conferred by a patent shall not extend to any of the following: [...]</p> <p>(f) the use of the patented invention on board vessels of countries of the International Union for the Protection of Industrial Property (Paris Union) or members of the World Trade Organisation, other than those Contracting Member States in which that patent has effect, in the body of such vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter the waters of a Contracting Member State in which that patent has effect, provided that the invention is used there exclusively for the needs of the vessel;</p> <p>(g) the use of the patented invention in the construction or operation of aircraft or land vehicles or other means of transport of countries of the International Union for the Protection of Industrial Property (Paris Union) or members of the World Trade Organisation, other than those Contracting Member States in which that patent has effect, or of accessories to such aircraft or land vehicles, when these temporarily or accidentally enter the territory of a Contracting Member State in which that patent has effect;</p> <p>(h) the acts specified in Article 27 of the Convention on International Civil Aviation of 7 December 1944, where these acts concern the aircraft of a country party to that Convention other than a Contracting Member State in which that patent has effect; [...]</p>

⁴⁶ Annex I of the Agreement Revising the Bangui Agreement of March 2, 1977, on the Creation of an African Intellectual Property Organization, Act of December 14, 2015. Member States of OAPI are Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Congo, Ivory Coast, Equatorial Guinea, Gabon, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, Togo and Comoros.

⁴⁷ Patent Regulations under the Eurasian Patent Convention (as adopted on December 1, 1995, with the amendments and addenda adopted as up to April 12, 2022). Member States of the EAPO are Turkmenistan, the Republic of Belarus, the Republic of Tajikistan, Russian Federation, the Republic of Azerbaijan, the Republic of Kazakhstan, Kyrgyzstan and Armenia.

⁴⁸ Agreement on a Unified Patent Court, 2013/C 175/01 entered into force on June 1, 2023. At the time of writing, 17 countries in Europe have ratified the Agreement.

38. With respect to the wording of the provisions under the regional instruments referred to in the above table, while they all stem from Article 5^{ter} of the Paris Convention, the provisions are not identical. In case of the Andean Community Decision № 486, Article 5^{ter} is incorporated by reference. In other regional agreements, the main textual commonalities and differences are:

- *Means of transportation:* The relevant provisions of the Patent Regulation of GCC, Patent Regulations of the Eurasian Patent Convention and Agreement on a Unified Patent Court encompasses covers all means of transportation, while in the Bangui Agreement, the exception is applied with respect to use of patented articles in foreign ships/vessels, aircraft and land vehicles;
- *Conditions for the exception to apply:* a common condition in all of the regional agreements is that the FMT, as defined in the respective provisions, shall enter the respective territories “temporarily or accidentally”. In addition, patented articles shall be used “exclusively for the needs of” the FMT in the Patent Regulations of the GCC and the Patent Regulations of the Eurasian Patent Convention. To be precise, the Patent Regulations of the Eurasian Patent Convention exempts use of a patented invention “in the construction or operation of foreign means of transportation”, if it is “used exclusively for the needs” of such transportation means. The Agreement on a Unified Patent Court provides separate provisions for vessels on the one hand and for aircraft, land vehicles and any other means of transportation on the other hand (i.e., for vessels, the patented invention shall be “used exclusively for the needs of the vessels”, while for aircraft, land vehicles and any other means of transportation, the exception applies to “use of the patented invention in the construction or operation of aircraft or land vehicles or other means of transportation”. In contrast, the relevant provision of the Bangui Agreement does not explicitly provide these conditions as to how the patented invention was used on board; and, lastly,
- *Reference to the Chicago Convention:* the provision under the Agreement on a Unified Patent Court unlike other regional agreements makes a reference to Article 27 of the Convention on International Civil Aviation.

39. With respect to the scope of the exceptions under the above-referred regional instruments, no interpretive guidelines and jurisprudence have been identified.

5. National Implementation of the Exception

40. This Section provides information on the implementation of the exception on the use of articles on FMT under national laws. In total, 189 countries and territories have been identified to provide for the exception regarding the use of articles on FMT under their respective legal frameworks (see Table No.2, below).

41. In most of these countries, there is a specific statutory provision on this exception.⁴⁹ In some other countries, while no express provision on the exception exists in the law,⁵⁰ the exception is provided through the membership in a regional agreement⁵¹ or, by virtue of their membership in the Paris Convention and/or the WTO, through the direct application of

⁴⁹ An Appendix to this document contains provisions of national and regional laws on the exception regarding the use of articles in FMT.

⁵⁰ For the list of countries with no express provision on this exception, please see the second row of Table No. 2.

⁵¹ For example, Article 7(1)(b) of Annex I of the Agreement Revising the Bangui Agreement is applicable in all Member States of OAPI, and Article 53 of the Andean Community Decision is applicable to the Members of the Andean Community.

Article 5*ter* of the Paris Convention at the national level.^{52,53} In this respect, the national patent laws of some of these countries indicate the principle of supremacy of international treaties to which they are parties over the national laws.⁵⁴

Table No. 2: List of countries and territories which provide for the exception regarding the use of articles on FMT

<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>

* The exception is implemented by virtue of the Bangui Agreement Instituting an African Intellectual Property Organization (OAPI), Act of December 14, 2015.

** The exception is implemented by virtue of the Patent Regulation for the Gulf Cooperation Council (GCC) of 1992 (amended as up to January 5, 2021).

× The exception is implemented by virtue of the Decision 486 of 2000 of the Commission of the Andean Community.

⁵² See the commentary above about "self-executing" character of Article 5*ter* of the Paris Convention.

⁵³ Responses of Brazil and Costa Rica to question 42 of the Questionnaire confirmed that while their applicable laws did not contain a specific provision on the exception, Article 5*ter* of the Paris Convention applied in their jurisdictions. See also response from France to the Questionnaire.

⁵⁴ See: Article 77 of the Law No. 3/92 on Industrial Property of Angola; Article 39(1) of the Patent Act of Bangladesh; Article 41(3) of the Ley No. 6867 on Patents, Industrial Designs and Utility Models of Costa Rica; and Article 3 of Law No. 35 of 1996 on Industrial Property of Panama.

42. According to the provisions of national laws on the exception compiled and presented in the Appendix to this document, in many countries, the wording of the exception regarding the use of articles in FMT is largely similar and mirrors the language of Article 5^{ter} of the Paris Convention⁵⁵. In the laws of Nicaragua and Guatemala, Article 5^{ter} of the Paris Convention is incorporated by reference.⁵⁶ In some other countries, the texts of the relevant provisions of laws show differences which 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.

43. With respect to the scope of respective provisions in the national laws, in most of the countries, no judicial interpretation have been established. In other countries, few court cases have dealt with the exception in question. The following subsections provide information on various aspects of the exception in different countries based on the available information.

5.1 Types of means of transportation

44. According to the legislation of many countries which provide for the exception in question, the exception is applied in relation to “vessels”, “aircraft” and “land vehicles”.⁵⁷ The Cuban legislation uses the expression “means of locomotion by air and by land” rather than “aircraft and land vehicles”.⁵⁸ In the Russian Federation, “vehicles” are specified as “water, air, road and rail means of transport”.⁵⁹

45. In several countries, the relevant provisions of laws expressly include a “spacecraft” within the scope of the exception.⁶⁰ In this respect, the Intellectual Property Code of France contains a specific provision related to the use of a patented invention in the extra-atmospheric space, which states that “the rights conferred by the patent shall not extend to the objects intended to be launched in the extra-atmospheric space introduced onto French territory”.⁶¹ In some other countries, no express reference is made to the spacecraft. However, according to the responses provided to the Questionnaire, some countries specified that the spacecraft is included within the scope of the exception.⁶²

⁵⁵ See, e.g., the provisions of laws of Albania, Australia, Chile, Cuba, Czech Republic, Israel, Malta and Saudi Arabia.

⁵⁶ Article 46(b) of the Law on Patents, Utility Models and Industrial Design of Nicaragua states “a patent shall not confer the right to prohibit the following acts [...] referred to in Article 5^{ter} of the Paris Convention.” A similar wording can be found in Article 130 (e) of the Industrial Property Law of Guatemala.

⁵⁷ For the provisions of laws, see an Appendix to this document.

⁵⁸ Article 47(e)(f) of the Decree-Law № 290 of November 20, 2011 on Inventions and Industrial Designs of Cuba.

⁵⁹ Article 1359 (1) of the Civil Code of the Russian Federation.

⁶⁰ These countries are: Albania, Algeria, Kazakhstan, Malaysia, Russian Federation, Rwanda, Sri Lanka, Vanuatu and Zambia.

⁶¹ Article L613-5(e) of the French Intellectual Property Code.

⁶² See, e.g, the responses to the Questionnaire from Armenia, Australia, Burkina Faso and Oman.

46. The laws of Brunei Darussalam, Hong Kong China, Saint Lucia, Singapore and the United Kingdom applied this exception to “hovercraft” as well. Yet, in some other countries, the exception is applied with respect to any foreign “means of transport” or “any vehicle”.⁶³

47. With respect to the definition of the aforementioned means of transportation, the submission of Germany, referring to the exception as provided in the old German Patent Act of 1968, stated that the examples of aircraft and land vehicles included a “*Rolltrailer*” (loading rack for container transport) and a “*Pflanzentransportwagen*” (transport carriage for plants).⁶⁴ In addition, with respect to that provision, courts decided that the means of transport must be capable of and determined for the transport of persons or things,⁶⁵ and that it was irrelevant whether it had an engine of its own,⁶⁶ whether it is destined for transport beyond borders,⁶⁷ and whether it has been brought into the country by different means of transport.⁶⁸ Similarly, the response from China notes that the means of transportation includes vessels, aircraft and land vehicles, which can be used to carry both people and goods.⁶⁹

48. In the United States of America, the Court of Appeals for the Federal Circuit relied upon the definition in the US Dictionary Act when interpreting the word “vehicle” for the purpose of applying the exception provided in section 272, Title 35 of the United States Code, and expressly stated that the Dictionary Act “controls our interpretation of [this word] in section 272” and that according to the Act “[t]he word “vehicle” includes every description of carriage or other artificial contrivance used, or capable of being used, as a means of transportation on land.” The Federal Circuit concluded that the “ordinary meaning of “carriage,” in turn, is defined to encompass “means of conveyance”, “a wheeled vehicle for people,” or “a wheeled support carrying a burden,” such as “a gun carriage”.⁷⁰

[5.2 Scope of permissible activities with respect to different types of foreign means of transportation](#)

49. As stated above, many national laws on the issue at hand mirror the language of Article 5*ter* of the Paris Convention. Thus, in those countries, the different scope of activities are typically allowed with respect to vessels, on the one hand, and aircraft and land vehicles, on the other hand. Specifically, with respect to vessels, in order to be shielded from infringement liability, the use of the patented invention shall be “*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 country, and provided that such devices are used there “*exclusively for the needs of the vessel*”. Conversely, with respect to aircraft or land vehicles, the use of the patented invention is permitted if it is in the “*construction or operation*” or “*accessories*” of such aircraft or land vehicles, when they temporarily or accidentally enter the said country.

⁶³ See, e.g, the provisions of laws of Armenia, Barbados, China, Democratic People’s Republic of Korea, Mexico, Poland and United Arab Emirates.

⁶⁴ See submission of Germany to SCP/35 referring to Regional Court Hamburg GRUR Int 1973, 703, and Higher Regional Court Hamburg GRUR Int 1988, 781.

⁶⁵ Higher Regional Court Düsseldorf GRUR 1994, 105 (107).

⁶⁶ Higher Regional Court Hamburg GRUR-Int 1988, 781 (782).

⁶⁷ Higher Regional Court Düsseldorf GRUR 1994, 105 (107).

⁶⁸ Regional Court Hamburg GRUR-Int 1973, 703 (704).

⁶⁹ Submission from China to SCP/35.

⁷⁰ *National Steel Car, Ltd. v. Canadian Pacific Railway, Ltd.*, 357 F.3d 1319 (Fed. Cir. 2004). This definition led the court to conclude that an individual rail car was a vehicle.

50. As an example, in the Czech Republic, the rights of the proprietor of the patent shall not be infringed by use of the protected invention:

“(a) on board vessels of other contracting parties to the Paris Convention for the Protection of Industrial Property [...] in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter the Czech Republic, provided that such use is exclusively for the needs of the vessel, or

b) 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 Czech Republic.”⁷¹

51. Different from the above Article 5*ter*-like formulation of the provision, some countries permit the same activities with respect to different types of FMT under the exception. For example, as an illustration, Article 33(1) of the Patent Law of Romania states:

“The following acts shall not constitute infringements of the rights provided in Art. 31 and Art. 32:

a) exploitation of inventions in the construction and the operation of land vehicles or aircraft and aboard vessels, or in devices used in the operation thereof, that belong to States party to international treaties and conventions concerning inventions to which Romania is also a party, when the vehicles, crafts or vessels enter the territory of Romania, either temporarily or accidentally, provided that such exploitation is exclusively for the needs of the vehicles, crafts or vessels;”⁷²

52. In relation to Article 27(b) of the Chicago Convention whereby the storage of patented spare parts and equipment and their use for repairing foreign aircraft are exempted from patent infringement claims, the national patent laws of some other countries also permit the importation and use of such spare parts and accessories.⁷³ In Liberia, the importation of spare parts or accessories for the purpose of repairing is permitted not only with respect to aircraft but also vehicles and vessels.⁷⁴ It may be noted that while Article 27(b) of the Chicago Convention explicitly state that the exemption does not apply to the cases where the patented part or equipment stored is sold or distributed internally in, or exported commercially from, the country in which a foreign aircraft entered, it is silent about importation of spare parts and equipment for repairing foreign aircraft.

5.3 “Foreign” means of transportation

53. Most countries’ laws stipulate that the exception applies to means of transportation of “other countries” or “any country” or with respect to “foreign” means of transportation, without limiting the beneficiaries to the Contracting Parties of the Paris Convention and/or the members of the WTO.⁷⁵

⁷¹ Section 18(a) and (b) of the Act № 527/1990 Coll. on Inventions and Rationalization Proposals of the Czech Republic. See also the provisions of laws of Albania, Australia, Chile, Cuba, Israel, Malta and Saudi Arabia.

⁷² A similar approach is also provided in the laws of Oman, Papua and Guinea, Seychelles, Sierra Leone, Sri Lanka, Tonga, Trinidad and Tobago, Tunisia and Uganda.

⁷³ The precise scope of this exception, however, slightly differ among these countries. For example, the laws of Finland, Iceland and Sweden state that the exception applies to repairing aircraft of foreign countries that grant corresponding privileges to aircraft of Iceland and Sweden, respectively. The relevant provision in the law of Norway incorporates a reciprocity provision similar to Article 27(c) of the Chicago Convention. The relevant provision in the laws of Hong Kong China, Jamaica, Singapore and of the United Kingdom cover importation of any part or accessory of foreign aircraft.

⁷⁴ See the provisions of law of Liberia.

⁷⁵ See, e.g., the provisions of laws of Algeria, Antigua and Barbuda, Argentina, Armenia, Australia, Barbados, Belize, Bulgaria, Cambodia, Canada and Dominica.

54. For example, Section 11 (4) (b) of the Patent Act of Ghana states:

“(4) The rights under the patent shall not extend to
[...]

(b) the use of articles on aircraft, vehicles or vessels of *other countries* which temporarily or accidentally enter the airspace, territory or waters of Ghana.” (emphasis is added)

55. Another example is Section 23 of the Patent Act of Canada which states:

“No patent shall extend to prevent the use of any invention in any ship, vessel, aircraft or land vehicle of *any country* entering Canada temporarily or accidentally, if the invention is employed exclusively for the needs of the ship, vessel, aircraft or land vehicle, and not so used for the manufacture of any goods to be sold within or exported from Canada.”
(emphasis is added)

56. The mechanisms for establishing the nationality of vessels and aircraft are regulated in the international treaties, namely the United Nations Convention on the Law of the Sea and the Chicago Convention, respectively. In principle, they are given the nationality of the country to which they are registered. Some national patent laws clarify this principle in the context of the exception to articles on foreign transportation means. For example, Section 71(2) of the Patents Act of South Africa states that “[...] vessels and aircraft shall be deemed to be vessels and aircraft of the country in which they are registered [...]”. Similarly, the submission from China clarified with respect to Article 75(3) of its Patent Law that the exception in question only applies to “foreign means of transport, and the nationality of that means of transport shall be subject to its place of registration”.⁷⁶ With respect to land vehicles specifically, some laws expressly clarify that land vehicles shall be deemed to be vehicles of the country within which the owners are ordinarily resident.⁷⁷

57. In few countries’ laws, the text of the provisions are formulated in such a way that no reference is made to “any” or “other” country. However, the expressions found in these legislative instruments, such as transportation means that are “temporarily brought into [the territory] due to their use in traffic”, “merely passing through [the territory]”, or “crossing [the territory]”, appear to suggest that the relevant transportation means are intended to be of foreign origin. An illustrative example of this approach is Article 69(2)(i) of the Patent Act of Japan which states:⁷⁸

“A patent right is not effective against the following products: (i) vessels or aircraft merely passing through Japan, or machines, apparatus, equipment or other products used in them”.

58. In some other countries’ laws, a specific reference to the means of transportation of the countries parties to the Paris Convention⁷⁹ and/or the WTO members is made.⁸⁰

⁷⁶ Submission from China to SCP/35.

⁷⁷ See, e.g., the provision of law of Guyana, India and South Africa.

⁷⁸ See, also Section 26 of the Law on Patents of Austria, Article 69(1)(i) Act on Industrial Property of Poland, Article 19(2) of the Federal Law № (31) For the Year 2006 Pertaining to the Industrial Regulation and Protection of Patents, Industrial Drawings, and Designs of United Arab Emirates, and Section 60(5)(d)(e)(f) of the Patents Act of the United Kingdom.

⁷⁹ See, e.g., the provisions of laws of Albania, Bahamas, Belgium, Cuba, Czech Republic, Germany, Ireland and Italy.

⁸⁰ See, e.g., the provisions of laws of Bosnia and Herzegovina, Hong Kong China, Croatia, Egypt, Iraq, Montenegro and Serbia.

59. For instance, Article 38(ç) and (d) of the Law on Industrial Property № 9947 of Albania states:

“The rights conferred by the patent shall not extend to:

[...]

ç) the use on board vessels of *other countries of the Paris Union* of devices forming the subject of the patent in the body of the vessel, in the machinery, tackle, gear and other accessories, when such vessels temporarily or accidentally enter Albanian waters, provided that such devices are used there exclusively for the needs of the vessel;

d) the use of devices forming the subject of the patent in the construction or operation of aircraft or spacecraft or land vehicles of *other countries of the Paris Union*, or of accessories of such aircraft or land vehicles, when those aircraft or spacecraft or land vehicles temporarily enter Albania;” (emphasis is added)

60. In Singapore, while the exception applies to the “relevant ship” and “relevant aircraft, hovercraft or vehicle”, the law defines these terms, respectively, a ship and an aircraft, a hovercraft or a vehicle registered in, or belonging to, any country, other than Singapore, which is a party to the Paris Convention or a WTO member.⁸¹

61. In this respect, the laws of Cabo Verde and São Tomé and Príncipe refer to the use of patented articles on FMT of “other Member States of organizations” to which these countries are parties to, while the patent laws of Romania, Thailand and Yemen refer to FMT that belong to States party to “international treaties and conventions” concerning inventions/patents to which these countries are parties.⁸²

62. As the exception in question applies to the means of transportation registered in other countries, the transportation means registered in their own countries are excluded from the scope of the exception. Referring to Section 11, paragraph 4 of the German Patent Act, which states that the effect of a patent shall not extend to the use of the patented invention on board vessels of “another State party to the Paris Convention for the Protection of Industrial Property”, the submission from Germany explained that German ships, also in the event they are returning from abroad to German waters, are not encompassed by the provision.⁸³

63. In Norway, the Oslo District Court clarified that the foreign nationality of the ship alone is not sufficient to invoke the exception regarding the foreign transportation means.⁸⁴ In this case, the defendants had purchased from the plaintiff a shipwrecked ship equipped with a patented system for unloading powder cargo (cement). The ship was registered under a foreign flag. While the sales agreement did not explicitly specify the right to use the patented system, the defendants had used the system for unloading powder cargo in several Norwegian ports. One of the questions in the case was whether the defendant had infringed the plaintiff’s patent or the means of transportation exception in accordance with under Section 5 of the Norwegian Patents Act was applicable. The Court stated that “[e]ven if the Ship is to be considered foreign as a result of its registered flag, the [...] exception in no case includes journey directly between different Norwegian ports [...]”. It also noted a fundamental difference between patents that concern the very function of the transport vessels, such as the engine, and patents that concern

⁸¹ Section 66 (2)(d)(e)(f) and (7) of the Patents Act of Singapore.

⁸² See provisions of laws of these countries.

⁸³ The submission from Germany to SCP/35 makes a reference to Ensthaler, in: BeckOK Patentrecht, 26th edn. 2022, Section 11 para 20; Schulte, Patentgesetz mit EPÜ, 11th edition 2022, Section 11 para 23; Higher Regional Court Düsseldorf 2019, para 72.

⁸⁴ Oslo District Court 2018 (TOSLO-2017-84881).

other functions which may support services offered by the transport vessels, such as unloading.⁸⁵

5.4 Interpretation of the terms “temporal” and/or “accidental”, “in transit” and “exclusively for the needs”

64. In a great majority of the countries, the scope of the exception is limited to “temporal and accidental” entries of FMT into their national territories.⁸⁶

65. However, some other countries’ laws applied other terms to define the scope of the exception. For example, the Patent Act of Hungary provides that the exception applies with respect to means of transport and freight which are “in transit” in the territory of Hungary or to “foreign goods which are not intended to be put on the market” in the country.⁸⁷ Similarly, in Mexico, the exception applies to the use of the patented invention in “vehicles of other countries that form part thereof”, where such vehicles are “in transit” in its territory.⁸⁸ In Japan and the Republic of Korea, patent rights are not effective against means of transportation “merely passing” through their territories, neither are they effective against machines, apparatus, equipment nor other products used therein.⁸⁹ Finally, the Swedish Patents Act provides that the exception applies to the use of the invention on a foreign means of transport for its own needs, when it “temporarily” enters Sweden “in regular traffic or otherwise”.⁹⁰

66. With respect to the interpretation of the terms “temporal” and “accidental”, in Germany, the condition for vessels, aircraft and land vehicles to enter the national territory “temporarily” is only considered fulfilled up to a maximum duration of one year.⁹¹ With respect to aircraft and land vehicles, the mere fact of repetition or regularity is not considered detrimental to fulfilling the condition “temporarily”.⁹² In China, “temporarily passing” through its territory includes regular or occasional entry into China, and usually does not include long-term stay in its territory.⁹³

67. In the United Kingdom, the court ruled on the meaning of the word “temporarily” according to which the primary purpose of the word was to distinguish between vessels which were engaged in essentially internal operations, and those which travelled between countries. The case concerned a high-speed catamaran used to provide a regular ferry service between Ireland and the UK, with three or four crossings being made each day. The vessel’s home port was in Dublin, but it spent around three hours in the UK territorial waters on each crossing. The vessel’s superstructure was found to fall within the scope of the claimant’s patent, and the claimant argued that the vessel’s regular and frequent crossings took it outside the scope of s.60(5)(d), because ‘temporarily’ should be interpreted as ‘on isolated occasions or casually’. However, the court stated that “*the intention for the vessel was to enter and then leave its*

⁸⁵ The District court’s statements concerning Section 5 of the Patent Act was made in an *obiter dictum*. It had found in favor of the defendant on a different basis, making the question irrelevant for the outcome for the case.

⁸⁶ For the provisions of laws, see the Appendix to this document.

⁸⁷ Article 21 (5) of Act № XXXIII of 1995 on the Protection of Inventions by Patents of Hungary.

⁸⁸ Article 57 (v) of the Federal Law on the Protection of Industrial Property of Mexico.

⁸⁹ See Article 69(2)(i) of the Patent Act of Japan and Article 96(1)(2) of the Patent Act of the Republic of Korea.

⁹⁰ Article 5 of the Patents Act of Sweden.

⁹¹ See the submission from Germany to SCP/35 making reference to Ensthaller, in: BeckOK Patentrecht, 26th edn. 2022, Section 11 para 20; Keukenschrijver in: Busse/Kreukenschrijver (eds), Patentgesetz, 9th edn. 2020, Section 11 para 25; Regional Court Hamburg GRUR-Int 1973, 703 (705) on the old provision Section 7 para 4 German Patent Act of 1968.

⁹² See the submission from Germany to SCP/35 making reference to Ensthaller, in: BeckOK Patentrecht, 26th edn. 2022, Section 11 para 20 with the argument that international traffic is to be protected and the term traffic implies certain repetitions.

⁹³ See the submission from China to SCP/35.

territorial waters, and the fact that each crossing was repeated frequently did not alter the fact that each entry into its waters was designed to be short-lived".⁹⁴

68. In the United States of America, the Federal Circuit interpreted the phrase "entering the United States temporarily" as meaning "*entering for a period of time of finite duration with the sole purpose of engaging in international commerce*."⁹⁵ The court reasoned "*[i]f the cars are entering the United States for a limited time - that is, they are not entering permanently - and are entering only for the purpose of engaging in international commerce - that is, they are entering to unload foreign goods and/or to load domestic goods destined for foreign markets - they are entering "temporarily" for the purposes of section 272 regardless of the length of their stay within the jurisdiction of the United States*."⁹⁶

69. Another important condition for the exception to apply in most of the countries is that the use of the invention shall be "exclusively" for or "limited" to the needs of various types of FMT.⁹⁷ In some other countries, reflecting the formulation of the exception in the Paris Convention, such requirement is applied with respect to vessels only.⁹⁸

5.5 Requirement of reciprocity

70. Some national laws provide that the exception on the use of articles in FMT applies on a reciprocal basis, i.e., the FMT should belong to a country according the same rights to the means of transportation registered in their respective countries.

71. For example, section 272, Title 35 of the United States Code states:

"The use of any invention in any vessel, aircraft or vehicle of *any country which affords similar privileges* to vessels, aircraft or vehicles of the United States, entering the United States temporarily or accidentally, shall not constitute infringement of any patent, if the invention is used exclusively for the needs of the vessel, aircraft or vehicle and is not offered for sale or sold in or used for the manufacture of anything to be sold in or exported from the United States." (emphasis added)

72. Similarly, Article 13 of the Patent Law of the Kyrgyz Republic provides:

"[s]uch actions shall not be considered as an infringement of the exclusive right of the patent owner if transport facilities belong to natural persons or legal entities of the *countries that provide the same rights* to the owners of transport facilities of the Kyrgyz Republic." (emphasis is added)

⁹⁴ *Stena Aktiebolag v Irish Ferries Ltd* [2002] RPC 50 and [2003] RPC 36 CA.

⁹⁵ *National Steel Car, Ltd. v. Canadian Pacific RY.*, 357 f.3d 1319 (2004). The Federal Circuit reversed the District Court's for the Eastern District of Pennsylvania decision in 2003 that the defense of § 272 did not apply to certain Canadian rail cars that entered the United States of America, delivered lumber to U.S. destinations, and then returned to Canada (*Nat'l Steel Car, Ltd. v. Canadian Pac. Ry. (NSC I)*, 254 F. Supp. 2d 527, 556 (E.D. Pa. 2003)).

⁹⁶ *National Steel Car, Ltd. v. Canadian Pacific RY.*, 357 f.3d 1319 (2004). See also a response from the United States of America to question 46 of the Questionnaire.

⁹⁷ See, e.g., provisions of laws of Argentina, Armenia, Barbados, Bosnia and Herzegovina, Bulgaria, China and the United States of America. The submission from China to SCP/35 confirmed that "the use of the relevant patent shall be limited to the needs of the means of transport per se, otherwise such use shall constitute an infringement of the patent right".

⁹⁸ See, e.g., provisions of laws of Australia, Belgium, Brunei Darussalam and Germany. See also provisions of laws of India, Malawi, Nauru, the Netherlands (Kingdom of the), New Zealand, South Africa and Zimbabwe, which state that the use of the patented invention shall be "for actual needs" of the vessels. The submission from Germany to SCP/35 confirmed that "[o]nly the uses of the patented invention explicitly mentioned in the provision are encompassed, i.e. uses "exclusively for the needs of the vessel", not other or all kinds of uses" and referred to Cf. Schulte, Patentgesetz mit EPÜ, 11th edition 2022, Section 11 para 23.

73. While a requirement of reciprocity exists in the applicable laws of some other countries,⁹⁹ in practice, the benefits derived from Article 5*ter* of the Paris Convention and Article 27 of the Chicago Convention are equally shared among the Contracting Parties concerned. Nevertheless, the reciprocity provisions in national laws have the effect of potentially extending these benefits to non-Contracting Parties. In addition, where a Contracting Party provides an exception for foreign transportation means, which is not stipulated in these Conventions, it might consider that such exception should apply on the reciprocity basis.

5.6 Reference to the Chicago Convention

74. In several European countries, the provisions in patent laws additionally state that the rights conferred by a patent do not extend to the acts set forth in Article 27 of the Convention on the Chicago Convention, if those acts concern the aircraft of a country to which the provisions of the aforementioned Article of the Convention applies.¹⁰⁰

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

75. Based on the responses to the Questionnaire from the Member States as well as their submissions to SCP/35, it may be concluded that the exception regarding the use of articles on foreign vessels, aircraft and land vehicles has not posed any notable issues in its implementation at the national level across various countries.

76. With respect to the academic literature, some research focused mainly on the interpretation of the term “temporarily”, and whether the scope of the exception should encompass spacecraft, satellites and other items in outer-space constellations,¹⁰¹ or whether it should apply to offshore service vessels.¹⁰² Although these matters haven’t been explicitly identified as implementation challenges for governments, as discussed elsewhere,¹⁰³ the clarity in the scope of the exception may influence its adoption and utilization by the relevant stakeholders at the national level.

⁹⁹ These countries are Armenia, Azerbaijan, Belarus, China, Egypt, Guyana, Hungary, India, Kazakhstan, Libya, the Russian Federation, Tajikistan, Turkmenistan and Yemen.

¹⁰⁰ See provisions of laws of Belgium, Germany, Italy, Luxembourg, the Netherlands (Kingdom of the), Norway, Portugal, Slovenia and Spain.

¹⁰¹ Cf. Stauder, GRUR 1993, 305. See a submission from Germany to SCP/35. See also Christopher Garrison, *Exceptions to Patent Rights in Developing Countries*, UNCTAD - ICTSD Project on IPRs and Sustainable Development, August 2006, pp.51 and 52.

¹⁰² See, e.g., Rikard Mikalsen, *The scope of the Paris Convention’s temporary presence exception from patent infringement for visiting foreign vessels*, *Journal of Intellectual Property Law & Practice*, 2016, Vol. 11, No. 8. The author argues that offshore service vessels carrying out some sort of operation (as opposed to pure transport activities) in foreign waters should not be able to avail themselves of the temporary presence exception.

¹⁰³ See document SCP/26/5.

7. Results of National/Regional Implementation of the Exception

77. As illustrated in Section 5 of this document, the exception regarding the use of articles on foreign vessels, aircraft and land vehicles represents a highly common exception to the exclusive patent rights found in the legislation of virtually all countries across the globe. While widely adopted, 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.^{104,105} The inherent challenges of collecting data with respect to the use of exceptions to patent rights by various stockholders are discussed elsewhere,¹⁰⁶ and it is evident that relevant information is often difficult to obtain unless such issues are brought to litigation and the decisions are made public.

78. As regards litigation relating to this exception specifically, their number is sparse and limited to only a few jurisdictions. In the majority of countries, there has not been a single judicial decision on this particular exception. The submissions of some Member States supports the idea that the exception has been implemented at the national and regional levels without upsetting the balance between the interest of producers and users of the patented technology.¹⁰⁷

79. While it is difficult to draw any meaningful conclusion on the results of the implementation of the exception at the national level, some commentators anticipate that in today's global economy and increase of commerce, the importance of the exception will likely grow.¹⁰⁸

[Appendix follows]

¹⁰⁴ None of the submissions by the Member States reported on the implementation results.

¹⁰⁵ Only one legal study has been identified suggesting that the exception in question reduces transportation costs by reducing the extent of patent searches and by eliminating the need to obtain licenses from the patentee in each foreign country where the conveyance enters. This, the author suggests, leads to the reduction of the transaction cost of international shipping, as well as the legal cost of ensuring compliance with patent systems worldwide. However, the author also fears that "increased use of the exception may result in reduced values for patents relating to international conveyances, reduced incentives to invest in and develop technologies in international conveyances, and a decrease in the quality of various domestic patent systems worldwide." See J. J. Anderson, *Hiding Behind Nationality: The Temporary Presence Exception and Patent Infringement Avoidance*, 15 Mich. Telecomm. & Tech. L. Rev. 1, 2008, pp. 4 and 22-24.

¹⁰⁶ See, e.g., document SCP/32/2.

¹⁰⁷ Relating to this issue, some submissions from some Members States to SCP/35 stated, e.g., Germany: "[t]he practical relevance of these provisions in Germany has been rather low"; Cuba: "authority is not aware that the exception has been addressed by Cuban case law or how it may have been applied in practice"; Czech Republic: "[t]he application of this exception does not represent a practical problem in patent law as applicable in the Czech Republic. The Industrial Property Office of the Czech Republic is not aware of any court judgements regarding the interpretation of this exception".

¹⁰⁸ See, e.g., Ted L. Field, *The Planes, Trains, and Automobiles" Defence to Patent Infringement for Today's Global Economy: Section 272 of the Patent Act*, 2006.