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Data, Copyright, and Investor-State-Arbitration: Insights from Einarsson v. Canada

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Copyright

Abstract

This article provides an overview of the *Einarsson v. Canada* dispute and critically examines potential issues arising out of this ongoing dispute. It first provides the background of the case, followed by discussing data and copyright as investments. The second part highlights the role of international intellectual property treaties in intellectual property-investor-state dispute settlement (ISDS) disputes and analyzes how this dispute can be used to argue in the context of data and trade secrets claims in ISDS.

Keywords

Intellectual property, investment, data, TRIPS, ISDS, copyright, trade secrets

Contents

1. Introduction

Intellectual Property (IP) as a system is designed, implemented, and enforced at the national level. The creation of the Trade-Related Aspects of Intellectual Property Rights (TRIPS)[1] allowed states to reach an international dispute settlement mechanism established under the World Trade Organization (WTO). The WTO dispute mechanism clarifies TRIPS provisions and has ensured that members follow the minimum rules of IP enshrined in TRIPS. The creation of a dispute settlement mechanism extraterritorially enforced intellectual property rights (IPRs), which previous international agreements such as the Berne and Paris Conventions did not achieve.[2] This may also be one reason why TRIPS elevated IP at the global level. Contrary to conventional practices, investors have used investor-state dispute settlement (ISDS), an *ad hoc* dispute settlement mechanism governed by the International Center for Settlement of Investment Disputes (ICSID) Convention[3], to enforce their IP rights.[4] The international investment agreements (IIAs) include IPRs in the definition of investment and consist of a dispute settlement mechanism in the

[1] Agreement on Trade-Related Aspects of Intellectual Property Rights, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, April 1994, 1869 U.N.T.S. 3; 33 ILM. 1197 (1994).
[2] Christopher May, 'Why IPRs are a Global Political Issue' (2003) 25 (1) European Intellectual Property Review 2.
[3] ICSID Convention is a treaty ratified by 153 Contracting States and entered into force on 14 October 1966.
[4] For an overview and debate on IP and ISDS, See Pratyush Nath Upreti, *Intellectual Property Objectives in International Investment Agreements* (Edward Elgar, 2022); Simon Klopschinski, Christopher Gibson and Henning Grosse Ruse-Khan, *The Protection of Intellectual Property Rights Under International Investment Law* (Oxford University Press 2020); Christophe Geiger (ed), *Research Handbook on Intellectual Property and Investment Law* (Edward Elgar 2020); Emmanuel Kolawole Oke, *The Interface between Intellectual Property and Investment Law: An Intertextual Analysis* (Edward Elgar 2021).

form of ISDS.[5] Thus, opening the gate for bringing IPRs-related disputes in ISDS by treating IPRs as an investment.[6]

Three high-profile cases; *Philip Morris v Uruguay*[7]*, Eli Lily v. Canada*[8] and *Bridgestone v Panama*[9] have shown this emerging forum of enforcing IPRs outside the IP system.[10] In *Philip Morris v Uruguay*, the dispute revolved around the plain packaging legislation that restricted the use of trademarks resulting in the expropriation of *Philip Morris* property, including commercial value and goodwill. In *Eli Lilly v Canada*, the dispute arose from patent invalidation by Canadian Supreme Court. In *Bridgestone v Panama*, the domestic court decision on trademark opposition reaches investment arbitration. All three disputes were decided in favor of states; however, many scholars have critically examined these cases to demonstrate the potential implications of enforcing IPRs in ISDS.[11] To this end, the ongoing dispute of

[5] Some IIAs included the ISDS mechanism governed under the UNICTRAL rule which does not require establishing investment. In other words, unlike ICSID rules, there is no assessment if the disputes arising out of the investment.

[6] For a critical account of IP and ISDS, see Jason W. Yackee and Shubha Ghosh, 'Eli Lilly and the International Investment Law Challenge to a Neo-Federal IP Regime' (2018) 21 (2) Vanderbilt Journal of Entertainment & Technology Law 517-548; Pratyush Nath Upreti, 'A TWAIL Critique of Intellectual Property and Related Disputes in Investor-State Dispute Settlement' (2022) 25(1) Journal of World Intellectual Property 220-237.

[7] *Philip Morris Brands Sàrl, Philip Morris Products S.A and Abal Hermanos S.A. v Oriental Republic of Uruguay*, ICSID Case No: ARB/10/7, Award (8 July 2016); See also *Philip Morris Asia Limited v The Commonwealth of Australia,* UNCITRAL, PCA Case No. 2012-12, Award on Jurisdiction and Admissibility (17 December 2015).

[8] *Eli Lilly and Company v The Government of Canada*, UNCITRAL, ICSID Case No. UNCT/14/2, Award (16 March 2017).

[9] *Bridgestone Licensing Services, Inc. and Bridgestone Americas, Inc. v Republic of Panama*, ICSID Case No. ARB/16/34, Award (14 August 2020).

[10] For a general discussion on three cases, see Pratyush Nath Upreti, 'Intellectual Property Rights in Investor-State Dispute Settlement: Connecting the Dots Through the Philip Morris, Eli Lilly and Bridgestone Awards' (2021) 31 (4) *The American Review of International Arbitration* 337-405.

[11] See Peter K. Yu, 'The Investment-Related Aspects of Intellectual Property Rights' (2017) 66 (3) American University Law Review 829-910; Bryan Mercurio, 'Awakening the Sleeping Giant: Intellectual Property Rights in International Investment Agreements' (2012) 15(3) Journal of International Economic Law 871-915; Rochelle Cooper Dreyfuss, 'ISDS and

Einarsson v Canada[12] brings an interesting debate to the discourse of IP and ISDS debate. The dispute revolves around data, which provides an additional layer to the emerging interface between IP and international investment law.[13]

This article provides an overview of the Einarsson *v Canada* dispute and critically examines potential issues arising out of this ongoing dispute. *Section 2* provides the background of the case. *Section 3* engages on issues and implications arising out of the dispute focusing on data and copyright as investments, the role of international IP treaties in IP-ISDS disputes, and data and trade secrets claims in ISDS.

2. Einarsson v. Canada

The case involved the marine seismic data collected by Geophysical Services Incorporated (GSI), registered in Canada, owned and operated by Einarsson family members.[14] The GSI business was creating, licensing, storing, processing, reprocessing

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Intellectual Property in 2019: The Case of the Dog that Didn't Bark' in Lisa E. Sachs, Lise Johnson and Jesse Coleman., (eds), *Yearbook on International Investment Law & Policy 2019* (Oxford University Press 2021); James Gathii and Cynthia Ho, 'Regime Shift of IP Lawmaking and Enforcement from WTO to the International Investment Regime' (2017) 18(2) Minnesota Journal of Law, Science & Technology 427-515

[12] *Theodore David Einarsson, Harold Paul Einarsson and Russell John Einarsson, Geophysical Service Incorporated v Government of Canada*, UNCITRAL, Notice of Arbitration (18 April 2019).

[13] Some commentators have noted that the intention of drafters of NAFTA, upon which Einarsson v Canada is based see the incorporation of IP in the investment chapter is seen as 'additional international disciplines for "trade-distorting practices". See Allen Z Hertz, 'Shaping the Trident: Intellectual Property Under NAFTA, Investment Protection Agreements and the World Trade Organization' (1997) 23 Canada-United States Law Journal 295-296. For an interesting account of Einarsson v Canada in the context of information control and oil and gas, see Abbe E.L. Brown, 'Rights to do, rights to prevent, and an intersected approach? Lessons from intellectual property, information control and oil and gas' in Daniel J. Gervais (ed) *The Future of Intellectual Property* (Edward Elgar, 2021) 105-128

[14] *Einarsson v. Canada* (n12) Notice of Arbitration, para 9.

the seismic data for use in oil and gas exploration in the Canadian offshore.[15] Over the years, GSI submitted the seismic data, derivatives of seismic data and related confidential and commercial information to the Canadian government in pursuance of various regulation.[16]

The dispute aroused when the Canadian government allowed access to seismic data to third parties in Canada without the consent of GSI. According to GSI, unilateral disclosure of seismic data to third parties violated copyright and trade secrets protection over the data under Canadian and international law.[17] GIS claimed that seismic data was protected under Canadian Copyright Act and unauthorized disclosure of those data violated the exclusive rights of authors to authorize reproduction, adoptions and alteration of copyright works and Canada's international obligations under the Berne Convention.[18] These claims were made by GSI in Canadian domestic courts.

The Queen's Bench of Alberta (QBA) acknowledged copyright protection over seismic data[19] but applied the Canada Petroleum Resources Act (CPRA)[20] to confirm that the Canadian government's actions were legitimate. The QBA came to this conclusion on two grounds. First, CPRA was enacted to promote offshore oil and gas development which provides five years of regulatory protection over data, therefore seismic data fall under CPRA protection. Second, since both CPRA and Copyright Act

[15] *Einarsson v. Canada* (n12) Notice of Intent, para 23.
[16] *Einarsson v. Canada* (n12) Notice of Intent, para 8.
[17] *Einarsson v. Canada* (n12) Notice of Intent, para 12.
[18] *Einarsson v. Canada* (n12) Notice of Arbitration, para 19.
[19] *Einarsson v. Canada* (n12) Notice of Intent, para 66.
[20] Canada Petroleum Resources Act, RS 1985, c. 36 (2nd Supp).

touch upon seismic data, the question was whether there is a conflict between the Copyright Act and CPRA which the court rule out, however, adopted the statutory interpretation principle of *lex specialis* to conclude that CPRA overrides copyright and confidentially protection afforded to the seismic data, allowing the Canadian government to provide licensing of the data.[21] The consequence of such statutory interpretation is that 'CPRA overrode the Copyright Act to reduce the term of copyright protection from a life of the author plus 50 years to a measly five years'.[22]

Subsequently, the Supreme Court of Canada denied leave to appeal, which forced Einarsson on behalf of GSA to initiate an investor-state dispute settlement for breach of Canada's obligation under the North American Free Trade Agreement (NAFTA) and the Berne Convention.[23] The notice of arbitration state that the confiscation of seismic data resulted in a devaluation of claimant's investment which resulted in a loss of their business. At the time of writing this article, the dispute is ongoing and the final award is yet to come. In this background, the following sections will examine some specific points relevant to the present analysis.

[21] *Einarsson v. Canada* (n 12) Notice of Intent, para 19 (the Canadian Government's actions and the Canadian Court's interpretation of CPRA amounted to a breach of Canada's NAFTA obligations. The delay, the naïve determination of a conflict between the Copyright Act and CPRA, and the ultimate resolution through *lex specialis* have led the Investors down the proverbial 'garden path' with their significant investment in GSI).
[22] *Einarsson v. Canada* (n 12) Notice of Intent, para 72.
[23] *Einarsson v. Canada* (n 12) Notice of Intent, para 16

3. Implications and Possible Effects of Einarsson v. Canada

3.1 Data as investments

The starting point of initiating investor-state arbitration is by establishing that the dispute arises out of investment. According to Article 25 (1) of the ICSID Convention: an

> '[t]he jurisdiction of the Centre shall extend to any legal dispute arising directly out of an investment, between a Contracting State… and a national of another Contracting State, which the parties to the dispute consent in writing to submit to the Centre..'.[24]

To fulfil the jurisdictional criteria, investors must demonstrate that the subject matter falls under the definition of investment and dispute revolves around the subject matter.[25] IIAs do not refer to 'data' in the definition of investment and no disputes so far have relied on the operation of digital entities which revolves around data. But increasing the relevance of data driven international economic law is discussed.[26] Given the relevance of data and the emerging need for regulatory tools, state measures would result in undue interference with data or social media companies' digital operations. In such a case, investors (social media) could use investor-state dispute arbitration relying on data as an investment. To this end, *Einarsson v Canada* would strengthen the case.

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[24] ICSID Convention (n 3) Art. 25(1).
[25] For more detail on Article 25 of the ICSID Convention, see Jeremy Marc Exelbert, 'Consistently Inconsistent: What Is a Qualifying Investment Under Article 5 of the ICSID Convention and Why the Debate Must End' (2016) 83 (3) Fordham Law Review 1243-1279.
[26] Wolfgang Alschner, Joost Pauwelyn and Sergio Puig, 'The Data-Driven Future of International Economic Law' (2017) 20 (2) Journal of International Economic Law 217-231.

Most IIAs define investment as 'every kind of asset', including IPRs, tangible and intangible property in the definition of investment covering different aspects of IPRs and data.[27] In other words, the broad definition of investment covered in IIAs provides an ample room for interpretation in arbitral practice 'support[s] an arguable path for including digital assets as investments under BITs'.[28] To this end, Einarsson dispute provide important clarification moving ahead.

In *Einarsson v Canada,* the claimant argued that seismic data falls under 'intangible' as a type of investment defined by NAFTA.[29] Moreover, it was argued that the seismic data is comprised of original literary, artistic and sound recording works within the meaning of copyright under the Canadian Copyright Act.[30] Therefore, seismic data comprised of copyright subject matter was treated as an investment. In other words, data in the form of copyright and trade secrets were relied upon as an IP form of protection under IIAs.[31] Although the dispute is pending, it is relevant to examine the potential implications of treating data and copyrights as investments. First, I will

[27] Most IIAs have a non-exhaustive list under the definition of investment. For example, the Australia-Uruguay BIT (2019) starts with 'investment means every kind of asset, owned and controlled by an investor ….', which is followed by a list of the forms that an investment may take, including tangible assets, intangible assets, shares, loans and business concessions, among others forms. For more detail on data as assets, see Cheng Bian, 'Data as Assets in Foreign Direct Investment: Is China's National Data Governance Compatible with its International Investment Agreements?' (2022) Asian Journal of International Law 1-23

[28] Julien Chaisse and Cristen Bauer, 'Cybersecurity and the Protection of Digital Assets: Assessing the Role of International Investment Law and Arbitration' (2019) 21(3) Vanderbilt Journal of Entertainment and Technology Law 557; Gabriel M Lenter, 'Treating Data as Property? A View from International Investment Law' (2018) Medien & Recht International 71

[29] *Einarsson v. Canada* (n 12), Notice of Intent, paras 25-28. See NAFTA, art 1139.

[30] *Einarsson v. Canada* (n 12), Notice of Intent, para 27.

[31] *Einarsson v. Canada* (n 12), Notice of Intent, paras 34-36.

analyse the relevance of treating data as investments to social media companies. Secondly, I will discuss the conceptual problem in treating copyrights as investments.

Treating data and copyrights as an investment provides an opportunity for social media companies to bring disputes in ISDS against the state's regulatory measures. Generally speaking, social media industries revolve around generating data which is the cornerstone of their business. Therefore, the continuation generation of user data is essential. To illustrate this with an example, the *Facebook Annual Report of 2020* emphasizes the data generated through continuing users:

> If we are unable to maintain or increase our user base and user engagement, particularly for our significant revenue-generating products like Facebook and Instagram, our revenue and financial results may be adversely affected. Any significant decrease in user retention, growth, or engagement could render our products less attractive to users, marketers and developers, which is likely to have a material and adverse impact on our revenue, business, financial conditions, and results of operations. If our active user growth rate continues to slow, we will become increasingly dependent on our ability to maintain or increase of user agreement and monetization in order to drive revenue growth.[32]

Similar Twitter[33] and Amazon have acknowledged the relevance of data generation and its ability to generate revenue from those data.[34] This confirms the importance of

[32] See Facebook Annual Report of 2020 at 15, https://www.annreports.com/meta-facebook/facebook-ar-2020.pdf (Accessed 10 July 2022) .

[33] See Twitter Annual Report, 2019 at 13 (If the people who use our service or our content partners do not continue to contribute content or such content is not viewed as unique or engaging by other users, we may experience a decline in users accessing our products and services and their engagement, which could result in the loss of content partners, advertisers, platform partners, and revenue),

data to social media companies. Given the importance of the digital economy, not all countries have a legal framework for data protection. In the EU, the General Data Protection Regulation (GDPR) provides a framework for strong control rights over personal data in the data subject.[35] However, GDPR does not treat data as property rights, rather it protects data in the form of personal protection in pursuance of achieving balance with fundamental rights and free speech. To this end, IPRs form the basis for the protection of data through sui generis database rights. The EU Database Directive provides *sui generis* database rights to makers if they can demonstrate 'that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents to prevent extraction and/or re-utilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database'.[36] This is the only EU directive related to IPRs that rationalizes investment protection as a basis for database rights.

It is important to note that nowhere does the Directive indicate that investments are IPRs; rather, the intention is clear that if there is "substantial investment", then one can only claim database rights. This demonstrates that legislators do not intend to consider

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https://s22.q4cdn.com/826641620/files/doc_financials/ar/2018/AnnualReport2018.pdf (Accessed 10 July 2022).

[34] See, Amazon.com Annual Report 2022 (4 February 2022), https://stocklight.com/stocks/us/retail-trade/nasdaq-amzn/amazon-com/annual-reports/nasdaq-amzn-2022-10K-22590195.pdf (Accessed 10 July 2022).

[35] See Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the Protection of Natural Persons with regard to the Processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32016R0679 (Accessed 10 July 2022).

[36] Directive 96/9/EC of the European Parliament and the Council of 11 March 1996 on the Legal Protection of Databases, Article 17(1) (see Recital 40; the aim of a *sui generis* right is to 'ensure protection of any investment in obtaining, verifying or presenting the contents of a database for the limited duration of the right; whereas such investment may consist in the deployment of financial resources and/or the expending of time, effort and energy').

IP to be an investment even if that legislation must rationalize investment protection as the basis of legal rights. It is clear from the case law that the directive is intended to protect the database rather than the data. While interpreting the directive, CJEU in Fixture Marketing and British Horseracing cases have held that the scope of the directive is towards 'obtaining data' rather than 'creating data'. However, both national and CJEU case laws have developed broad reading of the *sui generis* database protection.[37]Therefore, in light of no clear regulation on machine-generated data, social media companies can rely on *Einarsson v Canada* to claim against regulatory measures taken by State. Of Course, we do not know the outcome of the case, but potentially this case will have implications for data-driven industries

3.2 Copyright as investment

Turning to the question of copyright as investment assets. The content of IPRs in the definition of investment includes 'copyright'.[38] Therefore, in principle, any dispute arising out of investment (copyright) fulfils the ICSID jurisdictional criteria. To this end, investment tribunals have also established the Salini test' that mainly focuses on: contribution, duration, risk and economic development in the host state' as criteria for

[37] See 'Data Access and Control in the Era of Connected Devices' (The European Consumer Organisation, 2018) (According to Drexl: [A] thorough analysis shows that the recent case-law both of the CJEU and on the national level have led to a broad reading of the concepts used by the Directive for the sui generis database protection regime. This includes the concept of a database, the concept of essentiality of the investment and the scope of protection. In particular, national case-law for instance in Germany takes into account investment in observing data for assessing sustainability….. In sum, recent case-law makes it quite likely that in many instances sui generis data protection may be available in the context of machine-generated data), https://www.beuc.eu/publications/beuc-x-2018-121_data_access_and_control_in_the_area_of_connected_devices.pdf (Accessed 10 July 2022).

[38] For example. EU-Canada CETA, Art. 8.1 (IPRs include 'copyright and related rights, trademark rights, geographical indications, industrial designs, patent, layout designs of integrated circuits, undisclosed information, plant breeders' rights… utility model rights'.

assessing investment. Generally speaking IPRs (including copyright) would satisfy these requirements.[39] That said, there are views contradicting it.[40] Given that in *Einarsson v Canada*, the claimant has argued that seismic data consist of copyright protection, therefore it is relevant to examine whether copyright are investments. From an ISDS perspective, copyright can be treated as investment assets if they are incorporated into the definition of investment. However, the pertinent question is whether copyrights can be treated as investments.

First, given that there is no formal requirement to get copyright protection, it is unsure how copyright would constitute an investment in a country. On this point, Okediji writes:

> Intellectual property, however, differs considerably from most other covered investment assets in important respects. Intellectual property rights can be held simultaneously in many countries and in some cases, like copyright, without any formalities or other domestic process that would indicate a specific investment purpose. Is merely having authorial works in circulation in a host country sufficient to constitute an "investment in a given country".[41]

Second, the rationale behind copyright protection is creativity, therefore subject matter should have creative outcomes. Therefore, equating copyright with investment may not result in a desirable result. Particularly, not all investments result in creative

[39] Lukas Vanhonnaeker, *Intellectual Property Rights as Foreign Direct Investments: From Collision to Collaboration* (Edward Elgar, 2015) 9-30.
[40] See generally, Ruth L. Okediji, 'When is Intellectual Property as Investment?' in Christophe Geiger (ed) *Research Handbook on Intellectual Property and Investment Law* (Edward Elgar, 2020) 94-119.
[41] Ruth L. Okediji, 'Is Intellectual Property "Investment"? Eli Lilly v. Canada and the International Intellectual Property System' (2014) 35 University of Pennsylvania Journal of International Law 1125

outcomes.[42] As Geiger highlights that 'investment does not necessarily produce a creative addition, hence a social added value. Some investments do not lead to any creative outputs. Other investments might even have negative consequences for society when they are misused…'.[43] That said, one might argue that the level of creativity or originality in copyrights is extremely minimal, which is true, but irrespective of this, IP generally generates creative outcomes.

3.3 The Role of International Intellectual Property Treaties

Einarsson v Canada highlights an important question in the debate of whether international IP treaties can be a source of legitimate expectations and whether IP treaties should guide investors in resolving disputes. While analyzing the overlaps of protection of seismic data between the Canadian Copyright Act and CPRA, the Queen's Bench of Alberta[44] uses the *lex specialis* approach which thereby overrides the confidentiality and copyright protection and allows the Canadian Government to provide compulsory licensing of the data under CPRA.[45] On a similar line, the Alberta Court of Appeal found that the claimant's exclusivity on seismic data ends after the expiry of mandated privileged period.[46] To this interpretation, in the Notice of arbitration, the claimant argued that the Canadian Court's interpretation of CPRA:

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[42] See Upreti (n 4) 116-118 (discussing whether investments always lead to creative outcomes).
[43] Christophe Geiger, 'Bilateral Trade and Investment Agreements and the Harmonization of Copyright law at International Level: Lessons to be learned from the TTIP' in Tatiana Eleni Synodinou (ed), *Pluralism or Universalism in International Copyright Law* (Kluwer Law International, 2019) 17.
[44] Geophysical Service Incorporated. v. Encana Corporation, 2016 ABQB.
[45] *Einarsson v. Canada* (n 12) Notice of Intent, para 14.
[46] *Geophysical Service Incorporated. v. Encana Corporation*, 2017 ABCA 125, ¶ 104.

> enabled the wholesale reproduction of *GSI's* [subsidiary company of Einarsson registered in Canada] seismic data by undertaking measures in violation of Canada's obligations under NAFTA, including under the Berne Convention. . . . Where the Canadian Courts have acted contrary to prior decisions and adopted interpretations of Canadian legislation that relies on the reading-in of worlds which do not appear on the face of the provisions, how can the Investors or GSI possibly know the law in such a circumstance? Surely, the reasonable expectation would be for Canada to act fairly and consistently with existing jurisprudence to protect private property interests from being taken without compensation.[47]

The paragraph above highlights the role of international IP treaties in IP-ISDS disputes. In particular, to what extent do arbitral tribunals consider IP treaties in their assessment? A similar question was raised *in Philip Morris Asia v Australia* where the claimant argued that Australia's tobacco plain packaging legislation was against investors' expectations that Australia would comply with its international treaty obligations under the TRIPS and Paris Convention.[48] In *Philip Morris v Uruguay* claimant referred to TRIPS provisions to claim Uruguay treaty obligations.[49] The Philip Morris tribunal did engage in the TRIPS agreement to clarify whether it provides a positive right to use trademarks. However, concluded that:

> under Uruguayan law or international conventions to which Uruguay is a party that the trademark holder does not enjoy an absolute right to use, free of regulation, but only an exclusive right to exclude parties from the market so

[47] *Einarsson v. Canada* (n 12) Notice of Intent, para 19.
[48] *Philip Morris Asia v Australia* (n 7) Notice of Arbitration, paras 6.5-6.6
[49] *Philip Morris v Uruguay* (n 7), Notice of Arbitration, para 262 (right to use" a provision that does no more than simply acknowledging that trademarks have some form of use in the course of trade….In any case, no where does the TRIPS Agreement, assuming its applicability, provide for a right to use… [the relevant TRIPS provision] provides only for the exclusive right of the owner of a registered trademark to prevent third parties from using the same mark in the course of trade).

that only the trademark holder has the possibility to use the trademark in commerce, subject to the State's regulatory power.[50]

In *Eli Lilly v Canada*, the claimant made an argument for additional requirements concerning the Patent Cooperation Treaty (PCT) application as the basis of legitimate expectations and treaty obligations.[51] The tribunal did not engage in this question as the dispute was decided on the facts of the case. These early disputes did not clarify whether investors would rely on international IP treaties as the basis of legitimate expectations for non-compliance with treaty obligations from states.

Once again the question has been raised in *Einarsson v Canada*, where the claimant relied on the Berne Convention minimum terms of protection to argue against the Canadian measure.[52] However, the Canadian court interpreted CPRA to prevail over the minimum terms of protection set by the Berne Convention.[53] In principle, the Berne Convention is not directly enforceable, however, the effect of the Convention takes place through domestic law.[54] That said, the question remains whether domestic IP laws rescind minimum rules established by the Berne Convention. Moreover, the

[50] *Philip Morris v Uruguay* (n 7), para 271.
[51] *Eli Lilly v Canada* (n 8) Claimant Memorial, para 280
[52] *Einarsson v. Canada* (n 12) Notice of Arbitration, para 19 (Canada's unilateral disclosure of the Seismic Data to third parties and denial of recourse for such disclosure violates the protections afforded to copyrighted works and trade secrets under Canadian and international law. As the Seismic Data are copyrighted works, Canada is obliged to protect those copyrights in accordance with the Copyright Act and Canada's international obligations, including those under the Berne Convention for the Protection of Literary and Artistic Works….. at a minimum, the life of the author plus fifty years after his or her death').
[53] Berne Convention for the Protection of Literary and Artistic Works, 9 September 1886, as last revised 24 July 1971, amended 2 October 1979, 828 U.N.T.S. 221, art. 7
[54] See Christopher Heath, 'The Direct Application of International IP Agreements before National Courts' in Christopher Health and Anselm Kamperman Sanders (eds) *Intellectual Property and International Dispute Resolution* (Wolter Kluwer International, 2019). In the context of the Berne Convention, see *SUISA v Rediffusion AG, Bundesgericht (Switzerland)* (1982) ECC 481, 20 January 1981 (referring to the Berne Convention as applicable law).

TRIPS Agreement explicitly recognizes the Berne Convention, which is part of minimum IP rules established under the multilateral system.[55] It is unclear how the *Einarsson* tribunal will read international IP rules in analyzing the Canadian court decision and international obligation under the Berne Convention.

3.4 Data and trade secrets

Another interesting implication of the dispute is the argument of claiming trade secrets protection for seismic data collected by the claimant that was disclosed to the Canadian government as part of regulatory purposes. The claimant argues that the disclosure of seismic data by the Canadian government to third parties violated domestic law and treaty obligations. To this end, the claimant argued how seismic data was pertinent to their business model:

> Creating marine seismic data is a capital-intensive and time-consuming process. It requires significant investment in order to produce final works, which are, in turn, extremely valuable. Seismic surveys cost millions of dollars to create and are closely guarded trade secrets governed by strict licensing agreements relating to the confidentiality and reproduction of the data. In this instance, the estimated costs expended to create the Seismic Data are approximately USD 781,000,000, with estimated outstanding returns from existing license agreements with third parties for the Seismic Data worth approximately USD 2,529,000,000.[56]

[55] See TRIPS Agreement, Art 2 read with Art 9.
[56] *Eli Lilly v Canada* (n 8) Notice of Arbitration para 11.

Given the importance of seismic data, state action expropriated trade secrets protection over the data. Trade secrets are commercial information that is not available in the public domain. The rationale for such protection is based on the incentive to invest and develop valuable information and use that information without the risk of knowledge spillovers.[57] Therefore, trade secrets hold great importance to companies. Previously, investors have claimed loss of trade secrets protection concerning breach of their contractual obligation.[58] However, *Einarsson v Canada* is the first case where trade secrets protection was claimed on data which is also protected as copyright. Considering, the claimant's argument that the data generation resulted from huge investments, which is essential to the core of the business. Perhaps, this approach would benefit pharmaceutical investors whose business model relies on trade secrets and research and development investments. For example, if the state in exercising its regulatory power put a limitation on the use of trade secrets for public interest purposes, might tiger investors rely on *Einarsson v Canada* to bring claims against in ISDS. More recently, academics have discussed potential arguments of investors had the TRIPS waiver proposal for COVID-19 vaccines in its original form been operationalized that might force the transfer of trade secrets from pharmaceutical companies.[59] In such a case, *Einarsson v Canada* provides a good basis for such claims.

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[57] See OECD, 'Approaches to the Protection of Trade Secrets' in OECD *Enquires into Intellectual Property's Economic Impact (2015), 134,* https://www.oecd.org/sti/ieconomy/KBC2-IP.Final.pdf (Accessed 10 July 2022).

[58] See *Garanti Koza LLP v. Turkmenistan, ICSID Case No. ARB/11/20* (Award, 19 December 2016); *Cortec Mining Kenya Limited, Cortec (PTY) Limited and Stirling Capital Limited v. Republic of Kenya* (ICSID Case No. ARB/15/29), Award, 22 October 2018.

[59] For detail, see Bryan Mercurio and Pratyush Nath Upreti, 'The Legality of a TRIPS Waiver for COVID-19 Vaccines under International Investment Law' (2022) 71(2*) International & Comparative Law Quarterly* 323-355.

4. Conclusions

The interaction between IP and ISDS is new, few cases have brought attention to the issues and concerns. In light of this development, *Einarsson v Canada* is an interesting development to discourse in the debate on IP and investment law. Unlike previous cases such as *Philip Morris*, and *Eli Lilly*, the focus was on investor rights *vis-à-vis* state regulatory rights. However, the question before the tribunal in *Einarsson v Canada* directly relates to states' commitment to their international IP obligations. It will be interesting to see to what extent arbitral tribunals would consider international IP in assessing the disputes. In past cases, the arbitral tribunals adopted a balanced approach by not encroaching on States' IP obligations, nor referring to international treaties in detail. Perhaps, this dispute could address this question in great detail.