



EBLIDA

**REPORT ON THE
PROTECTION OF DATABASES**

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Mark Davison
Associate Professor, Faculty of Law, Monash University,
Melbourne Australia

Special Advisor on database law

October 2002



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This report is based upon research done for the purposes of a book "The Legal Protection of Databases" to be published by Cambridge University Press in its series on Intellectual Property. The book is scheduled for publication in March, 2003.

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COPYRIGHT AND SUI GENERIS PROTECTION

The debate concerning the extent of legal protection of databases revolves around the issue of how much protection and what sort of protection should be provided for the acts of collecting, verifying and presenting information. There are various models for protection of databases including that contained within the European Union Directive on the Legal Protection of Databases¹ and various American legislative proposals that have been put before Congress since 1996.²

From the perspective of database owners, copyright law in many jurisdictions does not provide sufficient protection because those jurisdictions demand a degree of creativity in either the selection and/or the arrangement of the material in question.³ Hence, these jurisdictions deny copyright protection to "garden variety" works such as telephone books where the selection and arrangement of information within them lacks any measurable degree of creativity. The sheer effort or "sweat of the brow" involved in putting the compilation together is irrelevant to whether copyright protection is conferred.

While meeting this threshold requirement of creativity is relatively straightforward for most database producers, there is a further important consequence of refusing to confer copyright protection on sweat. Even if a database does qualify for copyright protection because there is sufficient creativity associated with its selection or arrangement of information, it is only that selection or arrangement that is protected. Hence, while it is often said that the imposition of a higher standard of originality will deprive few databases of copyright protection, the problem for the database owner is that even if a database qualifies for copyright protection, the nature of that copyright protection is quite limited. Another person may take a very large amount of the information in the database provided they do not reproduce a substantial part of the selection or arrangement of the database. The consequences of this are obviously considerable, especially for those who spend large amounts of time, money and effort generally in obtaining, verifying and presenting large amounts of information.

¹ Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases.

² Eg the Collections of Information Antipiracy Act HR 354, 106th Congress., 1999

The EU's Approach

The initial response of the EU to this problem was to base a Directive on unfair competition principles. The idea was to restrict extraction and re-utilization for commercial purposes.⁴ The first draft of the Directive was based on the unfair competition laws of a number of European countries and was aimed at parasitic behaviour by competitors. The proposition was later abandoned but the reality is that if that basic model had been retained, it would have met the needs of almost every plaintiff that has successfully brought proceedings in Europe under the new legislation.⁵ Just about all the case law invoking the Directive and its transposing legislation deals with situations in which the defendant has pressed the copy button, copied all or almost all of a database, and then used that copy in some commercial setting to compete directly with the plaintiff or appropriate a substantial part of the plaintiff's market for its database.

Instead, a Directive was passed in 1996 that conferred much stronger rights on database owners. The Directive has undoubtedly conferred the greatest protection on databases in the world. There are two major parts of the Directive. The first provides for a uniform approach to copyright protection for databases that requires a degree of creativity in the selection or arrangement of a database. The effect is that the standard of creativity or originality for copyright purposes is similar to that in the United States.

The second part of the Directive creates a sui generis right for the protection of databases. Once a database owner demonstrates that they have made a substantial investment, either quantitatively or qualitatively, in obtaining, verifying or presenting the contents of a database, sui generic protection is conferred on that database. It is illegal to extract or re-utilise a substantial part of the contents of that database without the database owner's consent.

While this is called a new sui generis right, it is, in effect, "sweat of the brow" copyright. The Directive requires the granting of "a right of extraction and re-utilisation" but an examination of the definition of

³ Eg Feist Publications Inc v Rural Telephone Service Co 499 US 340 (1991)

⁴ Proposal for a Council Directive on the legal protection of databases COM(92) 24 final – SYN 393 Brussels, 13 May, 1992,

⁵ Eg The British Horseracing Board Ltd. v. William Hill Ltd HC 2000 1335, judgment on 9th February, 2001.

that right quickly reveals that this one right is in fact the bundle of rights conferred on copyright owners. For example:

"Extraction" is defined as "the permanent or temporary transfer of all or a substantial part of the contents to another medium by any means or in any form".⁶ This is the right of reproduction.

"Re-utilisation" is defined as "any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission."⁷ This encapsulates all the other rights of a copyright owner relevant to a database.

Similarly, the Directive adopts other copyright terminology such as the concept of a substantial part to determine whether infringement has taken place.⁸

More than just copyright

In fact, the sui generis right is sweat of the brow copyright protection plus a number of other protective features. There are a number of differences from traditional copyright and all of those differences increase the extent of the protection provided. A few of those differences are listed below:

1. The duration of protection. In theory, protection is for 15 years. In practice, it is perpetual provided the database is periodically updated and updating can include simply re-verifying the accuracy of the information contained in it, provided that involves a substantial investment of time or money.⁹ In other words, protection is for 15 years or eternity, whichever is longer.
2. The test of infringement refers to the taking of a substantial part of the database, whether determined qualitatively or quantitatively.¹⁰ The introduction of "qualitative" issues into the protection of sweat raises some alarming possibilities. Apart from the obvious lack of relevance of "qualitative" issues in protecting sweat, it raises the spectre of database owners seeking protection for one or a few items of information on the basis that they are "qualitatively" significant. This

⁶ Article 7 of the Directive

⁷ Ibid.

⁸ Article 8 of the Directive

⁹ Article 10 of the Directive.

¹⁰ Article 8 of the Directive

provision will undoubtedly be used to claim protection for quantitatively small pieces of information that are allegedly qualitatively significant.

3. The exceptions are extremely limited and considerably more limited than those for copyright. The main exception is for extraction for illustration for teaching or scientific research as long as the source is indicated and the extraction is limited to the extent justified by the non-commercial purpose.¹¹ There is no right of re-utilisation for these purposes which means that while the information can be reproduced it can not be redistributed. Even this exception is not compulsory and some EU countries, particularly Ireland, France and Italy have not incorporated them into their transposing legislation.
4. There is no right of fair dealing for news reporting.

The end result of these and other aspects of the Directive is that sweat of the brow databases get more protection in Europe via the sui generis right than creativity of expression which is subject to more copyright exceptions and obviously requires greater intellectual input.

The American Proposals

The United States Congress has debated the issue of some form of protection databases or collections of information since the mid-1990's. The American process is almost the complete reverse of the European process. The Americans started where the European finished and they will probably finish where the Europeans started. So the first proposed legislation on the topic was basically a cut and paste from the Directive.¹²

Since then every piece of proposed legislation has purportedly been a statutory variation of the common law tort of misappropriation that is recognised by the majority of American states. The tort has experienced quite a revival in recent times in the US after experiencing considerable difficulties when originally created by the US Supreme Court in 1918 in *International News Service v Associated Press*.¹³ The key aspect of the tort that has been adopted into the various proposals is that the database owner has to demonstrate some damage to its market for the database. The rationale for this being that the owner needs to demonstrate that the actions of the alleged infringer have had a significant impact on the incentive to create and disseminate the collection of information.

¹¹ Article 9 of the Directive.

¹² Database Investment and Intellectual Property Antipiracy Act of 1996, HR 3531 of 1996

¹³ *International News Service v Associated Press* 248 US 215 (1918).

The debate has been about what damage is sufficient to justify a cause of action. The publishing industry has basically said that any unauthorised use of a database damages the owner's market whereas more recent proposals suggest a higher threshold of damage. In particular, the more recent proposals have spoken of the need to demonstrate damage to a database owner's primary or related markets. The database owner's primary market is the market for which the database was created while related markets are those that the owner has demonstrably taken steps to become involved in. If a defendant could prove that its use of the database contents were for a purpose not contemplated by the owner, there would be no infringement.

In addition the opponents of strong sui generis rights have won other major concessions. Hence, the more recent American legislative proposals have contained quite generous exceptions, including the following:

- An equivalent to the American copyright defence of fair use
- Exceptions in respect of reporting the news
- Exceptions re access to government information and exceptions for the purpose of research or education (over and above those provided by the fair use defence).¹⁴

In addition, the period of protection is limited in that individual items of information would fall into the public domain as soon as they are publicly available for 15 years or more and the onus would be on the database owner to prove this to users. If there is doubt, the user would be entitled to assume that the material has been available for more than 15 years.

¹⁴ Eg the Collections of Information Antipiracy Act HR 354, 106th Congress., 1999

SOME LIBRARY SPECIFIC ISSUES

There are a number of issues associated with the Directive and its transposing legislation that are likely to have an impact on libraries and librarians.

- **The definition of a database.** The definition of a database is extremely broad. In a hard copy environment, a library is most certainly a database. In the electronic environment, one case suggests that everything is a database if you can electronically search it.¹⁵ *British Horseracing Board v William Hill*. While the sui generis right is only conferred on databases if a substantial investment has been made in obtaining, verifying and presenting the information, it will probably be relatively easy to prove the making of a substantial investment. One French case¹⁶ has denied sui generis protection on the basis that an insufficient investment had been made in the database but one English case has suggested that the investment need not be particularly great in order to be substantial.¹⁷
- **Substantial part/insubstantial part.** The Directive adopts the usual copyright test of “a substantial part” for the purposes of determining infringement but one English case and one Dutch case suggest that part of the test for this is the usefulness to the user of the information that is taken. If it is useful to the user, it is substantial. If that view spreads, every part will be a substantial part as the mere act of taking will prove its substantiality. A further difficulty associated with the concept of a substantial part is that the test of a substantial part includes a qualitative test. Hence, the problem arises that a database owner may claim that a small part of its databases is a substantial part because it is qualitatively important. This approach is absurd in a Directive that was designed specifically to protect sweat of the brow. The Directive should be restricted to quantitatively important pieces of information as the sweat would be involved in collecting large amounts of information. If there are qualitative issues in selection or arrangement these should be left to copyright. However, from a librarian’s perspective, we are left with the proposition that the taking of small parts of a database may well constitute an infringement of the sui generis right.

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- **Copyright in databases is basically irrelevant.** It is the sui generis right that matters most and the exceptions to it because the exceptions are narrower than the exceptions to copyright and it is easier to obtain the sui generis right. Further, the relevant investment required to obtain the sui generis right can be either qualitatively or quantitatively substantial. This raises the possibility that a database owner will claim the sui generis right on the basis of a qualitative investment relating to the selection or arrangement (obtaining or presenting in the words of the Directive) of the information in the database. This would be precisely the same criterion as that relevant for obtaining copyright protection.
 - **The exception for extraction for the purpose of illustration for teaching or research to the extent justified by the non-commercial purpose.** There are a number of problems with this exception. The first is that the exception is restricted to extraction and does not include re-utilisation. This aspect of the exception is in itself inconsistent with the proposition that the exception relates to illustration for teaching. Illustration necessarily implies some form of communication and, therefore, some form of re-utilisation. How courts will interpret this inconsistency in the wording is unknown as yet.

The second problem is that the word “illustration” may also modify the word “research” in the provision so that extraction would only be permitted for illustration for research purposes. This is the view of various publishers and the transposing legislation of most countries is ambiguous on the point. For example, I was advised that the English legislation was left deliberately ambiguous on the point as it was not clear from the EU’s documentation leading up to the adoption of the Directive which interpretation was intended. On the other hand, my reading of the transposing German legislation suggests that research uses are not limited to those for illustration purposes. However, the restriction to extraction rather than re-utilisation applies to research as well as teaching.

The third problem is that the exception is limited to non-commercial purposes. In a world increasingly reliant upon market principles and a privatisation of government bodies, this sharp division between commercial and non-commercial purposes is impractical. For example, the larger Australian public universities have been forced as a consequence of government policies

¹⁷ British Horseracing Board

to obtain funding from private sources and the majority of their funding is now from those sources. Are university teachers and researchers engaging in commercial or non-commercial activity? In addition, much research may commence as basic research without a commercial purpose but develop into applied research with commercial outcomes. The difficulty from a librarian's perspective is making this sharp distinction between commercial and non-commercial teachers and researchers.

- **The right to use an insubstantial part.** The Directive specifically provides that a lawful user of the database may not be prevented from extracting or re-utilizing insubstantial parts of the database. Article 8 provides that:

“The maker of a database which is made available to the public in whatever manner may not prevent a lawful user of the database from extracting and/or re-utilizing insubstantial parts of its contents ... for any purposes whatsoever. Where the lawful user is authorized to extract and/or re-utilize only part of the database, this paragraph shall apply only to that part”.

This provision is probably of little use. First, the transposing legislation of a number of countries such as France make it clear that a lawful user is someone who is using the database pursuant to a contractual arrangement with the database owner. It does not include a person who is attempting to rely on one of the already limited exceptions to the sui generis right.

In addition, the provisions of the Copyright Directive¹⁸ concerning technological protection devices and prohibition on their circumvention will effectively prevent use of insubstantial parts of databases without entering into a contractual relationship with the database owner in any event. The provision will therefore do little more than provide that contracts for access to databases can not refuse a licensee the right to use insubstantial parts of the database for any purposes.

- **The exception in respect of copying hard copy databases for private purposes.** The Directive provides that an exception can be made in respect of copying hard copy databases for private purposes. This exception mirrors a similar exception that exists in the copyright laws of

a number of EU countries. As with the exception concerning illustration for teaching and research, there has been no uniform approach to the adoption of this exception. Those countries that have such a copyright exception have tended to adopt this provision for the sui generis right while those countries that do not have such a copyright exception have not adopted it. Consequently, copying for private purposes of a hard copy of a database is permitted in some EU countries, but not others.

- **The Scandinavian approaches to exceptions.** The approach to the transposition of the Directive in Scandinavian countries, especially Sweden, has been a minimalist approach. Consequently, these countries have simply adapted existing copyright provisions known as the “catalogue protection” provisions under which non-original collections of information received protection for, at that time, ten years. The effect of this is that the database laws in Scandinavia are significantly different from those in the rest of the EU. See the discussion of Swedish law below.
- **Even the limited exceptions are not uniformly adopted in the transposing legislation.** Some nations such as Italy, France and Ireland have not implemented the entirety of the limited exception concerning extraction for illustration for teaching or research purposes. For example, the Irish legislation has no exception in respect of research.
- **The sui generis right only applies to EU databases.** Unlike copyright where the principles of national treatment apply, basically only databases that are made in the EU, by corporations with relevant links to the EU or those countries with recognized reciprocal legislation receive the benefit of the right. How would a librarian know which databases have the sui generis right? Most European countries and a number of others such as South Africa are in the process of implementing reciprocal legislation and so those databases will receive protection in due course.

- **The "restart" of the period of protection for dynamic databases that are being updated on a daily, if not hourly basis, is unclear.** In the British Horseracing Board case, Laddie LJ said such a database is one database but individual items would only be protected for 15 years from availability. That seems to be an unusual interpretation of the relevant provisions. They clearly suggest that if a substantial investment is made in updating the database, the entire database obtains protection for a new 15 year period. This issue is one of several arising from that case that is on appeal to the European Court of Justice. In addition, it would be difficult to ascertain from a user's perspective when the 15 year period started to run. The US proposals effectively require datestamping by owners on the database itself. Some EU legislation requires the owner to prove it has been available less than 15 years - but only when they get to court, not to the user. How would a librarian know if particular info had been available for less than 15 years?
- **Retrospectivity.** The effect of the provisions is that retrospective protection is conferred on databases created since 1983 and that protection will last until 2013, 15 years after the Directive, even without any updating as the 15 year period of protection only starts to run from 1998. Such databases effectively get 30 years of protection, even without any updating.

TRANSPOSITION OF DIRECTIVE 96/9/EC IN EU MEMBER STATES

Member State	Commencement Date	Title of Implementing Legislation
Austria	1 January 1998	The Law transposing Directive 96/9/EC and amending the Intellectual Property Code. Law No 25 of 1998
Belgium Moniteur Belge du 14.11.98pp 36913-36914	14 November 1998	The Legal Protection of Databases Act, 1998: s 35
Denmark	1 July 1998	Act No 407 of 1998
Finland	15 April 1998	The Law of 3 April, 1998 (FFS 1998, p 963)
France	1 July 1998	Law No 98-536 transposing Directive 96/9/EC and amending the Intellectual Property Code
Germany	1 January 1998	German Information & Communication Services Act 1997 which amended Articles 4, 55, 87 (a)-(e), 127a, 137g in the Law on Copyright and Neighbouring Rights Act 1965, as amended
Greece Official Journal 8/A 15/3/2000	15 March 2000	Law No 2819/2000
Ireland	1 Jan 2001	Copyright and Related Rights Act 2000
Italy	15 June 1999	Implementation of Directive 96/9/EC on the Legal Protection of Databases — Art. 8 Legislative Decree No 169 of 6 May 1999
Luxembourg	Not yet implemented	Law No 4431 adopted by the Chamber of Deputies on 15 th February, 2001
Netherlands	21 July, 1999	Database Law of July 8 1998 amending the Copyright Act of 1912 — Art. IV
Portugal	4 July 2000	Decree no 122/2000 of 4 July 2000
Spain	1 April 1998	Law No 5 of 1998 transposing Directive 96/9/EC amending Spanish Copyright Act of 1987
Sweden	1 January 1998	Law No 790: 1997 amending Law No 729: 1960 (Law on Copyright)
UK	1 January 1998	Copyright and Rights in Databases Regulations 1997 (SI 1997/3032)

The Directive, Transposing Legislation and Copyright in Databases

Copyright Aspect	EU Directive	Belgium C & RA 1994	France	Germany	Italy	Netherlands	Spain	UK	Ireland
Definition of a database	Art 1, 2	Art 20bis, Part 4bis, Chapter 1.	L112-3	S 4(2)	Art 2 (9)	Art 10 of 1912 C.L. Art 1.1(a) (of Law 8 July 99)	Art 12(2)	S3A	Art 2(1)
Criteria for Copyright Protection	Art 3	Art 20bis, Part 4bis, Chapter 1	L112-3	Ss 1, 2	Arts 12(2), 171(2)	Not expressly stated	Art 10, Art 12	Ss 3(1)(d)	Arts 2, 18
Authorship and Ownership Provisions	Art 4	Art 1, Section 1, Chapter 1 and Art 20ter, Part 4bis, Chapter 1	L113-1- L113-9	Ss 7-10	Art 12(2) (of Law 8 July 1999)	Art 7	Art 5	Ss 9-11	Arts 21-23
Restricted Acts	Art 5	Art 1, Section 1, Chapter 1	L122-1- L122-12	Ss 15-24	Arts 12(2), 19, Art 64(5)	Art I. Art 4 Art 3(2) (Law of 8 July 1999)	Art 17-23	Ss2, 16-27.	Art 37-48
Performance by a lawful user of acts for the purposes of access to the contents of the databases	Art 6(1)	Art 20 quater (1994)	L122-5	S55a	Art 64(b)	Art 24a	Art 34(1)	S50D, s296B	Art 83

Copyright Aspect	EU Directive	Belgium C & RA 1994	France	Germany	Italy	Netherlands	Spain	UK	Ireland
Exception for reproduction for private purposes of a non-electronic database	Art 6(2)(a)	Art 22bis (1), Part 4bis, Chapter 1 (1994)	L122-5	S 53(1) (5)	Art 68	Art 16b	Art 34(2) (a)	N/A	N/A but see art 50 (fair dealing)
Use for the sole purpose of illustration for teaching or scientific research	Art 6(2)(b)	Art 22bis (2)(3)(4) Part 4bis, Chapter 1	L122-5 (but more restricted) private use family use	S46, s53(2).1 (3).1, s63	Art 64(b) 1.(a)	Arts 16, 16b	Art 34(2) (b)	S29(1 A) Ss33, 60	Arts 50 research private studies, 53 inst. exams, 54 education, 57 education
Use for purposes of public security for purposes of an administrative or judicial procedure	Art 6(2)(c)	Art 22bis (5), Part 4bis, Chapter 1	N/A	S45	Art 64(6) 1.(b)	Art 16b	Art 34(2) (c)	Ss45-50	Arts 71-77
Exceptions to copyright traditionally authorized under national law	Art 6(2)(d)	Art 21, 22, and 23, Part 5, Chapter 1.	L122-5	Ss45-53	Arts 68, 70, 101	Arts 15, 15a-b, 16, 16a-b, 17, 17a-c.	Art 13, Art 35	Ss33-44	Arts 51-fair dealing 52-critical review 91-scientific or technical article

Copyright Aspect	EU Directive	Belgium C & RA 1994	France	Germany	Italy	Netherlands	Spain	UK	Ireland
Public lending	Art 6(2)(d)	Art 23		S27	Art 69	Art 15c	Art 37	S40A(2)	Art58 & 40(1)(g)

The Directive, Transposing Legislation and the Sui Generis Right

Sui Generis Right	Directive	Belgium	France	Germany	Italy	Netherlands	Spain	UK	Ireland
Maker/ Defn of Maker or Creator (Neth) of D/b	Not defined	Art 2(5) of the Legal Protection of Databases Act 1998	Art L341-1 procedure	S87a(2)	Art 102(2) 1.(a)	Art 1(1)(b), (Law of 8 July, 1999)	Art 133(3) (a)	Reg 14	Art 322, 323
Definition of a Database	Art 1.2	Art 2(1)	Art L112-3 and L341-1	S87a(1)	Art 2	Art I(1)(a) (Law of 8 July 99)	Art 12(2)	S3A (1)	Arts 2, 321
Rights of database maker or manufacturers (Spain)	Art 7.1	Art 4, Art 2(2)(3)	Art 342-1	S87b	Art 102(2) .3	Art I Art 2 (Law of 8 July 99)	Art 133(1) (2)(3)(b), (c)	Reg 15	Arts 320, 324
Use of an insubstantial part by a lawful user	Art 8(1)	Art 2(4), Art 8	L342-3	S87e	Art I Art 3.1 (law of July 99)	Art I Art 3.1 (Law of 8 July 99)	Art 134(1)	Reg 19	Art 327
Extraction from a non-electronic database for private purposes	Art 9(a)	Art 7(1)	L342-3	S87c(1) (para 1)	Art 68?	Art I Art 5(a) (Law of 8 July 99) Art I	Art 135(1) (a), 34(2)(a)	N/A	N/A but see Art 329

Illustration for teaching or scientific research	Art 9(b)	Art7(2)	Other exceptions in Art L211-3	S87c(1) (paras 2, 3)	64(b) 1.(a)	Art I Art 5(b) 64(b) 1.(a) (Law of 8 July 99) Art I	Art 135(1) (b)	Reg 20	Art 330 for teaching but not research
Use for purposes of public security or for the purposes of an administrative or judicial procedure	Art 9(c)	Art 7(3)	N/A	S87c(2)	Nil but possibly Art 64 sexiens 64(b) .1(a)	Art 5(c)	Art (1) 135(c)	Reg 20 (2), Schedule 1	Arts 331-336
Duration of Protection (including renewal)	Art 10	Art 6	Art L342-5	S87d	Art 102(2) 6, 7	Art I Art 6	Art 136	Reg 17	Art 325
Beneficiaries of protection	Art 11	Art 12	L341-2	S127a	Art 102(2) 4, 5	Art I Art 7	Art 164	Reg 18	Art 326
Public lending right	Art 7(2)	Art 2(2), (3)	Art L342-3	S27, s87b(2)	Art 102 69(1)(b)	Art 1(2) Art I		Reg 12(2)	Art 320
Distribution of lawful copies	Art 7(2)(b)	Art 4	Art L342-4	S17, 87b(2)	Art 102(2) .2	Art 2(3)	Art 133(3) (c)	Reg 12(5)	Art 320(5)



Retrospectivity	Art 14(3)	Art 6	Art L342-5	S 137g(2)	Art 7 of the Implementation of Directive 96/9/EC on the legal protection of databases.	Art I (Law of 1999) Art III	Para 16 of the Transitional Provisions	Reg 30	Schedule 1, Part VI, para 46
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NB The Swedish legislation is not represented in the two tables above as its minimalist approach does not lend itself to easy identification of the relevant provisions that reflect particular aspects of the Directive. See the description of the Swedish legislation in the section above.

<p style="text-align: center;">COUNTRY DESCRIPTIONS FOCUSING ON: INSUBSTANTIAL PART, ILLUSTRATION FOR TEACHING AND RESEARCH, CASE LAW</p>
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BELGIUM

Chapter II of the Legal Protection of Databases Act 1998 implements the provisions of the Directive relating to sui generis protection. The definition of a database is taken from and repeats the definition in the Directive.¹⁹ A pamphlet listing 'self-help' groups has been held to be a database.²⁰ This decision suggests that the act of selecting material, in this case the 'self-help' groups to be included in the pamphlet, would constitute the relevant qualitative investment necessary to qualify for sui generis protection.

The Right to Extract or Re-utilise an Insubstantial Part

Article 8 confers a right on lawful users to extract and/or re-utilise insubstantial parts of the contents of a database. The legislation has a broad definition of a lawful user. Article 2(4) defines a lawful user as 'a person who effects acts of extraction or re-utilisation authorised by the database maker or permitted by law'. Consequently, the definition is not restricted to those in a contractual relationship with the maker and includes those who are accessing a database in order to avail themselves of one of the exceptions to the right of extraction and re-utilisation, including the right to use insubstantial parts. The definition of a lawful user then confers considerable importance on the provisions for circumventing database protection devices that will be introduced pursuant to the Copyright Directive. While extracting or re-utilising insubstantial parts is lawful, it may not be lawful to circumvent database protection devices that prevent such extraction or re-utilisation in the first place.

¹⁹ Article 2(1).

²⁰ *U.N.M.S. v. Belpharma Communication*, Court of Brussels, 16 March 1999.

Exceptions

The Belgian legislation adopts the exception that is available under the Directive for private reproduction of non-electronic databases for private purposes.²¹ Similarly, extraction for the purposes of illustration for teaching or scientific research is permitted, provided that such extraction is justified by the non-commercial purpose to be achieved.²² As indicated in the Directive itself, this exception only relates to extraction, not re-utilisation, whereas under the Belgian copyright provisions, an exception exists for both reproduction and communication to the public.²³ The effect is that the copyright exception for communication of a database to the public for illustration for teaching or research purposes is pointless. Any communication to the public of a database would infringe the right of re-utilisation and would not be protected by any exception. As envisaged by the Directive, extraction and re-utilisation for the purposes of public security or administrative or judicial procedures is permitted.²⁴

FRANCE

The sui generis provisions are incorporated into Book II of the Intellectual Property Code and form a new kind of neighbouring right. Some of the general provisions concerning neighbouring rights in Chapter 1 of Book II are applicable to the sui generis provisions. The investment in obtaining and verifying an electronic version of telephone white pages has been held to be a substantial investment.²⁵ On the other hand, it has been held that a journal specifically dedicated to publishing advertisements inviting tenders for building projects did not make a sufficient investment to be able to obtain database rights as it merely had to typographically arrange advertisements provided to it. However, the wholesale reproduction and re-publication of the advertisements was prevented under unfair competition law.²⁶

The right of extraction and re-utilisation is conferred by Article 342-1 which effectively adopts the wording of the Directive. Public lending is not an act of extraction or re-utilisation. The reproduction of newspaper advertisements originally displayed on the newspaper's website has been held to infringe

²¹ Article 7(1).

²² Article 7(2).

²³ Article 22bis (4) of the Law of Copyright and Neighbouring Rights.

²⁴ Article 7(3).

²⁵ *France Telecom v. M.A. Editions*, Tribunal de Commerce de Paris, 18 June 1999.

²⁶ *Moniteur* (CA Paris).

the database right.²⁷ On the other hand, an Internet service provider whose service hosted a website that was illegally displaying a database of bibliographic information has been found not to be in breach of the database right²⁸ although the service provider closed the infringing site upon receipt of notice.

Right to Extract or Re-Utilise an Insubstantial Part

The right of a lawful user to extract or re-utilize insubstantial parts of the database is also provided and contractual provisions to the contrary are prohibited.²⁹ A lawful user is someone in a contractual relationship with the maker or deriving their right to use from that contract and in at least one decision, contract law has been used to prevent extraction from a database rather than resorting to sui generis protection.³⁰

In one decision concerning an employment website displaying job offers, 12% of those offers were considered to constitute a substantive part of the database.³¹ An important factor in the court's decision was the fact that the plaintiff had lost a number of its clients to the defendant due to its parasitic behaviour.³²

Exceptions

An exception is made for the extraction or re-utilisation of substantial parts of a non-electronic database.³³ Other exceptions are contained in the general provisions for neighbouring rights in Article L 211-3 which repeats the exceptions for copyright in Article L 112-5.

²⁷ Sueddeutsche Zeitung (DC Cologne).

²⁸ *Electre v. TI Communication and Maxotex*, Tribunal de Commerce de Paris, 7 May 1999.

²⁹ Article L342-3.

³⁰ *Electre v TI Communication and Maxotex*, Tribunal de Commerce de Paris, March 7, 1999.

³¹ *Cadremploi v Keljob and Colt Telecommunications* TGI Paris September 5, 2001.

³² O Oosterbaan "Database protection in the EU and the US Compared: A High-Tech Game of Chicken?", an unpublished paper available at the author's website <http://lex.oosterbaan.net/docs.html>.

³³ Article L342-3(2).

GERMANY

The sui generis provisions of the German law take the form of a new Chapter VI in Part II which deals with neighbouring rights. One German decision has held that a website consisting of a collection of web pages can qualify as a database subject to sui generis protection.³⁴ However as 'advertisements were published on the web site on commission, the plaintiff was held not to be the entity bearing the commercial risk, therefore could not be considered the database maker'.³⁵ In contrast, where a plaintiff commissioned another company to develop a database, the plaintiff was held to be a maker because it had effected the relevant investment in creation.³⁶

The relevant investment is the qualitative and/or quantitative investment in the obtaining, verifying or presenting of the contents of the database.³⁷ This flows from the definition of a database in s. 87a(1) which adopts the definition in Article 7 of the Directive. In the *Baumarkt.de* case,³⁸ the court held that while a website may constitute a database of the individual web pages, the plaintiff had not demonstrated a substantial investment in the construction, maintenance or display of the data. On the other hand, the collection of 251 hyperlink texts to various Internet sites relating to childcare in circumstances where the plaintiff had examined the individual sites and made a considered decision as to whether to include the site in its database of web links has been held to be a substantial investment in a database.³⁹

The rights of database makers are described as the rights to 'reproduce, distribute and communicate to the public the database as a whole or a qualitatively or quantitatively substantial part of the database'.⁴⁰ The terminology used is therefore identical to the terminology used in s15 in respect of the rights of copyright owners. White pages of a telephone directory have been held to constitute a database and the scanning of the directory onto a CD-ROM as an infringement of the database right.⁴¹

³⁴ *Baumarkt.de* Oberlandesgericht Dusseldorf 19 June 1999.

³⁵ B. Hugenholtz, 'The New Database Right: Early Case Law from Europe' Paper presented to Ninth Annual Conference on International IP Law and Policy New York 19-20 April, 2001 at 9.

³⁶ *C Net Kammergetich* (Court of Appeal) Berlin 9 June 2000.

³⁷ Section 87a(1).

³⁸ *Baumarkt.de* Oberlandesgericht Dusseldorf 19 June 1999.

³⁹ *Kidnet/Babynet* Landgericht Koln 25 August 1999.

⁴⁰ Section 87b(1).

⁴¹ *Tele-Info-Cd* Bundesgerichtshof (Federal Supreme Court) 6 May, 1999.

A number of German decisions have involved search engines that have found on-line databases and automatically forwarded extracts from those databases to users of the search engine. For example, one decision involved a search engine that routinely forwarded real estate advertisements to users of the search engine. The advertisements were reproduced in full and acknowledged the source of the advertisements. However, the activities of the search engine constituted repeated and systematic re-utilisation of insubstantial parts of the database. The search engine also by-passed advertisements (other than the real estate advertisements) on the original website and this was the primary cause of the plaintiff's damage.⁴²

Right to Extract or re-utilise an Insubstantial Part

The reproduction, distribution or communication to the public of insubstantial parts of a database is guaranteed by s. 87e. In the case of databases that have been put into circulation with the consent of the maker, any owner of such a copy may reproduce, distribute or communicate to the public insubstantial parts. Similarly, a person entitled in any other way to make use of the database may do so. In the case of on-line databases, any person who has access to it pursuant to a contract formed with the maker or the maker's authority may take similar action. Contractual provisions to the contrary are invalid.

Exceptions

The exception for private copying of non-electronic databases is contained in s. 87c(1).

The equivalent of Article 9(a) of the Directive concerning extraction for scientific research and illustration for teaching is contained in s. 87c(1), paras. 2 and 3. The exception for scientific research refers to reproduction for personal scientific use. In addition, it is contained in a self contained paragraph separated from the reference to reproduction for use for illustration for teaching. This eliminates the possibility that the use for scientific research is limited to illustration for scientific research.

⁴² B. Hugenholtz, 'The New Database Right: Early Case Law from Europe' Paper presented to Ninth Annual Conference on International IP Law and Policy New York 19-20 April, 2001 at 9. See also the decision in *Berlin Onlin Landgericht* Berlin 8 October 1998, a case involving similar facts and *Baumarkt.de Oberlandesgericht* (Court of Appeal) Dusseldorf 29 June 1999.

ITALY

The sui generis protection of databases has been incorporated via the creation of a new Part II bis. The maker of a database is defined as someone who makes a substantial investment in the creation of a database or in verifying or presenting it. The investment may include the deployment of financial resources and/or expending time and effort.

No separate definition of a database is provided in the sui generis provisions. Consequently, the relevant definition is contained in Article 2(9). Similarly, the exceptions that are specifically provided for in respect of databases in Section VII would also be exceptions to the sui generis rights.

The maker of a database has the right of extraction and re-utilization and those terms are defined in the same way that they are defined in Article 7(2) of the Directive. Public lending is excluded from the definitions of extraction and re-utilisation.⁴³

The Right to Extract or Re-Utilise an Insubstantial Part

A lawful user of a database that has been made available to the public may extract or re-utilise insubstantial parts of the database. There is no indication as to who is a lawful user.

Exceptions

There is no express provision concerning copying of non-electronic databases for private purposes. However, Article 68 dealing with reproduction of single works for personal use by various means including photocopying, probably applies to the right of extraction and re-utilisation.

Similarly, there is no express exception to the right of extraction and re-utilisation for the purposes of illustration for teaching or research. However unlike the provisions dealing with reproduction for personal use, article 64sexiens (a) would not appear to be applicable to the sui generic right as it is expressed to be an exception to the rights of the author of a database, a copyright concept, not the maker of a database. Consequently, the exception is not applicable to the sui generis right.

⁴³ Article 102bis.

IRELAND

The sui generis provisions concerning databases are contained in Part V of the legislation. The definition of a database is contained in Article 2 and Article 321 confers a database right on database if there has been a substantial investment in obtaining, verifying or presenting the contents of the database. The acts of extraction and re-utilisation are prohibited without the authority of the database owner and those terms are defined in accordance with the Directive.⁴⁴

The Right to Extract or Re-Utilise an Insubstantial Part

Article 327 permits lawful users to extract or re-utilise insubstantial part of the contents of a database. A lawful user means 'any person who, whether under a licence to undertake of the acts restricted by any database right in the database, or otherwise, has a right to use the database.'

Exceptions

Users are not entitled to make a copy of a non-electronic database for private purposes unless the extraction is a fair dealing for the purposes of research or private study.⁴⁵ Article 330 permits fair dealing by a lawful user by way of extraction for the purposes of illustration in the course of instruction or of preparation for instruction. For the purposes of that article, educational establishments are included within the meaning of 'lawful user'. However, there is no exception for fair dealing with electronic databases for non-commercial purposes, as permitted by the Directive.

Technological Protection Measures

Ireland is one of the first Member States to implement technological protection measures in accordance with the Copyright Treaty.⁴⁶ Those provisions apply to both copyright and the database right⁴⁷ and

⁴⁴ Articles 320 and 324.

⁴⁵ Article 329.

⁴⁶ Part VII of the Copyright and Related Rights Act 2000 (Ireland).

⁴⁷ Article 2 defines 'rights protection measure' as 'any process, treatment, mechanism or system which is designed to prevent or inhibit the unauthorised exercise of any of the rights conferred by this Act'.

consequently Ireland is the first Member State to apply technological protection measures to sui generis rights, even though it was the second last Member State to transpose the Directive.

Article 370 confers rights on owners against a person who makes, sells or otherwise commercially deals with or has in their possession a protection –defeating device or who offers a service intended to enable persons to circumvent rights protection measures. A protection –defeating device is defined in Article 2 as any device, function or product, the primary purpose or effect of which is to avoid, bypass, remove, deactivate or otherwise circumvent, without authority, any rights protection measure.

Importantly, the provisions concerning circumvention of technological protection measures are clearly subject to the various exceptions to copyright and the database right. Article 374 specifically provides that ‘ Nothing in this Chapter shall be construed as operating to prevent any person from undertaking the acts permitted in relation to works protected by copyright’ or ‘in relation to databases’ or from ‘undertaking any act of circumvention required to effect such permitted acts’. However, that provision may have to be altered to meet the requirements of the Copyright Directive.

Article 375 of the legislation also protects rights management information relating to databases.

NETHERLANDS

The sui generis provisions are contained in as the Database Law of 8th July 1998. The relevant investment is a substantial investment, evaluated qualitatively or quantitatively in the obtaining, verification or presentation of the contents.⁴⁸ There have been conflicting decisions about the relevant activities that count as the required investment. A number of decisions have considered the argument that if the database is simply a by-product or a spin off of the main commercial activities undertaken by the database owner, then the investment in the database may not be sufficient to justify sui generis protection. For example, in one case the preparation of radio broadcasting listings was not considered to constitute the required investment ⁴⁹ because the listings were merely a by-product or spin off of the running of the broadcasting business and no substantial investment was made in the listing itself as opposed to the programs that were listed. Consequently, the preparation of a radio broadcast timetable

⁴⁸ Article 1(a) of the Database Law

that combined the listings of several channels did not infringe the sui generis rights of the individual channels.

A similar approach was taken in a case concerning a website providing hyperlinks to the plaintiff's newspaper articles. The defendant's website contained the headlines of individual articles and readers could click on the headline to take them directly to the article at the relevant newspaper's website. The court held that the headlines were a by-product of newspaper publishing and did not reflect a substantial investment by themselves.⁵⁰ In addition, the employment of seven people by the newspaper in maintaining its website was negligible compared to the total number of employees of the newspaper. Consequently, there was no substantial investment in the collection of the list of headlines.

In another case, the Dutch Court of Appeal held that a database of details of real estate available for sale was not the product of a substantial investment. The database was produced by various real estate agents contributing their listings to the database. The database was created primarily for use by those real estate agents in their work but it was also made publicly available via the Internet. The Court held that the creation of the database was merely a by-product of the principal activities of the relevant real estate agents.⁵¹ On appeal, this decision was reversed by the Dutch Supreme Court.⁵² It found that the Court of Appeal had attempted to determine the investment in the database for different purposes and to require a substantial investment for each of those purposes. Consequently, the Court of Appeal disregarded the investment in the creation of the database for the work purposes of the real estate agents in determining whether there had been a substantial investment for the purposes of presenting the information in the database to the public. The Supreme Court rejected that approach on the grounds that neither the Directive nor the Dutch legislation justified it and that there would be substantial problems in delineating between the different types of investment. Nevertheless, it did not reject the spin off argument per se.

On the other hand, the argument that a white pages telephone directory was merely a by-product of an existing investment by the telephone company in its general operations was rejected in other case

⁴⁹ *N.V. Holdingmaatschappij de Telegraf v. Nederlandse Omroep Stichting*, The Court of Appeal of the Hague 99/165, 30 January 2001.

⁵⁰ *Algemeen Dagblad a.o. v. Eureka President*, District Court of Rotterdam, 22 August 2000. The defendant's website of www.kranten.com is still operating.

⁵¹ *N.V.M. v. De Telegraaf*, Court of Appeal, the Hague, 21 December 2000.

⁵² *N.V.M v De Telegraaf* Supreme Court, the Hague, 22nd March, 2001.

law.⁵³ The defendant's electronic search engine provided access to an on-line directory but by-passed the advertising placed on the originating site.⁵⁴

The Right to Extract or Re-Utilise an Insubstantial Part

The use of an insubstantial part of a database by a lawful user is permitted by Article 3(1). No definition of a lawful user is given in the legislation. There have been some conflicting decisions on the meaning of a substantial part. For example, the decision in the case discussed above concerning linking to newspaper websites suggested that the headlines of newspaper articles are not a substantial part of the newspaper database as they do not constitute a substantial part of the investment in the publication of the newspapers. In contrast, in the first instance decision in *N.V.M. v. De Telegraaf*, the case concerning real estate listings discussed above,⁵⁵ the court held that 'even the extraction of small amounts of data would qualify as substantial extraction, since just a few data might be of great value to end users'.⁵⁶ A similar argument was accepted in a UK decision of *British Horseracing Board v. William Hill* which is discussed in the section concerning the UK.

Reference to repeated and systematic extraction or re-utilisation of insubstantial parts of a database was also made in *Algemeen Dagblad BV v Eureka*.⁵⁷ This case involving the reproduction of lists of newspaper headlines and linking to the relevant articles was discussed in the previous section concerning the necessary investment to acquire the database right. The court held that even if the relevant database were the plaintiff's website consisting of the relevant articles, the defendant had not taken a substantial part of that database by reproducing the headlines. The taking of this insubstantial part on a daily basis did not conflict with the normal exploitation of the database. In the court's view, there was no evidence that the linking to the actual articles, as opposed to the homepage of the plaintiff, caused any significant damage. On the contrary, it had a promotional effect and the plaintiff could avoid any damage by ensuring that advertising was placed on the same page as the actual articles rather than its homepage.

⁵³ *K.P.N. v. Denda International*, Court of Appeal Arnhem, 15 April 1997.

⁵⁴ *K.P.N. v. X.S.O.*, President District Court of the Hague, 14 January 2000.

⁵⁵ President District Court of the Hague, 12 September 2000.

⁵⁶ B. Hugenholtz, 'The New Database Right: Early Case Law from Europe' Paper presented to Ninth Annual Conference on International IP Law and Policy New York 19-20 April, 2001 at 14.

Exceptions

Reproduction for private purposes of non-electronic databases is permitted in Article 5(a). Article 5(b) permits extraction for purposes of illustration for teaching or for scientific research. In addition, a public authority does not have any rights in respect of a database of laws, rulings and provisions enacted by it or by judicial verdicts and administrative decisions.⁵⁸ In addition, public authorities have no rights in databases which they make unless the rights are expressly reserved.

SPAIN

The sui generis provisions concerning databases have been incorporated in a new Title VIII of Book II concerning 'Other Intellectual Property Rights and Sui Generis Protection of Databases'. The relevant investment includes investment in the form of finance, time, effort or energy or other means of similar nature expended in either the obtaining, the verification or the presentation of its contents.⁵⁹ The formal definition of a database contained in Article 12 also applies to the sui generis provisions.⁶⁰ A database of case law and legislation has been held to be a database due to the time and effort put into compiling and systematising the material.⁶¹ The rights of extraction and re-utilisation are defined in Articles 133(3)(b) and (c) in the same words used in the Directive.

The Right to Extract or Re-Utilise an Insubstantial Part

Article 134(1) prohibits a database maker from preventing a lawful user from extracting and/or re-utilising insubstantial parts of their database. No definition of a lawful user is provided.

⁵⁷ *Algemeen Dagblad a.o. v. Eureka President*, District Court of Rotterdam, 22 August 2000.

⁵⁸ Article 8(1).

⁵⁹ Article 133(1).

⁶⁰ *Ibid.*

⁶¹ Editorial Aranzadi Court of First Instance Elda 2 July 1999.

Exceptions

Article 135(a) permits extraction for private purposes of non-electronic databases. Article 135(b) implements the exceptions concerning illustration for teaching and scientific research.

SWEDEN

Prior to the Directive, some compilations, including some databases, received copyright protection as a literary work.⁶² In addition, Sweden provided specific protection for 'A catalogue, a table or another similar production in which a large number of information items have been compiled' for a period of ten years. Such catalogues were subject to relevant copyright exceptions.⁶³

Swedish copyright law contains generous exceptions and these exceptions have been maintained, presumably on the basis that they constitute traditional exceptions to copyright. For example, reproduction is permitted for private purposes⁶⁴ and reproduction by reprographic reproduction for educational purposes is permitted.⁶⁵ So too is reproduction by libraries and archives for certain purposes⁶⁶ as is use of documents presented to public authorities and in public debates on public matters.⁶⁷ Various other provisions permit copying of documents prepared by Swedish public authorities.⁶⁸

The sui generis provisions in the Swedish legislation are undoubtedly the most minimalist provisions of any Member State. Sweden made a small amendment of Article 49 to now provide that 'a catalogue, table or other such work in which a large amount of data has been compiled or which is the result of a substantial investment has the exclusive right to produce copies of the work and make it accessible to the public.' In addition, the period of protection has been extended from 10 years to 15 years.

⁶² Article 1 Act on Copyright in Literary and Artistic Works, Sweden, (Law No. 729 of 1960 as amended).

⁶³ Article 49 Act on Copyright in Literary and Artistic Works, Sweden, (Law No. 729 of 1960 as amended).

⁶⁴ Article 12 Act on Copyright in Literary and Artistic Works, Sweden, (Law No. 729 of 1960 as amended).

⁶⁵ Articles 13 and 18.

⁶⁶ Article 16.

⁶⁷ Article 26.

⁶⁸ Eg Art. 26a.

No other changes have been made. In particular, the broad exceptions to copyright also apply to this amended version of the catalogue protection rules. This approach is justified by reliance upon Recital 52 of the Directive which permits those Member States which have specific rules providing for a right comparable to the sui generis right to retain their traditional exceptions to that right. As the catalogue rules certainly constitute such a comparable right, there is an argument that the exceptions in the Swedish copyright legislation may therefore apply to the slightly amended catalogue rules. However, some EU officials have questioned whether Recital 52 provides a basis for the broad exceptions that are contained in the Swedish legislation and the legislation of other Nordic states.⁶⁹

Partly as a consequence of this approach to transposition, Swedish courts have adopted the same approach to the interpretation of the amended catalogue laws as they did to the original catalogue laws. For example, in *Fixtures Marketing Ltd. v. A. B. Svenska Spel*⁷⁰, the Gotland City Court declined to find infringement of the plaintiff's football fixture lists despite the fact that a very large amount of information had been taken from that list. The defendant was a gambling house that used about 90% of the games stated in the plaintiff's list for the purposes of its gambling activities.

The defendant put forward two defences. The first defence was the by-product or spin off argument that has been accepted in the Netherlands in some cases. It argued that the major investment of the plaintiff was in planning and organising a football competition. Consequently, the compilation of a fixture list was merely a by-product of that activity. This argument was rejected on the grounds that there had still been a substantial investment in creating the fixture list.

The second argument of the defendant was that protection under the amended catalogue laws did not extend to the underlying information but was restricted to reprinting or copying the information in the same or a similar compilation. This argument was accepted and, as the defendant had not engaged in literal copying, the plaintiff's case failed even though the defendant had obtained the information about the football matches from the plaintiff's database. This aspect of the decision is very contentious and is likely to be the subject of discussion by the European Court of Justice when it hears an appeal from an English decision, *British Horse Racing Board v William Hill*, which is discussed below.

⁶⁹ C. Auinger, 'Implementation of the Database Legislation in the EU and Plans for Review', Paper presented at a Workshop conducted by the ICSU in Baveno, 14th October, 2000.

⁷⁰ T 99-99 11 April, 2001. See the discussion of this case in C. Colston, 'Sui Generis Database Right: Ripe for Review?' 2001 (3) *The Journal of Information, Law and Technology* and J. Gaster, 'European Sui Generis Right for Databases' (2001) 3 *Computer Und Recht International* 74.

UNITED KINGDOM

Prior to the implementation of the Directive, protection was given to databases as compilations, a type of literary work.⁷¹ The standard of originality for copyright protection under UK law prior to the transposition of the Directive was low. It remains low, except for databases. The standard of originality has only been altered in respect of databases.⁷²

Section 3A (2) of the Copyright Designs and Patents Act of 1988 prescribes the level of originality required of literary works consisting of databases in the following terms:

For the purposes of this Part a literary work consisting of a database is original if, and only if, by reason of the selection or arrangement of the contents of the database the database constitutes the author's own intellectual creation.

While adopting the Directive's standard of originality for databases, the CDPA and the UK database regulations leave untouched the standard of originality for all other copyright works. In addition, copyright protection is retained for compilations although it is certainly arguable that few if any compilations would not be databases given the wide definition of a database in the Directive that has been adopted by s3A(1) of the CDPA.⁷³ If there are compilations that are not databases, the test for whether copyright subsists in them is the same as it was prior to January 1, 1998.

The fair dealing provisions have been amended so that fair dealing with databases is permitted for research purposes provided it is not for a commercial purpose.⁷⁴ The general fair dealing provisions concerning other works do not require a non-commercial purpose although that would be relevant to a decision as to whether the use was a fair dealing.

There is no general exception in UK copyright law for private copying for personal purposes and no such exception has been made for non-electronic databases. Numerous other general exceptions are

⁷¹ Section 3 of the Copyright, Designs and Patents Act, 1988.

⁷² Arguably only for literary databases, not databases that are not literary works eg compilations of sound recordings.

⁷³ One example may be a crossword puzzle.

⁷⁴ Section 29(1A)(5).

contained throughout the legislation. These include a provision permitting fair dealing for the purposes of criticism, review and news reporting.⁷⁵ There are also a number of provisions concerning copying by libraries and archives in ss37-44 that may be relevant to databases. For example, s. 38 permits librarians to copy and supply an article in a periodical if they are satisfied that they are supplying a person who requires it for the purposes of research or private study. The specific alterations to the fair dealing provisions concerning databases places an onus on librarians to ensure that fair dealing with a database for research is for non-commercial purposes.

The definition of a database contained in s. 3A(1) applies for the purposes of both copyright and sui generis protection. The decision of Mr Justice Laddie in *The British Horseracing Board Ltd. v. William Hill Ltd*⁷⁶ casts some light on what will constitute a substantial investment and a database for these purposes. In that case, the British Horseracing Board (‘the Board’) objected to William Hill, a bookmaking company, using information about race meetings conducted by the Board in its Internet betting service. William Hill obtained the information from Satellite Information Services Limited which held a licence from the Board to transmit much of the Board’s data to its subscribers. William Hill then used the information on its Internet betting site to provide punters with details of races and provide an Internet betting service.

Mr Justice Laddie held that the expression ‘database had a very wide meaning covering virtually all collections of data in searchable form⁷⁷ and probably includes any collection of data stored in computer memory as software can access and search such collections.⁷⁸ In addition, ‘the qualifying level of investment is fairly low⁷⁹ although a number of comments were offered about the type of relevant investment. For example, ‘the effort put into creating the actual data which is subsequently collected together in the database is irrelevant⁸⁰ although it may be difficult to distinguish between that effort and the effort of obtaining or gathering data together.⁸¹ Consequently, the Board’s investment in arranging a racing fixture did not constitute relevant investment although gathering all the data concerning races together did. Similarly, investment in verification was relevant to both the initial

⁷⁵ Section 30.

⁷⁶ HC 2000 1335, judgment on 9th February, 2001.

⁷⁷ HC 2000 1335, judgment on 9th February, 2001 at para.30.

⁷⁸ HC 2000 1335, judgment on 9th February, 2001 at para.49.

⁷⁹ HC 2000 1335, judgment on 9th February, 2001 at para. 32.

⁸⁰ HC 2000 1335, judgment on 9th February, 2001 at para. 33.

⁸¹ HC 2000 1335, judgment on 9th February, 2001 at para. 34

creation of the right and renewal of the term of protection.⁸² As for the relevance of presentation, Mr Justice Laddie noted that it appears that this must cover 'at least the effort and resources put into making the data more readily accessible by the user'.⁸³ This would include effort put into the design of the layout of the information and may also include investment in designing computer programs which make the data more readily.⁸⁴

Regulation 16 provides that extraction or re-utilisation of a substantial part of a database constitutes infringement of the database right and extraction and re-utilisation are defined in Regulation 12(1) in accordance with the wording of the Directive. Extraction includes extracting the information from a source other than the database owner. For example, in the *British Horseracing Board v. William Hill* decision, the defendant obtained the data from a third party that had legitimately obtained it from the Board. Yet the defendant still infringed the right of extraction. The effect of this might be that a defendant may be liable for infringement even though it is not aware that it is extracting or re-utilising information originally taken from a database protected by the database right.

In addition, extraction does not require a taking from the database owner so that the information is no longer held by the database owner after the taking.⁸⁵ In this instance, the information was, of course, still contained within the Horseracing Board's database after being re-utilised by the defendant. However, it was noted that there must be a transfer to another medium which led to the interesting comment that

A hacker who accesses a database without a licence, looks at the data and memorises it may well not be guilty of extraction if his actions do not involve the making of a copy of the data in material form.⁸⁶

Some doubt must exist about that obiter statement given that the data would be in the RAM of the hacker and extraction includes temporary transfers.

⁸² HC 2000 1335, judgment on 9th February, 2001 at paras. 35-36.

⁸³ HC 2000 1335, judgment on 9th February, 2001 at para. 37

⁸⁴ HC 2000 1335, judgment on 9th February, 2001 at para. 37.

⁸⁵ HC 2000 1335, judgment on 9th February, 2001 at para. 57.

⁸⁶ HC 2000 1335, judgment on 9th February, 2001 at para. 57.

The main submission of the defendant that it would not be liable for infringement of the database right unless its actions involved extraction or re-utilisation relating to the nature of the database as a database. This argument relied on the concept described by counsel for the defendant as the "database-ness" of the database. This concept relied on the principle that the Directive and its sui generis protection was aimed primarily at protecting a database as a collection of information, rather than individual items of information that happened to be contained within a database. Consequently, any extraction or re-utilisation would have had to be in relation to a significant amount of data that could be recognised as being, as a whole, a substantial part of the relevant database.

Mr Justice Laddie firmly rejected this argument by the defendant. While the database must be in a particular form to achieve sui generis protection, namely that it is searchable, the sui generis right does not protect that form but rather the investment in obtaining, verifying and presenting the contents. Consequently, taking the contents and re-arranging them does not avoid infringement, if the part taken is a substantial part of the contents of the database.⁸⁷

Some light was cast on the meaning of a substantial part in this context. According to Mr Justice Laddie, Article 7(1) of the Directive contemplates looking at the quantity and quality of what was taken in combination and does not require separate consideration of those two issues.⁸⁸ In the context of the decision in *The British Horseracing Board v. William Hill*, Mr Justice Laddie acknowledged that the quantity of information taken from the Board's database was not large, especially given the enormous size of the database. However, a number of factors combined to lead to the conclusion that the part taken was a substantial part. While the part taken should be compared with the plaintiff's database, the importance of the part taken to the infringer is still relevant.

[T]he significance of the information to the alleged infringer may throw light on whether it is an important or significant part of the database. If one of the purposes of the database is to service businesses of the same general type as that run by the alleged infringer with the same type of information taken by him, then the collection, verification and presentation of that type of information within the database is likely to be an important or substantial part of its contents.⁸⁹

⁸⁷ HC 2000 1335, judgment on 9th February, 2001 at paras. 47-48.

⁸⁸ HC 2000 1335, judgment on 9th February, 2001 at para. 53.

⁸⁹ HC 2000 1335, judgment on 9th February, 2001 at para. 52.

In addition, it was the data relating to the races themselves which was the ultimate and crucial information and it was this that was taken rather than other information such as details about registered trainers, racing colours and jockeys. In particular, the defendant was taking advantage of the currency and reliability of the information about impending races. These aspects of the information lent qualitative substantiality to it.

The defendant also claimed that it had not taken a substantial part of the plaintiff's database because it had taken insubstantial parts of a number of the plaintiff's different databases rather than a substantial part of one database. It contended that as the Board's database was being continually updated with new information, a new database was being created regularly, at least every few days. Therefore, it had taken insubstantial parts of each of these individual databases. Such conduct may not have been caught by Regulation 16(2) which prohibited the repeated and systematic extraction or re-utilisation of insubstantial parts of the contents of a database as that provision arguably only applied to systematic and repeated extraction or re-utilisation from the one database. Mr Justice Laddie dealt with this argument by holding that the Board had only one database that was in a constant state of refinement.⁹⁰ The defendant was therefore taking a substantial part of that database.

In addition, the right of extraction and re-utilisation was held to apply to the use and publication of modifications of the original data. The defendant proposed substituting the time of each race with the number of each race and to identify horses by their number rather than their name in order to avoid infringement. The Court's response to this proposal was that:

Infringement of the [Board's] database right in this respect would be unaffected. Furthermore, I do not see how the modified method of presenting substantially the same data could avoid infringement by re-utilization. If a database happened to be written in English, an unlicensed third party who displayed a substantial part of it would not avoid infringement by doing so in French, German or Chinese ideograms, nor would he avoid infringement if he translated information in denary code to its binary equivalent.

⁹⁰ HC 2000 1335, judgment on 9th February, 2001 at para. 72.

The defendant appealed to the Court of Appeal which subsequently referred the matter to the European Court of Justice.⁹¹ While the Court of Appeal indicated its preference for the opinions of Mr Justice Laddie at first instance, it considered that the decisions in other members of the EU such as those in Sweden and the Netherlands required resolution of disputed issues by the European Court of Justice.

The Right to Extract or Re-Utilise an Insubstantial Part

Regulation 19 confers a right on a lawful user to extract or re-utilise insubstantial parts of the contents of the database for any purpose. A lawful user is defined in Regulation 12 as:

Any person who (whether under a licence to do any of the acts restricted by any database right in the database or otherwise) has a right to use the database.

The use of the words 'or otherwise' is ambiguous. It suggests that a lawful user includes a person who is availing themselves of the exceptions to the sui generis right.

Exceptions

There is no exception in relation to reproduction of non-electronic databases for private purposes. A lawful user is entitled to extract a substantial part for the purpose of illustration for teaching or research and not for any commercial purpose if such use is fair dealing.⁹² In this context, 'fair dealing' can probably be equated with the Directive's requirements that the extraction be justified by the non-commercial purpose to be achieved and that the lawful user's actions not conflict with the normal exploitation of the database or unreasonably prejudice the legitimate interests of the maker.⁹³ Consequently, the application of the exception will presumably draw upon existing copyright principles concerning fair dealing.

⁹¹ *British Horseracing Board Ltd v William Hill Ltd* [2001] EWCA Civ 1268, 31st July, 2001.

⁹² Regulation 20.

⁹³ Articles 8 and 9 of the Directive.



Term of Protection

The term of protection is defined in Regulation 17 as is the circumstances under which the period of protection may be renewed. In *The British Horseracing Board v. William Hill*, Mr Justice Laddie held that the renewed period of protection only applies to that part of the database that is new and dynamic on-line databases are to be treated as one single database. Consequently, the information which has been available for more than 15 years could be extracted and re-utilised, even if the database has been substantially amended during that time. However, there are no provisions that require a maker to identify material that has been available for less or more than 15 years. A user would have to take the risk that material had been available for more than 15 years although it could possibly rely on the defence contained in Regulation 21 that infringement is justified if it is reasonable to assume that the database right has expired.

SUMMARY OF IMPACT OF THE DIRECTIVE

Effect of the Directive on creation and distribution of databases

There is no empirical evidence that I am aware of that demonstrates any significant increase in the creation or distribution of databases as a consequence of the Directive. A report by Paul Maurer suggests that there was an initial increase in production and distribution immediately after the introduction of transposing legislation but that the increase has not been sustained. Consequently, the increase may be attributable to a number of one off factors such as database owners holding off production and distribution until implementation of the legislation. The perceived increase may then have been a reflection of the delay in putting some databases on the market.

At various meetings of WIPO, EU delegates have suggested that the Directive is working well and there have been no problems with it. They have also implied that it has increased database production. It may well be that they are relying on an informal assessment by Dr Jens Gaster who formed the view that many databases, particularly in CD format became available soon after implementation of the Directive. My understanding is that Dr Gaster's views are based on his own observations and they may well reflect the comments made by Maurer concerning a one off increase in database production. However, I think it is accurate to say that the EU has no independently verifiable evidence of any significant benefits flowing from the Directive. I would be inclined to challenge any assertion by the EU that it has evidence of the benefits of the Directive.

On the other hand, at this stage, there is no real evidence of significant detriment to research or learning generally. This may well be the result of the combination of contract and technological protection devices that control access to databases, even in the absence of sui generis protection.

Legal issues associated with transposition

From a strictly legal point of view, there are a number of areas where some uncertainties remain. In particular, there are questions before the European Court of Justice concerning what constitutes infringement with different approaches taken in Sweden and England.



There is also a lack of uniformity in relation to even the limited exceptions permitted by the Directive in relation to private copies of hard copy databases and extraction for illustration for teaching and research.

INTERNATIONAL CONTEXT

Position in the United States

The position in the United States is that copyright protection is only provided for databases where some creativity is associated with the selection and arrangement of material. This is a consequence of the US Supreme Court's decision in *Feist Inc v Rural Telephone Inc* in 1991. For all practical purposes, the standard of creativity is the same as that in the European Union under the Directive.

A number of attempts have been made to introduce *sui generis* protection since 1996. The original proposal put to Congress was basically a cut and paste from the Directive. It was quickly rejected.

Since then, a number of other bills have been put before Congress that have been a hybrid of "sweat of the brow" copyright coupled with or qualified by unfair competition principles. Basically, under these proposals, a database owner would need to demonstrate that the use of its database material had adversely affected on its market for the database. The extent of that adverse effect has been one of the sticking points

The science and library lobbies in the United States have been extremely well organised and brought very great pressure to bear on members of Congress whenever proposals have been put forward. It has also been able to involve the mass media with the *New York Times* writing an editorial opposing database legislation at a critical moment in 1998 when one proposal had been passed by the House of Representatives and was about to be put to the Senate. In addition, the database users' lobby group has the ear of the Commerce Committee of the Congress which acts as a counterweight to the lobbying power of the database owners through the Judiciary Committee. The consequence of this duel between the two committees has been legislative gridlock on the issue. In addition, the database owners have made considerable concessions, including the following:

- The introduction of unfair competition principles as mentioned above.
- A defence of fair use equivalent to the copyright fair use defence
- Various other defences, including a defence of use for research purposes

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- Ensuring that protection is conferred on information for no more than 15 years. Database owners could not use a substantial new investment in updating to claim new protection for their entire database.

Despite the seemingly large difference between the legal protection provided in Europe and that provided in America, the practical effect appears to be minimal, if any. The reason for this is almost certainly the combination of licences and technological protection measures. All an American database owner has to do is to add a small amount of copyright material such as an introduction and then to prevent access via a technological protection device. Thereafter, it becomes illegal to circumvent the protection device, even for the purpose of obtaining access to the material that is not protected by copyright. The effect is to thereby confer very considerable protection on database owners. This combination of contract law and technological protection devices is probably a bigger source of protection than any sui generis rights.

Australia and Canada

As the law now presently stands, these two countries adopt a “sweat of the brow” standard of originality for copyright. Consequently, protection flows from copyright for sweat of the brow in databases. The position in Australia is currently the subject of an appeal to the High Court of Australia, the highest court, but I expect “sweat of the brow” to be affirmed as the relevant position. Canadian courts have recently adopted a “sweat of the brow” approach as well. While such an approach gives considerable protection over information, it has some advantages over the Directive’s sui generis protection. In particular, it avoids the duplication associated with two different legal regimes. In addition, the exceptions to copyright continue to apply

Multi-lateral and Bi-lateral Agreements

WIPO has considered proposals for an international treaty on protection of sweat of the brow databases since 1996 when a draft treaty was briefly considered at the same meeting that adopted the WIPO Copyright Treaty. Since then, the issue has been considered at 7 meetings of the Standing Committee of Copyright and Related Rights. At the last meeting in May, 2002, 5 reports prepared by various individuals were submitted about the impact of database protection on developing countries.



As the 5 reports have widely differing recommendations and do not add greatly to the theoretical or empirical information available, I think it unlikely that their submission has hastened the process for adopting a treaty. I think it unlikely that a treaty will be adopted unless and until the United States adopts legislation on the issue and has a clear view itself of what a treaty should involve.

In the meantime, the Directive's sui generis right is spreading via bi-lateral arrangements between the EU and other nations such as South Africa and those European countries with plans to eventually join the EU.

FUTURE ISSUES

There are a number of implications of the above for the future. First, it is extremely unlikely that any significant rolling back of the new database right will occur. Once intellectual property rights are established, they are rarely, if ever, disestablished. There are many reasons for this, not least of them being the fact that vested interests will have entered into commercial arrangements in reliance on the rights and their elimination will render those arrangements unworkable. If anything, there will be a push to expand the rights. For example, one can easily see a push to extend the period of protection beyond the present 15 year period.

Second, the history of the Directive demonstrates the need to be both organised and vigilant whenever any copyright or quasi-copyright issues arise. The lack of effective opposition resulted in an extraordinary amount of power being conferred on publishers quite quickly. In contrast, the American situation concerning database protection demonstrates that well organised and determined lobby groups of users can win very significant concessions and, if necessary, defeat inappropriate proposals altogether. This issue has particular significance in relation to proposals for an international treaty. Library groups need to be vigilant as the process may speed up at any moment, especially if the United States passes domestic legislation on the topic.

Third, given the reality of the database right and the futility of attempting to do away with it, libraries and other user groups need to learn to live with it. It may be possible, but very, very difficult, to negotiate some alterations to the Directive and transposing legislation. These alterations may include:

- Eliminating references to “qualitative” investment in and “qualitatively” substantial parts of databases.
- Ensuring maximum, uniform implementation of exceptions. For example, the UK limited the scope of its existing copyright defence of fair dealing for research in respect of databases but did not introduce a new defence of private copying of hard copy databases. Nations seemed to have picked optional changes that reduced users’ entitlements but not picked optional changes that increased them.

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- Altering the provisions in respect of the duration of protection to require database owners to indicate what material has been available for less than 15 years and providing that other material falls into the public domain.
 - If the above point concerning duration of protection is won, a further exception to **copyright** would be needed that would permit a user to make a temporary copy for the purposes of extracting and re-utilising information in a way that does not infringe the copyright in the selection and arrangement of the information. Otherwise, the expiry of the sui generis right would not result in information contained within original databases being available as taking the information in the easiest form (electronic downloading) would infringe the copyright.

As indicated, I think that politically, it will be very difficult to achieve the above changes. Although there is no probably no way **through** the sui generis right, there may be some ways **around** it. While the sui generis right is a very powerful legal right, the greatest power that database owners have flows from their market power in being able to control significant volumes of information and incorporate them into their databases. There are two particular responses to this that need to be considered:

- **Collective Bargaining**

The further development of collective bargaining whereby user groups band together to jointly negotiate user licences on terms that are most favourable to users. This should be increasingly possible in a digitised environment where the geographical location of users is less relevant. Hence, there is no reason why libraries in different locations can not jointly negotiate licences for use of on-line databases. By working together and co-operating, users can generate a degree of monopoly power to counter-balance the monopoly power of owners.

The development of that co-operation may have further legal implications. It may be that user groups will need specific exemption from anti-trust legislation that permits the type of collective bargaining mentioned here. In this context, any evidence of detrimental consequences of the Directive and the new database right may be of some use. While it is inconceivable that the Directive will be repealed, it might be possible to argue that its effects justify the sort of exemptions for users from anti-trust law mentioned here. As EU anti-trust law is not my specialty, I will take that matter no further but leave it for the consideration of EBLIDA.



- **Rights Over the Contents of Databases**

The other way around the database right is for users to have a greater appreciation of the extent to which they are also contributors to the contents of databases. In particular, universities are increasingly addressing the reality that their employees are paid to create the very research information that is contained within databases. Those employees often pay for the privilege of having that information published in databases and universities then pay so that their employees may gain access to those databases so that they can continue their research. The obvious solution to this problem is for universities and other research institutions to capture the value of the intellectual property generated by their own employees.