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The Database Directive and the EC's "Direction" on Copyright: Some Reflections[†]

Steven J. Metalitz*

I want to start my brief remarks by commenting on the accomplishments and contributions of Dr. Verstrynge and of his colleagues at the Commission of the European Communities ("Commission"). His work over the last few years has had an enormous impact on the shape of intellectual property law both internationally and, as I'll mention in a minute, domestically.

Jean-François Verstrynge's presentation crafts a multifaceted lens through which to view recent copyright and neighboring rights developments in the European Community. I propose to use this lens to comment on a few aspects of an important European Community ("EC") initiative which is scarcely mentioned in Dr. Verstrynge's paper:¹ the proposed Directive on the Legal Protection of Databases ("Database Directive").²

The draft Database Directive, first formally proposed by the Commission in May 1992, is now pending before the European Parliament. While a detailed discussion of its provisions is beyond the scope of this comment, its major points may be summarized.

The proposed Database Directive aims to harmonize the copyright protection accorded throughout the Community to databases,

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1. Jean-François Verstrynge, *The European Commission's Direction on Copyright and Neighbouring Rights: Towards the Regime of the Twenty-first Century*, Annual Horace Manges Lecture at Columbia University (Mar. 22, 1993) (on file with the *Fordham Intellectual Property, Media & Entertainment Law Journal*).

2. Proposal for a Council Directive on the Legal Protection of Databases, COM(92)24 final—SYN 393 [hereinafter Proposed Database Directive].

which it defines to include "a collection of works or materials arranged, stored and accessed by electronic means."³ Under the Directive, copyright extends to databases which constitute intellectual creations "by reason of selection or arrangement" of the works or materials.⁴ In addition to this tier of copyright protection, the Directive establishes a new "right to prevent unfair extraction" of more than an "insubstantial" portion of a database, which empowers the maker of the database "to prevent acts of extraction and re-utilization of material from that database for commercial purposes."⁵ The unfair extraction right, which is considered neither copyright nor a neighboring right, extends for ten years from the date the database is first lawfully made available to the public. This right is subject to a number of limitations, including a statutory license to extract and re-utilize any of the contents of a publicly available database if these works or materials "cannot be independently created, collected, or obtained from any other source."⁶ The unfair extraction right is denied to non-European database makers that lack "an effective and continuous link with the economy of one of the Member States."⁷

The lively discussions in business and policy circles on both sides of the Atlantic about the draft Database Directive, and particularly about its new "right to prevent unfair extraction," have raised many questions about the Commission's goals in proposing the Directive, and about the path it has chosen to achieve them. Perhaps a brief explanation of the Directive through the lens provided by Dr. Verstrynge's paper will bring a few of these questions into sharper focus.

The paper addresses five topics, the first of which is the matter of the Community's jurisdiction.⁸ Dr. Verstrynge concludes that the Community possesses "the jurisdiction to deal with the 'essence' of [intellectual property rights] protection whenever it con-

3. *Id.* at 66.

4. *Id.* at 67.

5. *Id.*

6. *Id.* at 70.

7. *Id.* at 73.

8. Verstrynge, *supra* note 1, at 2-7.

flicts . . . with the achievement of the internal market”⁹ Indeed, at the hearing held by DG III of the Commission in 1990 to discuss the chapter of the copyright Green Paper¹⁰ dealing with databases, there was little, if any, dissent from the proposition that a harmonization of the legal framework for protection of databases would promote the goal of constructing the internal market. However, at the hearing, the consensus on that issue was accompanied by another consensus, nearly as widely shared, that the harmonization would best proceed on the basis of copyright protection as reflected in the Berne Convention.¹¹ There was little support for the notion, suggested in the Green Paper, of a *sui generis* form of legal protection for databases. It would be of more than academic interest to revisit the conclusion reflected in the first consensus, in light of the Commission’s decision to reject the conclusion reflected in the second consensus, and to reflect on the degree to which the proposed Directive, if adopted in its current form, would achieve a net reduction of whatever barriers to construction of the Single Market are identified in the status quo. Such a re-examination could also take into account other developments tending to harmonize the contours of existing legal protections, including especially the progress toward a Protocol to the Berne Convention,¹² in which the subject of copyright protection of databases has been a central agenda item.

Second, Dr. Verstrynge’s paper, building upon the perceptive comment that “the substance of harmonization is never totally neutral,”¹³ persuasively argues that the copyright harmonization project must “aim in principle at increasing protection.”¹⁴ How the proposed Database Directive conforms with this principle could be the basis of considerable discussion. Certainly from the perspective of

9. *Id.*

10. Commission of the European Communities, Green Paper on Copyright and the Challenge of Technology, COM(88)172 final.

11. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, *as last revised*, Paris, July 24, 1971, 828 U.N.T.S. 221

12. See Ralph Oman, *Berne Revision: The Continuing Drama*, 4 *FORDHAM INTELL. PROP., MEDIA & ENT. L.J.* 139 (1993).

13. Verstrynge, *supra* note 1, at 8.

14. *Id.* at 10.

the United Kingdom, whose laws appear to grant full copyright protection to some databases that would be denied it under the proposed Directive, the Directive seems to be "harmonizing downwards," an approach which Dr. Verstrynge's paper implicitly rejects.

A broader question involves a close examination of the proposed new "right to prevent unfair extraction," including its limitations and exceptions, with an eye toward whether its promulgation would, on balance, provide "increased" protection by comparison to a harmonization regime based upon a broad application of Berne copyright principles alone. The answer to that question might well vary from one Member State to another. In any event, it may be instructive to compare the new unfair extraction right with the Commission's advocacy, in its proposed Directive on duration of protection,¹⁵ of longer terms of protection for neighboring rights, and for other non-copyright protection regimes, such as that applicable to photography in some Member States. The fifty-year (or longer) terms proposed there stand in sharp contrast to the ten-year term proposed for the unfair extraction right.

Third, Dr. Verstrynge argues that, in multilateral negotiations, the Community should seek to achieve "a level of protection for copyright and neighboring rights as high as possible."¹⁶ What has been the impact of the proposed Database Directive on the advancement of this highly desirable goal? Among the consequences has been the introduction into the discussion surrounding the possible Berne protocol of the concept of *sui generis*, non-copyright regimes for protecting rights in databases—a concept which, at least from the viewpoint of an outside observer, did not figure prominently in the GATT TRIPS negotiations¹⁷ on the topic of database copyright. The notion of different regimes of protection

15. Amended Proposal for a Council Directive Harmonizing the Term of Protection of Copyright and Certain Related Rights, COM(92)602 final—SYN 395.

16. Verstrynge, *supra* note 1, at 14.

17. See Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, GATT Doc. MTN.TNC/W/FA (Dec 20, 1991), Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade In Counterfeit Goods (Annex III).

for identical compilations of works or materials, depending upon the medium (electronic or print) in which they are embodied, is fundamental to the definition of "databases" in the proposed Database Directive. From the perspective of improving global protection of copyright in a wide variety of works, it appears problematic at best. The impact upon the international copyright debate of other provisions of the proposed Directive—such as, for instance, its creation of a statutory license under certain circumstances with respect to "works" contained in databases—remains uncertain.

Dr. Verstrynge's insightful discussion of the issues of national treatment and reciprocity is doubtless the most controversial aspect of his paper. He characterizes the venerable concept of national treatment, which lies at the core of the Berne Convention, both as "the insurance policy of copyright,"¹⁸ and as a factor tending "to prevent rather than enhance increased copyright protection."¹⁹ Reciprocity is praised as an "intermediate stage" that can help to catalyze eventual international consensus on higher levels of protection.²⁰

This brief comment provides no opportunity for a full discussion of the paper's analysis of national treatment and reciprocity. Certainly anyone interested in a forceful argument of the contrary position could do no better than to review the relevant portions of the March 12 memorandum from the International Bureau of the World Intellectual Property Organization on Questions Concerning a Possible Protocol to the Berne Convention,²¹ which characterizes the denial of national treatment as a "cancer" which must be excised from the body politic of the Berne Union. (The WIPO memorandum also offers some cogent comments about the denial of national treatment in sui generis systems of protection.) My much more limited goal here is simply to view the issues surrounding the

18. Verstrynge, *supra* note 1, at 16.

19. *Id.* at 18.

20. *Id.*

21. Committee of Experts on a Possible Protocol to the Berne Convention for the Protection of Literary and Artistic Works, 3d sess., *Questions Concerning a Possible Protocol to the Berne Convention*, Memorandum prepared by the International Bureau, WIPO Doc. BCP/CE/III/2(I-III) (Mar. 12, 1993).

Database Directive through the lens offered by Mr. Verstrynge.

Interestingly, this section of the paper has little to say about the position the Commission takes in the proposed Database Directive: the denial of the unfair extraction right to some—perhaps many—non-European database makers, except as concluded by the Council acting on a proposal from the Commission. The articles of the proposed Directive offer only this minimal comfort to outsiders; even the “intermediate” position of reciprocity merely lurks in the background, among the recitals and in the explanatory memorandum. Is this approach justified by the rationale suggested by the paper for exceptions to the Berne rule of national treatment?

The paper describes the “common rationale” of these exceptions as relating to “cases in which a higher level of protection could not internationally be secured.”²² Applying this rationale to the Database Directive requires us to revisit the issue of the extent to which the protection afforded under the Directive is stronger than that which could be obtained through a different approach, whether a harmonization based on copyright alone, or a bifurcated approach in which the non-copyright protection were stronger, longer, and clearer than that offered by the Directive as drafted. This is, at one level, a theoretical question, but as Dr. Verstrynge’s perceptive paper sets forth, it has an intensely practical and political dimension.

The absence of a clear consensus in support of the draft Database Directive from the presumed beneficiaries of the new, non-copyright form of protection—the international database industry—offers some evidence that the denial of national treatment with respect to it may not achieve the desired catalytic effect. The right to prevent unfair extraction may not yet be perceived as sufficiently desirable, or its denial sufficiently harmful, to motivate the United States and other non-European database makers to mobilize their forces in support of similar legislation in the United States, a project that, as Professor Jane Ginsburg and others have pointed out, is fraught with constitutional pitfalls. From the other side of the

22. Verstrynge, *supra* note 1, at 17.

equation, the clamor from European database proprietors for a U.S. right to prevent unfair extraction has been muted so far.

The paper posits, as a factual predicate to some of the current controversies over national treatment, that "some countries which are large exporters of copyrighted works refuse at the same time to increase the level of protection domestically while maintaining that they should enjoy revenue from other countries which already have such a higher level of protection."²³ The situation with regard to databases is somewhat different. Not only is the issue protection, rather than simply remuneration, but the impact of the *Feist*²⁴ decision in the United States has so far been less sweeping, and less threatening to pre-*Feist* assumptions about proprietary rights, than some had predicted. It is far from self-evident that, as a practical matter, the proposed Directive would provide a "higher level of protection" than that available under U.S. law, even after *Feist*. Thus, it remains to be seen whether a U.S. call for national treatment with regard to the unfair extraction right will become "a self defeating position" for the United States and its strong export position in the database market.²⁵

The approach of the Commission to the national treatment issue is a profound and far-reaching challenge to premises which have undergirded the Berne Union throughout the past century. Dr. Verstrynge is undoubtedly correct when he observes that the authors of the national treatment rule could not have "intended to obtain for foreigners higher levels of protection."²⁶ It is much more difficult to argue, however, that subjecting the new unfair extraction right to the rule of national treatment would have that effect. Indeed, the nation that, due to the circumstances of its adherence to Berne, most conspicuously discriminates against its own nationals is the United States, with its two-tiered system of copyright registration requirements—an anomaly that Congress is now revisiting.

23. *Id.* at 19.

24. *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 111 S. Ct. 1282 (1991).

25. Verstrynge, *supra* note 1, at 19.

26. *Id.* at 19.

More fundamentally, the centrality of national treatment to Berne reflects a vision, not of leverage or political incentives, but of shared heritage and an expectation that a rising tide of protection for works of authorship will lift all boats, regardless of nationality. The next few years may well determine whether this vision and this expectation remain visible in a world in which copyright, as well as so many other issues, are increasingly addressed in the framework of intense global economic competition.

The final and most ambitious aspect of Dr. Verstrynge's paper sketches out a bridge between the continental and Anglo-Saxon approaches to protection of works of authorship.²⁷ The relevance of this issue to the question of legal protection of databases is readily apparent. The development, design, construction, and distribution of a commercially valuable database requires a considerable investment of a range of resources, including money, "sweat of the brow," creativity, and original choice. The two systems of protection, with their different underlying concepts of the nature of authorship and of society's stake in it, tend toward different conclusions about which aspects of this investment to protect, and how. At first glance, the Commission's proposed Database Directive may be viewed as a prototype for the bifurcated system sketched out in the paper, in which the author's copyright and the producer's neighboring right are strictly separate but left to interact through contract or, where necessary to achieve the required balance, through other measures. But this impression would be misleading, for the unfair extraction right accorded to database producers under the proposed Directive seems to fall short, in duration, applicability, and other features, of the substance of neighboring rights, at least as that label is used today.

A bridge between the two systems of protection described in the paper exists today. It is called the Berne Convention, which seeks to identify and codify the common elements of the continental and Anglo-Saxon systems and extend them as broadly as possible throughout the world. It can certainly be argued that this existing bridge is not sturdy enough, at least by itself, to withstand the

27. *Id.* at 21-25.

surging flood of challenges presented by new modes of creation and of exploitation of works of authorship. But new bridge-builders must at least take into account its design and should seek to emulate those of its features that have withstood the test of time. The Commission's proposed Database Directive is based upon the conclusion that Berne—and copyright—alone are not adequate to address the challenge of harmonization. Even so, there is much of value in the Berne experience that should be incorporated into the plans for a new bridge and into the route that the Community takes into the twenty-first century.

