The New EU Directive Concerning the Legal Protection of Databases

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Abstract

On September 14, 1995, the Commission accepted the Common Position and transmitted its opinion to the European Parliament. The European Parliament dealt with the Common Position in a second reading which began on September 21, 1995. On December 14, 1995, it adopted a decision approving the Common Position subject to eight minor drafting changes. The Commission’s opinion on the European Parliament’s amendments and a Commission proposal which had been amended accordingly was presented on January 10, 1996, pursuant to Article 189A(2) of the EC Treaty. This led to an adoption of the Directive by the Council on February 26, 1996 (the “Directive”), falling short of unanimity by only one abstention. After the signing of the text of the Directive by both the Presidents of the Council of Ministers and of the European Parliament, the Directive was finally enacted on March 11, 1996. This paper discusses the core problems of the database issue which arose during thirty months of involvement in the legislative process and presents an outline of the compromise solutions agreed upon by the EU’s legislature.
ESSAYS

THE NEW EU DIRECTIVE CONCERNING THE LEGAL PROTECTION OF DATABASES

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I. INTRODUCTION

In its "Green Paper on Copyright and The Challenge of Technology," published in the summer of 1988,¹ the Commission of the European Communities (the "Commission") addressed for the first time the need for an EC-wide harmonization of the legal protection of databases. Within the context of that comprehensive consultation exercise, the Commission requested comments from interested parties on whether the mode of compilation within a database of works should be protected by copyright, and whether, in addition to that, a sui generis right should be created, extending protection to databases containing material not protected by copyright. A public hearing concerning various aspects of this issue was organized in April 1990. In addition, different detailed studies concerning the appropriateness and the need for a Community initiative were carried out and expert advice was also obtained.

As a result of the consultation process the Commission published in January 1991 its "Follow-up to the Green Paper."² This document set out to define a general policy program outlining the steps the Commission would be taking with respect to copyright and neighboring rights in the years to come. Given that in the course of discussion with interested circles it had become

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¹ Commission of the European Communities, Green Paper on Copyright and The Challenge of Technology, COM (88) 172 Final (June 1988) [hereinafter Green Paper].
² Commission of the European Communities, Follow-up to the Green Paper, COM (90) 584 Final (January 1991) [hereinafter Follow-up].
clear that there was general support for a directive harmonizing the legal protection for databases, the Commission announced a proposal for a directive to this end in chapter 6 of the follow-up document.\(^3\) This initiative, providing for a uniform and stable legal environment for the making of databases within the Community, was to be taken by the end of 1991. After lengthy preparation and consultation with different associated Commission departments, the college of Commissioners finally adopted a proposal for a Council Directive on the legal protection of databases on May 13, 1992.\(^4\) The text of the proposed Directive was then presented to the other institutions involved in Community law-making. The proposal was accompanied by a fifty-six page explanatory memorandum and was based upon Articles 57(2), 66 and 100 A of the EEC Treaty. In its original version, it set out to harmonize copyright applicable to databases which constitute their author's own intellectual creation and to introduce a novel \textit{sui generis} right protecting non-copyrightable databases.

Following a largely favorable response from the Economic and Social Committee delivered on November 24, 1992,\(^5\) the European Parliament dealt with the proposed Directive in a first reading and adopted a parliamentary resolution on June 23, 1993,\(^6\) providing for thirty-seven amendments, thirty-two of which would be totally or partially accepted in the Commission's amended proposal for a Directive which was presented on October 4, 1993.\(^7\)

The Council working party began substantial deliberations concerning the amended proposal in the first semester of 1994 under the Greek presidency. Noteworthy progress, however, was only achieved under the German presidency in the second half of 1994, in particular with respect to the future Directive's copy-

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right chapter. The core piece of the draft legislation, the provisions addressing the novel *sui generis* right, became the subject of intense and controversial negotiations with the commencement of the French presidency in early 1995.

The negotiating process finally led to the adoption of a compromise package at the Luxembourg Internal Market Council on June 6, 1995. This agreement was formalized by the Common Position of the Council of July 10, 1995. On September 14, 1995, the Commission accepted the Common Position and transmitted its opinion to the European Parliament. The European Parliament dealt with the Common Position in a second reading which began on September 21, 1995. On December 14, 1995, it adopted a decision approving the Common Position subject to eight minor drafting changes. The Commission's opinion on the European Parliament's amendments and a Commission proposal which had been amended accordingly was presented on January 10, 1996, pursuant to Article 189A(2) of the EC Treaty. This led to an adoption of the Directive by the Council on February 26, 1996 (the "Directive"), falling short of unanimity by only one abstention. After the signing of the text of the Directive by both the Presidents of the Council of Ministers and of the European Parliament, the Directive was finally enacted on March 11, 1996.

This paper discusses the core problems of the database issue which arose during thirty months of involvement in the legislative process and presents an outline of the compromise

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11. Doc. COM (96) 2 final - COD 393, 10 January 1996.
12. With the entry into force of the Maastricht Treaty on 1 November 1993, the co-decision procedure under Article 189 B of the EC Treaty had become applicable.
solutions\textsuperscript{15} agreed upon by the EU’s legislature.

II. \textsc{The Scope of the Directive}

A. \textsc{Electronic and Non-electronic Databases}

As regards the scope of the Directive, the initial proposal concerned only the legal protection of electronic databases. The Economic and Social Committee, however, considered it desirable to extend the scope of the Directive to cover non-electronic databases.

The opponents of such a scheme feared an inappropriate strengthening of the position of producers to the detriment of authors and creators. Opponents therefore requested that the initiative be limited to filling in gaps in the legal environment referring to on-line databases. In addition, there were concerns expressed in the Council working party that a far-reaching harmonization by the Community legislature would conflict with the principle of subsidiarity.

The proponents of such an extension referred to the fact that the \textit{sui generis} right should be designed to protect investments, whatever the form (analogue or digital) of the presentation of the product might be. As one delegate put it, making use of a scanner should not be decisive in granting legal protection. Indeed, one can assume, for example, that equivalent investment is required in case of the presentation of the Greater London city atlas in form of an on-line database, a CD-ROM, or a book in paper format.

Independently from such considerations of equal treatment or practicality, there are also additional legal requirements advocating in favor of an extension. With respect to the copyright chapter of the Directive, Article 10(2) of the Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeited Goods ("TRIPs Agreement")\textsuperscript{16} provides that compilations of data or other material, whether in machine


readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected as such. While it is true that this argument may not be pertinent in relation to the chapter on the *sui generis* right, it should be borne in mind that in case of a cumulation of this novel right with the copyright right extending to the schema or structure of a database or with other rights, it would be extremely complicated and perhaps even counterproductive to provide for a diverging scope under the two main chapters of the Directive.  

**B. Collections, Compilations and Databases**

In the case of an extension of the scope of the Directive to cover non-electronic databases, the question of a harmonized application by the EU Member States of the provisions foreseen by Article 2(5) of the revised Berne Convention must be considered. This paragraph lays down that collections of literary and artistic works such as encyclopedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations shall be protected as such, without prejudice to the copyright in each of the works forming a part of such collections.

As in the case of Article 10(2) of the TRIPs Agreement, the required eligibility criterion for copyright protection refers to originality in the selection and arrangement of the contents of the collection. In other words, a collection’s maker must bring to bear an element of creativity. Merely listing the works or extracts without offering any personal contribution is not sufficient to merit copyright protection. Because only original compiling shall benefit from copyright, the object of protection is thus the individual or creative structure of a database.

For a Directive comprising equally collections of works under Article 2(5) of the Berne Convention and compilations of

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17. The Directive finally provides for a cumulation of the rights and extends to non-electronic databases.
non-copyrightable material, e.g. in paper form, under Article 10(2) of the TRIPs Agreement, a comprehensive definition of the term “database” must be provided. Such databases “in any form” must be arranged in a systematic or methodical way and must be individually accessible by electronic or other means.

C. Exclusion Clauses: Computer Programmes, Works as Such, Musical Recordings on a CD

In order to avoid conflicts with existing Community provisions in the field of copyright and neighboring rights, it is necessary to provide for exclusion clauses where a cumulation is inappropriate. Because the copyright protection which is available under the Directive only extends to the schema of a database and is without prejudice to Directive 91/250/EEC on the legal protection of computer programs, computer programs used in the production or operation of a database shall not come under the Directive’s terms.

In reaction to the envisaged inclusion of collections of works, the position of the content providing industries, and the background of the video on demand issue, various attempts were made during the Council negotiations to reduce the extended scope once again. In particular, the inclusion of audiovisual works and of certain applications of the Compact Disk (“CD”) technology appeared problematical to certain traditional copyright and droit d’auteur interests. Fortunately, this highly political and dogmatic issue was finally resolved by the addition of several recitals to the compromise text. In the present context, such means of interpretation, mandatory for the conclusion of a political compromise package, are largely of a declaratory nature, because it is obvious that individual cinematographic or audiovisual works, moving images, do not constitute compilations.

20. For a comment on the search for an adequate definition, see Michel Vivant, Recueils, bases, banques de données, compilations, collections... : l'in trouvable notion? A propos et au-delà de la proposition de directive européenne, Recueil Dalloz Sirey 1995, 26e cahier - chronique.
or collections of works within the meaning of the database Directive. On the other hand, it is inappropriate to exclude a bulletin board containing a considerable number of films from the scope of the Directive where such a board complies with the eligibility criteria for protection.

Legally more problematic was the question of the treatment of compilations of several recordings of musical performances on a CD. Because CD-ROM and CDi are, in principal, off-line databases within the meaning of the Directive, it was unclear how musical compilations produced using CD technology would have to be categorized. The solution which was finally agreed upon is very pragmatic. It is now stated in the recitals that compilations of this type do not normally constitute an individual creation and thus, in most cases, fail to meet the conditions for copyright protection. They do not represent a substantial enough investment to be eligible under the *sui generis* right.

III. THE COPYRIGHT CHAPTER

A. The Required Level of Originality

When the original proposal for a Directive was drafted in early 1992, the Commission was confronted with the question of what level of originality should be required for granting copyright protection and how the initial right ownership should be regulated. Such issues have traditionally caused difficulties in the pursuit of copyright harmonization at the European level.

At a relatively early stage of the European Parliament and Council deliberations, it became apparent that the proposed provisions concerning the rights ownership would be considerably slimmed down. Therefore, it appeared even more important to establish a uniform standard of originality in order to provide for a common scope of application of the Directive's copyright chapter throughout Europe. Because the principle of equal treatment of all categories of copyrightable works had to be taken into account, it appeared logical to prescribe the same standard which had already been foreseen for computer programs and photographic works.

In accordance with Article 1(3) of Directive 91/250/EEC, a

computer program is protected by copyright "if it is original in the sense that it is the author’s own intellectual creation. No other criteria shall be applied to determine its eligibility for protection." It follows from recital 8, which should be used for construing the Article, that in respect to the criteria to be applied in determining whether a computer program is an original work, no tests as to the qualitative or aesthetic merits of the program should be applied. The latter formula was in particular directed against German legal practice and ruled out the possibility for the German Supreme Court to continue to apply its so-called "Inkassoprogramm" case law. Since then, it can no longer be contested that the "small coin" also benefits from copyright protection. European copyright law does not only deal with elite creations, but operates in a wider commercial context.

An equivalent provision is contained in Article 6 of Directive 93/98/EEC with respect to photographic works. The Directive provides for an identical standard of originality. This provision with its important impact on the distinction between copyright proper and droit d’auteur, refutes the argument of some critics that the copyright chapter of the Directive constitutes a largely superfluous de minimis regulation.

B. The Work Made for Hire Issue

It was apparent at rather early stages of the legislative process that a significant harmonization of national rules on titularity was out of the question. In the course of the negotiations a general trend favoring "slimming down" of the copyright chapter became predominant. In particular, the rule contained in Article 8(4) of the Commission proposal, designed to extend the Anglo-American concept of work made for hire throughout continental Europe, was finally deleted from the text. Instead, recital 29 leaves the arrangements applicable to databases created by employees to the discretion of the EU Member States. Nothing
in the Directive, therefore, prevents the European common law countries from stipulating in their legislation that where a database is created by an employee in the execution of his or her duties or following the instructions given by his or her employer, the employer exclusively shall be entitled to exercise all economic rights in the database so created, unless otherwise provided for by contract. Thus, this highly controversial issue has not been harmonized.

C. Restricted Acts Under the Copyright Chapter

From the outset, the copyright chapter of the Commission proposal contained a limited catalogue of restricted acts. The catalogue comprises exclusive rights to prohibit or authorize reproduction by any means and in any form, translation, adaptation, arrangement, and any other alteration, any form of distribution, any communication, display or performance to the public, and any “use” of the results of the acts of translation, adaptation, arrangement, or other alteration.

It is particularly noteworthy that parallel to the beginning discussion concerning the electronic superhighways (infobahn), a majority view evolved in the Working Party that the copyright protection of databases includes making databases available by means other than the distribution of copies.

D. The Exhaustion Principle

With respect to the distribution of non-tangible copies, some confusion existed initially among the participants in the Working Party and, in particular, among different interested parties as to how to regulate the exhaustion principle, also called the first sale doctrine. To some extent, this issue apparently generated requests for the introduction of new types of rights, such as a digital transmission right.

The exhaustion principle constitutes a restriction to the right of distribution. According to the existing jurisprudence of

30. Id. recital 31, OJ. L 77/20, at 22 (1996).
the European Court of Justice ("ECJ") on Community exhaustion, the distribution right is exhausted once a material copy of a work or related subject matter has been sold in the EU by or with the consent of the right holder. As regards the transmission of databases and protected material through digital networks, there was a need to reaffirm that the exhaustion principle only applied to the distribution of goods and not to the provision of services, notably on-line services. In fact, given that the provision of services can in principle be repeated an unlimited number of times, the ECJ has ruled that the first sale doctrine cannot apply.

E. Exceptions to the Restricted Acts

The issue of exceptions to the restricted acts was the subject of extensive horse trading in the Working Party. It was clear from the outset that any solution concerning the copyright exceptions would affect the exemptions under the sui generis right chapter. Politically, it appeared very difficult to accept any disharmonization in the case of a legal innovation, such as the sui generis right, because Community Directives are based upon the principle of an approximation of national laws. On the other hand, the fifteen EU Member States apply traditionally the exceptions allowed under Articles 9 and 10 of the Berne Convention in fifteen different ways. Furthermore, it had to be taken into account that in the case of electronic databases, exceptions would soon concern megabytes or even gigabytes of protected material and thus have a completely new dimension.

The compromise on exceptions which was finally agreed upon by ministers is not totally satisfactory from the Community standpoint. Nevertheless, in light of the current political realities it leads a step closer to an effective internal market in databases. The Directive now provides for four optional exceptions.

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Aimed to the cases of reproduction for private purposes of a non-electronic database reprography, illustration for teaching or scientific research, public security, and administrative or judicial procedural purposes. In addition, there is a clause allowing other exceptions to copyright which are traditionally permitted by the Member State concerned to continue. There should be only limited room for the application of the latter exceptions because they will be confined to selection and arrangement of the contents of a database and shall not conflict with a normal exploitation of the database.\textsuperscript{35} In addition, the fair use/fair dealing exceptions under Articles 9 and 10 of the Berne Convention relate only to small portions, quotations, illustrations, and extracts which do not unreasonably prejudice the legitimate interests of the right holder.

F. Mandatory Provisions in Favor of Users and Right Holders

In the course of the negotiations, a growing need developed to balance the strong exclusive acts with the interests of users, content providers, competitors, and society at large. This was a consequence of a progressive strengthening of the rights to be granted by the future Directive, and was also due to the changing nature and object of protection of the novel \textit{sui generis} right.

The initial proposal already suggested an approach similar to a concept contained in the computer programs Directive\textsuperscript{36} by stipulating that the lawful user of a database may perform any of the restricted acts necessary in order to use the database in the manner determined in the user contract. In the absence of any contractual arrangements, the performance by the lawful acquirer of a database of any of the restricted acts which is necessary in order to gain access to its contents and use would not require the authorization of the right holder.\textsuperscript{37} Furthermore, such exceptions would be without prejudice to any rights subsisting in the works or materials contained in the database.

The Directive seems to go far beyond this user friendly approach. The provisions on this topic are now qualified as \textit{jus cogens}, because any contractual terms to the contrary shall be

\begin{footnotesize}
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\item[35.] Id. art. 6(3), O.J. L 77/20, at 25 (1996).
\item[37.] Original Proposal, supra note 4, COM (92) 24 Final at 36-7, arts. 6(1) - (2).
\end{itemize}
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null and void.\textsuperscript{38} Nevertheless, it should be noted that the mandatory user rights are restricted to the access to the contents of the database and normal use by the lawful user. Where the lawful user is authorized to use only part of a database, the basic rights shall only apply to that part. A recital provides some guidance here, because what is a lawful and normal use will regularly be set out in the agreement with the right holder.\textsuperscript{39}

The criticism put forward by certain categories of right holders does not appear very convincing. The compulsory character of the provisions concerned is in particular relevant with respect to the equivalent Article in the chapter on the \textit{sui generis} right in order to prevent a contracting out affecting the reduced scope of protection of the \textit{sui generis} right. Indeed, an extension contra legem of the scope by contractual means to cover insubstantial parts of the contents of a database is hardly acceptable. This "consideration" from the potential right holders was a political prerequisite for the creation of a strong \textit{sui generis} right and, thus, for the achievement of a global compromise.

It is true that the Directive's text does not provide in concreto, contrary to the initial proposal and similar provisions contained in the chapter concerning the protection of substantial investments, for specific language protecting contents of a database owned by third parties against acts committed by lawful users. This omission, a consequence of the fact that exceptions from a right only relate to the object of protection which is in the present context a copyright right covering the structure or schema of a database, selection and arrangement. Legally speaking contents of databases are not at all affected.

\section*{IV. THE CHAPTER CONCERNING THE SUI GENERIS RIGHT}

\subsection*{A. The Reasons for the Introduction of a Sui Generis Right}

The starting point for the European Commission's proposal leading to the introduction of a \textit{sui generis} right protecting databases was an evaluation of the national regimes of the EC Member States applicable to electronic databases. While the feedback to the 1988 Green Paper exercise apparently led the draftsmen of the initial Commission proposal to favor a more


\textsuperscript{39} Id. recital 34, O.J. L 77/20, at 22 (1996).
copyright-related concept,\textsuperscript{40} it should be recalled that only three among the fifteen EU Member States protected a significant number of databases using copyright. As opposed to the authors rights concept and in conformity with the copyright doctrine, those countries applied a very low threshold of originality in order to grant copyright protection. In all of the other EU Member States, who traditionally required a significantly higher level of creativity, a substantial number of databases were not copyrightable because they did not meet the eligibility criterion for protection. Furthermore, there was an overall agreement that mere information or data would be excluded from copyright protection.

Under such circumstances it was obligatory to prescribe a uniform standard of originality in case a harmonization of the national regimes applicable to the legal protection of databases was to be undertaken. As a consequence and as regards the eligibility criterion for protection, the three Member States concerned would have "to lift the bar" and the remaining twelve would have to lower it until a uniform level of originality was established. This uniform standard would result in a situation where a certain number of databases would fall out of existing copyright protection in three jurisdictions. Thus, harmonization at the European level necessitated a compensation.

In addition, two famous 1991 ECJ judgments made it clear that even in the copyright countries it was insufficient to apply the "sweat of the brow test" for establishing the copyrightability of compilations. The decisions explained that indeed, a certain amount of individuality and creativity is required.

The decisions of the Dutch Hooge Raad in \textit{Van Dale v. Romme}\textsuperscript{41} and of the US Supreme Court in \textit{Feist v. Rural} \textsuperscript{42} concerned a dictionary and a telephone directory and thus non-electronic compilations, but can be applied without any difficulty \textit{mutatis mutandis} to the selection and arrangement of the contents of electronic databases. Therefore, an urgent need for filling in legal loopholes arose in Ireland, the Netherlands, and the United Kingdom.


\textsuperscript{41} 608 NJ 2543, 2543-49 (HR 1991) (annotation by Verkade 2549-2553).

B. The Legal Nature of the Sui Generis Right

The original aim of the Commission was to introduce a right for the author of a database to prevent unfair extraction and reutilization of the database or its contents for commercial purposes.\(^{43}\) This new right should not apply to contents of a database where these were already protected by copyright or neighboring rights. Therefore one had to differentiate between protected material of third parties or of the maker of the database, works and subject matter which had become public property, and traditionally unprotectable data and information, in order to determine the exact scope of the given protection. Initially, it remained somewhat unclear how this right for protection against unfair extraction should be classified in the legal system. This was largely due to tactical considerations in view of objections from a minority of Member States which argued that there was no real need for Community legislation because their own unfair competition law could provide practical solutions to the issue.

By the first reading in the European Parliament in June 1993, however, it became obvious that an increasing majority of interested parties favored a business law orientation of the new right. This lead to respective parliamentary amendments and the amended proposal for a directive, published in October 1993, which provided for the first time a separate chapter concerning the right to prevent unauthorized extraction from a database.

In the course of controversial negotiations at the Council ongoing since the summer of 1994, the business law-like approach was strengthened and finally a right protecting substantial investments in databases was established. Hence a protection of the "sweat of the brow" by a *sui generis* right was finally established and the dogmatic conflict\(^{44}\) between copyright and *droit d'auteur* in the area of databases was replaced by a dualistic concept.

The *sui generis* rights granted by the Directive differ fundamentally from the law of unfair competition. The law of unfair competition is only applicable in competitive situations, whereas

\(^{43}\) Original Proposal, *supra* note 4, COM (92) 24 Final at 43, art. 2(5).

\(^{44}\) See Strowel, *Droit d'auteur et copyright, Divergences et convergences*, Brussels/Paris 1993.
the *sui generis* right also covers acts committed by users in non-competitive situations. The law of unfair competition sanctions unfair behavior *a posteriori*, whereas the Directive creates exclusive transferable rights *a priori*. Legal proceedings based on unfair competition law are subject to prescription, whereas the right to protection for substantial investments grants a term of protection. In this respect, it is similar in nature to intellectual property rights.

This new right is not a related right. It does not concern organizational achievements in the sense of the Rome Convention, but as a legal innovation it rather forms an independent category.

C. **Object of Protection and Beneficiaries of the Sui Generis Right**

The object of protection of the *sui generis* right is now a substantial investment in either the obtaining, verification, or presentation of the contents of the database.\(^45\) When assessing the degree of the investment, qualitative and quantitative standards should be used. Not only are financial expenses protected but also expenditure in time, work, and effort.\(^46\)

The fact that the object of protection relates to investments including the "sweat of the brow" has the advantage that the original right holder, in other words the maker of the database, only has to prove a substantial investment. The term "maker" is defined in a recital.\(^47\) Because employees usually do not take independent initiatives with a view to manufacturing databases and also do not carry any investment risk, the problem of "work made for hire" does not arise here.

D. **Reasons for the Removal of Insubstantial Parts of Databases From the Scope of Protection**

The required, substantial investment refers to databases as such. Therefore, it would have been logical to extend the protection to all parts of the database. In the course of the Council deliberations it became necessary to remove insubstantial parts of a database from the scope of protection of the *sui generis* right.

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Without entering into detail, it should be mentioned that the Council decision was motivated by the fact that the *sui generis* right was considerably strengthened during the legislative process. There is a direct connection between the limited scope, the deletion of the rules concerning compulsory licences, the limitation of exceptions to the rights and the possibility of the cumulation of the *sui generis* right with other rights.

In the meantime, some interested circles who are potential beneficiaries of the new right expressed their concern that practical difficulties could arise in differentiating between substantial and insubstantial parts of a database. Of course with respect to such new legal concepts, the relevant case law awaits to be established. What is substantial or insubstantial is a question which must be decided in each individual case. A flexible criterion became necessary because of the wide range of products covered by the Directive. Indeed, there are dynamic and static, electronic and non-electronic, on-line and off-line databases. The recitals indicate that the *sui generis* protection prevents acts causing significant detriment, evaluated quantitatively or qualitatively, to the investment.48

E. The Exclusive Rights

The *sui generis* right consists of two bundles of rights which are defined as the extraction right and the re-utilization right.49 Unlawful acts of users and competitors which harm the investment are both covered by the catalogue of restricted acts.50 In contrast to the right of extraction, the right of re-utilization mainly concerns acts of a commercial nature. This has important consequences with regard to the exceptions of the *sui generis* right. As already mentioned, insubstantial parts of the database are not covered by the protection. The *sui generis* right, however, will be applicable in the case of repeated or systematical extraction or re-utilization of insubstantial parts of a database.51

The re-utilization right also covers a rental right. On the other hand public lending does not constitute an act of re-utilization or extraction.

49. See id. art. 7(2), O.J. L 77/20, at 26 (1996).
51. See id. art. 7(5), O.J. L 77/20, at 26 (1996).
Although the right of extraction resembles a reproduction right and the right of re-utilization resembles a distribution right, both rights are new legal concepts. Despite the misgivings of some traditionalists and certain interested parties who would have preferred the creation of new neighboring rights, the final compromise incorporates the two bundles of *sui generis* rights favored by the Commission. Nevertheless, the utilized terminology has been partially drawn from customary usage in the area of intellectual property law.

These exclusive rights are transferable, can be licensed, and can be cumulated with other rights.\(^52\) The rights of third parties concerning database contents remain unaffected.

### F. The Compulsory Licensing Issue

Instead of introducing exceptions from the *sui generis* right the initial Commission proposal provided for a compulsory licensing scheme.\(^53\) Despite the licensing scheme, it allowed for basic rights of legitimate users. Such a concept had the considerable advantage that no optional exceptions and thus no disharmonizing from the "backdoor" was to be expected. More precisely there were compulsory licenses in the case of an abuse of a dominant position, Article 86 of the EC Treaty, and in relation to public monopolies, Article 90 of the EC Treaty. A license was to be granted where the database had been made publicly available and where the required "raw material" was unobtainable from any other source. As regards the conditions for granting licenses, Member States would have to provide appropriate measures for arbitration. Upon the first reading in the European Parliament, a definition of "making publicly available" was added to the compulsory licensing provisions.\(^54\)

In the course of the deliberations of the Council Working Party, various details were added to the scheme, in order to take into account the concerns of potential right holders. At the same time, the idea of a compulsory license for educational and scientific research purposes was introduced into the debate. Parallel to this, the license for commercial purposes was increasingly

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52. See *id.* art. 7(3) and 7(4), O.J. L 77/20, at 26 (1996).
directed towards a conciliation between the *sui generis* right and antitrust law.

With the emergence in early 1995 of a majority in the Council Working Party favoring a catalogue of exceptions to the *sui generis* right, the initial concept of the compulsory licensing scheme lost its legitimacy. At this stage of discussions, proponents of a modified compulsory licensing scheme who feared information monopolies, and opponents who objected on dogmatic or economic grounds, entered into a lively debate. The deadlock was resolved by a deletion of the compulsory licensing provisions, by adding a revision clause, and by reducing the scope of the *sui generis* right to the whole or a substantial part of a database. Furthermore, optional exceptions from the *sui generis* right now only apply in relation to the extraction right in principal, and the basic users' rights have finally become mandatory.

G. Rights and Obligations of the Legitimate Users

The rights and obligations of legitimate users are regulated in some detail.\(^5^5\) As in the copyright chapter the provisions concerned are *ius cogens*.\(^5^6\) On one hand, such provisions are intended to prevent a database operator from extending contra legem the scope of protection of the *sui generis* right by contractual clauses. On the other hand the lawful user is subject to restrictions obligating him to refrain from acts which unreasonably prejudice the legitimate interests of a database maker or of content providers.\(^5^7\)

H. The Exceptions From the Sui Generis Right

In view of the possibility to accumulate the rights, the exceptions from the *sui generis* right\(^5^8\) are basically designed as in the copyright chapter. Such exceptions, however, usually only relate to the extraction right. This is appropriate because re-utilization is predominantly of a commercial nature. A catch-all clause covering other traditional exceptions is not foreseen in the *sui*  

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56. Id. art. 15, O.J. L 77/20, at 27 (1996).
57. Id. art. 8(2) and 8(3), O.J. L 77/20, at 26 (1996).
58. Id. art. 9, O.J. L 77/20, at 26 (1996).
generis right because it is a legal innovation. A derogation in this regard has been granted in favor of the Scandinavian Member States that benefit from a so-called catalogue right since 1961.\textsuperscript{59}

With respect to exhaustion of the right to control the resale of a copy of an off-line database, the same principles apply as in the copyright chapter.

I. The Term of Protection

The term of protection expires fifteen years from the first of January of the year following the date of completion of the making of the database.\textsuperscript{60} The initially proposed term of protection was ten years but this was extended upon the first reading in the European Parliament.\textsuperscript{61}

The burden of proof regarding the date of completion of production of a database lies with the maker of the database.\textsuperscript{62} In the case of a database which is made available to the public within the fifteen year period, the term of protection commences to run only from the date of publication.\textsuperscript{63} This is meant to give an equal opportunity of a return on investment. With regard to the possibility of a new additional term of protection, the database Directive pursues the concept of a substantial new investment.\textsuperscript{64} The material provisions and the recitals describe in detail when such a new investment has been made. The burden of proof that the criteria exist for concluding that a substantial modification of the contents of a database amounts to a substantial new investment lies again with the maker of the database.\textsuperscript{65} The makers and operators of databases are advised, like all holders of intellectual property rights, to take adequate measures securing such evidence. In certain cases such as superdynamic databases, a date stamping would be of assistance.

\textsuperscript{59} See id. recital 52, O.J. L 77/20, at 24 (1996).
\textsuperscript{60} See id. art. 10(1), O.J. L 77/20, at 26 (1996).
\textsuperscript{61} See Original Proposal, supra note 4, COM (92) 24 Final at 54, art. 9(3); Amended Proposal, supra note 7, COM (93) 464 Final at 15, ¶ 12(1).
\textsuperscript{63} Id. art. 10(2), O.J. L 77/20, at 26 (1996).
\textsuperscript{64} Id. art. 10(3), O.J. L 77/20, at 26 (1996).
\textsuperscript{65} Id. recital 54, O.J. L 77/20, at 24 (1996).
J. Reciprocity

In principle, the *sui generis* right is only applicable for databases produced within the territory of the Community or by nationals of one of the Member States.\(^6^6\) The same principles apply for the manufacture of databases by companies and firms which, by virtue of Article 58 of the EC Treaty, are to be treated as nationals of the Member States. The underlying reason for this is that the European Community has no power to grant *sui generis* rights outside its territorial jurisdiction. The required link is thus territorial or personal sovereignty. Furthermore, reciprocity agreements may be concluded. Presently databases produced in the United States do not enjoy any *sui generis* protection. For this reason no possibility exists for a succession in title with regard to the *sui generis* right where a U.S. company transfers the rights to an European entity.


In addition to their obligation to implement the Directive into national law, the Member States are under a legal duty to provide for appropriate sanctions with respect to infringements of the rights provided for in the Directive.\(^6^7\) Such provisions fall considerably short of Article 7 of Directive 91/250/EEC on the legal protection of computer programs. In this context, it should be mentioned that the Commission had requested in a communication on the role of penalties in implementing Community legislation within the Internal Market\(^6^8\) that the Member States provide for “effective, proportionate and dissuasive sanctions.” Such first steps have been foreseen in a resolution of the Council of Ministers adopted on 29 June 1995.\(^6^9\)

The Directive shall be without prejudice to other legal provisions which might be relevant for databases.\(^7^0\) In particular, the rules of industrial property law and contract law remain applicable.

Protection pursuant to the Directive shall apply *ratisone*

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\(^6^6\) Id. art. 11, O.J. L 77/20, at 26-7 (1996).
\(^6^7\) Id. art. 12, O.J. L 77/20, at 27 (1996).
\(^6^8\) Commission of the European Communities, Communication from the Commission to the Council and the European Parliament on the role of penalties in implementing Community internal market legislation, COM (95) 162 Final (May 1995).
\(^6^9\) O.J. C 188/1, 22 (July 1995).
temporis with respect to databases made prior to the implementing deadline. As regards less creative databases, there is a specific provision in favor of acquired copyright rights. "Pre-existing" databases benefit from special treatment in relation to the term of protection of the novel sui generis right. The sui generis right does not affect acts concluded and rights acquired in the past with regard to these "pre-existing" databases.

The Directive states that Member States shall apply the legislation before January 1, 1998. It would be desirable for the EU Member States to implement the Directive as soon as possible because it will encourage investments in databases. The implementation period is rather generous. A revision clause provides that the Commission is obliged to submit regular reports on the application of the Directive to the European Parliament, the Council of Ministers, and the Economic and Social Committee. As pointed out in declarations made on the occasion of the adoption of the Common Position, the Commission shall focus its report in particular on the practical effect of the sui generis right and in the light of the deletion of the compulsory licensing scheme, on possible distortions of free competition caused by abuses of dominant positions.

VI. CONCLUSIONS

The global compromise package of the database Directive aims to balance the interests of database makers, database operators, users, authors, competitors, SEES, and the public at large. Taking the complexity of the issue into account and considering the diverging interests at stake, an astonishing consensus was achieved in the European Parliament and in the Council of Ministers. This gives hope for a fast application of this watershed in European legislation. It is very likely that this legislation will serve as a model in the search for a global solution regarding the

75. See id. art. 16(1), O.J. L 77/20, at 27 (1996).
76. See id. art. 16(3), O.J. L 77/20, at 27 (1996).
77. It appears that some EU Member State governments had already commenced drafting implementing legislation before the Directive was enacted.
The European Union has recently submitted to the WIPO expert committees a draft proposal for an international convention on the *sui generis* protection of databases.