The European Union’s Database Directive: An International Antidote to the Side Effects of Feist?

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Abstract

This Article traces the origins of the Database Directive and asks whether the Directive is a model that should be applied at the international level. Part I examines the background to the Directive. Such an examination is pertinent because the Commission went from a position in 1988 of limiting its proposal to copyright protection, to one of a “copyright plus” approach in 1992. Part II reviews the current forms of protection at the Member State level. Part III examines the case for extended protection, while Part IV analyzes in detail the provisions of the Directive, including those which form the basis of the EU’s proposal for an international instrument. Part V reviews the international aspects of the Database Directive.
THE EUROPEAN UNION’S DATABASE DIRECTIVE: AN INTERNATIONAL ANTIDOTE TO THE SIDE EFFECTS OF FEIST?

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INTRODUCTION

On March 11, 1996, the European Council and the European Parliament adopted the Directive on the Legal Protection of Databases (the “Database Directive” or “Directive”), thereby ending nearly eight years of discussion over the legal protection of databases in the European Union ("EU"). Now, the fifteen EU Member States have until January 1, 1998, to incorporate the provisions of the Database Directive into national law. In addition, neighboring countries, such as Norway, Iceland, Poland, and Turkey, will have to implement the Directive, in accordance with their respective bilateral agreements, with the EU.

Prior to the Directive’s formal adoption, but after the Directive had safely maneuvered the last significant legislative obstacles, the EU proposed an international instrument on the protection of the non-original contents of databases at the February 1996 session of the World Intellectual Property Organization (“WIPO”) Committee of Experts. The aim of the international instrument is to supplement copyright protection afforded to the structure and arrangement of databases under both Article

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5. The World Intellectual Property Organization (“WIPO”) is an international organization with headquarters in Geneva, Switzerland. Beryl R. Jones, Legal Framework for the International Protection of Copyrights, 367 PLI/PAT 165, 171 (1993). It is one of the sixteen specialized agencies of the United Nations system of organizations. Id. The WIPO is responsible for the promotion of the protection of intellectual property throughout the world. Id. As of February 20, 1997, WIPO had 161 member states. Id.
This Article traces the origins of the Database Directive and asks whether the Directive is a model that should be applied at the international level. Part I examines the background to the Directive. Such an examination is pertinent because the Commission went from a position in 1988 of limiting its proposal to copyright protection, to one of a “copyright plus” approach in 1992. Part II reviews the current forms of protection at the Member State level. Part III examines the case for extended protection, while Part IV analyzes in detail the provisions of the Directive, including those which form the basis of the EU’s proposal for an international instrument. Part V reviews the international aspects of the Database Directive.

This Article concludes that if the WIPO Committee of Experts determines that there is a strong economic case for the immediate protection of non-original content of databases at the international level, the *sui generis* right contained in the Database Directive provides an interesting basis for discussion.

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6. Agreement on Trade-Related Aspects of Intellectual Property Rights, 33 I.L.M. 1197, in General Agreement on Tariffs and Trade: Multilateral Trade Negotiations Final Act Embodying the Results of the Uruguay Round of Trade Negotiations, Apr. 15, 1994, 33 I.L.M. 1125, Annex 1C [hereinafter TRIPs]. Article 10(2) of TRIPs provides that “[c]ompilations of data or other material, whether in machine readable or other form, which by reason of their selection or arrangement of their contents constitute intellectual creations shall be protected as such.” *Id.*, art. 10(2), 33 I.L.M. at 1201.

7. WIPO Copyright Treaty, art. 5, *available at WIPO Copyright Treaty* (last modified Jan. 16, 1997) <http://www.wipo.org/eng/diplconf/distrib/treaty/01.htm> (also on file with the *Fordham International Law Journal*). The WIPO Copyright Treaty was adopted on December 20, 1996. Article 5 is modelled on Article 10(2) of TRIPs, and reads as follows:

Compilations of data or other material, in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations, are protected as such. This protection does not extend to the data or the material itself and is without prejudice to any copyright subsisting in the data or material contained in the compilation.

*Id.*


[A] right for the maker of a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents to prevent extraction and/or reutilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.

*Id.* art. 7(1), O.J. L 77/20, at 25 (1996).

9. There are clear parallels between the EU’s vanguard approach to the legal pro-
It is questionable, however, whether an international instrument, with no proven track record and that contains novel legal concepts, should be founded on a legal measure. The Database Directive draws a delicate balance between the interests of database makers to secure returns on their investments and the interests of users and compilers of value-added databases to secure access to information. The compromise reached in the Database Directive satisfied neither database makers nor users. Database makers would have liked, among other things, to prevent the extraction and reutilization of insubstantial contents of databases, if not by law, then by contract. They would also want to extend the term of protection beyond the current fifteen-year limit. Users would have preferred to see compulsory licensing provisions incorporated into the Database Directive. These provisions would ensure access to information. Both sides of the debate made dramatic claims as to the consequences if their arguments were not heeded.

The drafters of the Database Directive, acknowledging the difficulty of second-guessing such a fast-moving market, played it safe by incorporating a review clause. The clause enables the Commission to review the Database Directive three years after its entry into force and every three years thereafter. Because the Parliament and the Council were concerned that the creation of the new right might unduly stifle the creation of value-added products and services, the Directive specifically instructs the Commission to examine whether the sui generis right has led to an abuse of a dominant position or other interference with free competition that would justify the introduction of compulsory licensing provisions.

Modifying a Directive is no easy task, as we have seen from the recent update to the Television Without Frontiers Directive.
Modifying an international instrument is likely to be even more problematic. Prudence would appear to dictate, therefore, that the international community should wait and see how the EU experiment works out. This does not, however, preclude an immediate agreement on a set of principles based on the Directive to combat the free-rider problem on an international scale. In the interim, countries that currently provide no protection against the misappropriation of the contents of databases may either model their legislation on the *sui generis* right or they may rely on alternative solutions such as national copyright or unfair competition law.

I. BACKGROUND

The Commission first examined the impact of technology on the copyright regime in June 1988 in its Green Paper on Copyright and the Challenge of Technology (the "Green Paper"). In the section on databases, the Commission focused on how to protect "the mode of compilation" of databases. No consideration was given to protection of the contents of a database. In its conclusions, the Commission considered:

[W]hether the protection of the mode of compilation of the database itself should extend to databases composed of material which is not in itself protected by copyright, such action would only be taken if it were felt that considerable investment which the compilation of a database represents could best be served by copyright protection rather than by other means.

In April 1990, the Commission held a hearing on the legal

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14. A further advantage of such an approach is that database makers from that jurisdiction will receive protection in the EU, pursuant to the Database Directive's reciprocity provisions.

15. Commission of the European Communities: Green Paper on Copyright and the Challenge of Technology-Copyright Issues Requiring Immediate Action, COM (88) 172 Final (June 1988).

16. *Id.* at 24, ¶ 6.6.2. The Commission asked for comments on:
   (a) whether the mode of compilation within a database should be protected by copyright; and
   (b) whether that right to protect the mode of compilation, in addition to possible contractual arrangements to that effect, should be extended to
protection of databases at which a large majority of participants expressed their faith in copyright as the proper form of protection. The participants spurned the option of the *sui generis* right.

A. The Impact of the Software Directive

The Commission's approval of a pure copyright approach is perhaps also explained by the fact that the key issue for the Commission from 1988 to 1991 was the legal protection of computer software. In April 1989, the Commission issued its draft Software Directive. In its proposal, the Commission indicated that copyright was the most appropriate means of protection. It said that *sui generis* protection:

> should be kept to a minimum if the full benefit of the established copyright protection granted under the Berne and Universal Copyright Conventions is not to be overly diluted. Accordingly, the present Directive seeks as far as possible to stay within the common parameters of literary work protection as it exists today in the Member States of the EC.

Thus, the Commission did not want to propose a *sui generis* solution for databases and at the same time, rejected such an approach for computer software.

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18. Id. at 7, ¶ 3.8.

19. In addition to a *sui generis* right, the Commission also had an additional incentive for proposing a copyright directive for the protection of software. By adopting a copyright measure, the Commission would have a legitimate seat at the WIPO table. Under Community law, intellectual property is an area of mixed competence, meaning that the external competence over intellectual property matters is shared between the Member States and the Community. If the Community has not enacted legislation, then Member States are free to negotiate bilateral and multilateral agreements with third countries, provided they do not infringe on Community law. As soon as the Community occupies the terrain by adopting a legal instrument, such as a Regulation or a Directive, however, the Commission, on behalf of the Community, has the exclusive competence to negotiate with third countries. The Software Directive was the first copyright measure adopted at the Community level. Thus, on issues pertaining to the legal protection of software, the Commission now has exclusive competence to represent the Community's interests.
B. The Switch From a Pure Copyright Approach

The Commission’s belief in a pure copyright approach, as elucidated in its Green Paper, faded as it realized that, by itself, copyright failed to offer an adequate level of protection for the substantial investments in factual databases. Although factual databases were compiled with great skill and effort, the Commission recognized that such databases might not satisfy the originality criterion in most Member States. In reality, the selection and arrangement of such databases, especially electronic databases, are not intellectual creations because the compiler’s objective is not to produce an original database, but a comprehensive one. Thus, while the selection or arrangement of an anthology of metaphysical poets may involve a degree of intellectual creativity, a directory of all steel mills in Belgium, listed alphabetically, does not require any degree of creativity.

Moreover, even if Member States did stretch copyright to protect compilations of data, the scope of protection might not extend beyond the compilations’ selection or arrangement. Thus, by simply rearranging their contents, the compilations would still be exposed to slavish copying by competitors. Once

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20. See George Metaxas Protection of Databases: Quietly Steering in the Wrong Direction?, 7 EUR. INTELL. PROP. REV. 227 (1990). Metaxas was the first commentator to publicly attack a pure copyright approach. Metaxas highlighted the weakness of copyright as a means to protect electronic databases. Id. at 228, 233.

21. See Jean Hughes & Elizabeth Weightman, EC Database Protection: Fine Tuning the Commission’s Proposal, 5 EUR. INTELL. PROP. REV. 147 (1992). The authors argue that:

In the case of the vast majority of electronic databases there is likely to be little authorial intellectual creativity, even assuming (as the proposal does) that the author is the person who ‘creates’ the database rather than the person who simply inputs the data. On the contrary, [we] would expect the sui generis right to be invoked extensively because many databases will not be eligible for copyright protection.

Id.

22. Certain Member States, however, notably the United Kingdom, Ireland, and the Netherlands, apply the “sweat of the brow” doctrine, and the scope of the protection under copyright extends beyond the structure or arrangement of the database to its contents. For example, in BBC v. Magill, Mr. Justice Lardner held:

[T]he BBC’s weekly TV programme schedules . . . are the end product of a long process of planning, preparation, arrangement and revision which involves a great deal of work and experience and the exercise of skill and judgement. They are the creation of the BBC and in my judgement they constitute an original literary work in the case of compilation within Sections 2 and 8 of the Copyright Act 1956.

BBC v. Magill, [1990] I.L.R.M. 534. Magill was therefore prevented from reproducing the contents of the BBC’s listings.
the Commission appreciated copyright's limitations, and once
the Software Directive\(^2\) was safely behind it, the \textit{sui generis} right
was brought back into the fold.

The Commission's conversion to the \textit{sui generis} right was
prompted, among other things, by the U.S. Supreme Court rul-
ing in \textit{Feist Publications Inc. v. Rural Telephone Service Co. Inc.}\(^4\)
where the court rejected a claim for breach of copyright against
the alleged plagiarizer of a telephone directory on the grounds
that copyright only protected compilations in which there had
been some originality in the selection or arrangement of the
materials contained therein.\(^5\) \textit{Feist} underscored that a copyright
was probably not sufficient to give the contents of databases the
level of protection which the Commission believed the contents
merited either within the Community or in third countries.
Moreover, if the normally pragmatic Anglo-Saxon systems of
copyright were dogmatic on the requirement of the originality of
compilations, where did this leave database makers under the
droit d'auteur regime?

\section*{II. THE CURRENT POSITION IN THE MEMBER STATES}

No Member State has adopted specific legislation on
databases, although Nordic Member States have granted a spe-
cific reproduction right for catalogues.\(^6\) Article 2(5) of the

\begin{footnotes}
on the Legal Protection of Databases, the Commission said:

\hspace{1em} It seems clear that a new line of jurisprudence may be emerging which rejects
\hspace{1em} the sweat of the brow criteria but requires originality in the copyright sense. If
\hspace{1em} this reasoning is to be followed consistently in the United States now, it may
\hspace{1em} well be that electronic databases, as well as collections in paper form, which do
\hspace{1em} not meet the test of originality, will be excluded from copyright protection
\hspace{1em} regardless of the skill, labour, effort or financial effort expended in the cre-
\hspace{1em} ation.

\hspace{1em} Commission on the European Communities: Proposal for a Council directive on the
\hspace{1em} Legal Protection of Databases, COM (92) 24 Final at 36, ¶ 5.3.9.-10 (May 1992) [herein-
\hspace{1em} after Proposal on Databases].

\item[25.] See \textit{Feist}, 499 U.S. at 340-41.

\item[26.] See Proposal on Databases, supra note 24, COM (92) 24 Final at 16, ¶ 2.2.10.

\hspace{1em} Recital 2.2.10 of the Proposal on Databases provides that "[a] different solution has
\hspace{1em} been retained in Denmark, Finland, Norway and Sweden where a ten year protection
\hspace{1em} against copying exists independently of copyright legislation for 'catalogues, tables and
\hspace{1em} similar productions in which a great number of items of information have been com-
\hspace{1em} piled." \textit{Id.}
\end{footnotes}
Berne Convention, as implemented into national copyright law, presently provides the principal means of protection. Article 2(5) of the Berne Convention reads, “collections of literary or 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 part of such collections.” The Berne Convention only protects collections where they satisfy two cumulative criteria: where the collection is a collection of “literary or artistic works” and where the collection constitutes an intellectual creation in its own right.

The majority of the Member States, however, offer collections greater protection than that offered by the Berne Convention. At the time of the Commission’s proposal, only Belgium and Luxembourg confined protection to collections that fulfilled both Berne Convention criteria. As of 1991, six Member States, France, Ireland, the Netherlands, Portugal, Spain, and the United Kingdom, afforded protection to simple compilations regardless of whether the collection is an intellectual creation. In Germany and Italy, the national laws incorporate only the second Berne Convention category. In those Member States that do not afford copyright protection to compilations of non-protectable materials, EU unfair competition law may offer protection vis-à-vis slavish copying by competitors. Thus, arguably, at the time of the Commission’s proposal, there was no demonstrable need for the introduction of additional legisla-
For the Commission, however, a combination of Article 2(5) of the Berne Convention and unfair competition did not offer enough predictability to encourage investment in this sector. Moreover, it had set its sights on a more prestigious prize, the introduction of a new database-specific right.

III. THE CASE FOR EXTENDED PROTECTION

A. The Economic Justification

The Commission's justification for proposing a new type of right is set out in the following quotation:

"[E]ven the mere accumulation of facts, statistics, bibliographical information, names and addresses involves considerable commercial activity. Time, labour and organizational skills are brought to bear, to collect and verify the accuracy of the required volume of data and to create from it a marketable product or service. The data in this instance is similar to a raw material. If others misappropriate that raw material they will be able to market similar or identical products or services at greatly reduced cost. In other industries, it would be considered as an act of unfair competition for the raw material procured for processing at one company's expense to be freely appropriated by another company to make a similar product or service. On the other hand, no one manufacturer should have a monopoly over the source of the raw material such that he excludes others from the market for the finished product or service.

Therefore, in addition to the protection given to the database as a collection if it fulfills the criteria of originality required for such protection, the present Directive gives a limited protection to the contents of the database where such contents are not already protected themselves by copyright. This protection against parasitic behaviour by competitors, which would already be available under unfair competition law in some Member States but not in others, is intended to create a climate in which investment in data processing can be stimu-
lated and protected against misappropriation. It does not prevent the flow of information, nor does it create any rights in the information as such.37

B. Unfair Competition Law

Some commentators on the Commission's proposal maintained that unfair competition law would protect the substantial investment that the proposal was designed to encourage. German law, for example, contains a specific statutory regime on unfair competition. The initial view of the German authorities was that German unfair competition law offered adequate protection against unfair extraction, such as slavish copying by competitors.

If the Commission's principal objective had been to prevent free-riding by competing manufacturers, it could have sought to harmonize unfair competition law with respect to databases. This was rejected, however, on the following grounds:

With some exceptions, unfair competition law is not yet fully developed in all Member States. Different techniques exist, through a variety of legislative structures to deal with questions of unfair competition, parasitic behaviour, breach of confidence, passing off and so on. Until the unfair competition laws of the Member States are harmonized, it serves little point to attempt to harmonize with respect to database protection by means of a regime which manifests itself in widely differing forms throughout the Community and which is largely based on case law. Nor would it be possible, through a sectoral directive on a single product, a database, to regulate unfair competition law generally in the Member States.

A second limitation on the applicability of unfair competition law per se stems from the fact that its purpose is to regulate behaviour between competitors and not between suppliers and users. Therefore a more general regime which determines the acts to be performed without authorization by all users, whether or not they are also competitors, is desirable.38

The foregoing paragraphs highlight two basic arguments against harmonizing unfair competition law. The first is logistical and is rooted in the specific characteristics of the EU,

37. Proposal on Databases, supra note 24, COM (92) 24 Final at 25, ¶ 3.2.7-8 (emphasis added).
38. Id. at 36, ¶ 5.3.9-10 (emphasis added).
namely, the co-existence of civil and common law traditions. In the United Kingdom, for example, there is no law or tort of unfair competition. The nearest equivalents are the torts of passing off, inducing breach of contract and unlawful interference with contractual relations, and defamation and injurious falsehood. Other Member States, however, have adopted specific unfair competition laws. The Commission, understandably, did not want to tackle the harmonization of unfair competition law, when its specific aim was to boost protection in just one very narrow sector. The second argument in favor of a *sui generis* right is that the legislation should not just catch the free-rider, but also the user: unfair competition law merely acts as a shield against wrongful behavior by competitors. A *sui generis* right, on the other hand, grants a bundle of exclusive rights which may be transferred, assigned, or granted under contractual licence.

There is nonetheless a discrepancy between the economic arguments justifying extended protection and the solution proposed. The main thrust of the arguments for a copyright plus approach is the potential damage caused by slavish copying by competitors. The economic case for the creation of a right to prevent extraction and reutilization of unoriginal content by users has never been satisfactorily explained. Thus, the Database Directive’s impact on users is one of the areas to be closely monitored in the future, especially in light of the removal of the compulsory licensing provisions.

It is noteworthy that countries following the EU’s example in determining how to protect databases may not have the same strategic constraints regarding national unfair competition law. In addition, they may conceivably object to the creation of hurdles to the access and use of information by users on public

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40. See Robertson & Horton, supra note 39, at 577-80 (discussing EC law and unfair competition law).


42. Article 10 of the European Convention of Human Rights provides, for example, that “[e]veryone has the right to freedom of expression. This right shall include the freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers.” European Convention of Human Rights and Fundamental Freedoms, Nov. 4, 1950, art. 10, 213 U.N.T.S. 221, 280, Europ. T.S. No. 5.
C. The Law of Contract

The Commission also considered that the law of contract did not afford sufficient protection. It reached this conclusion on the seemingly mistaken assumption that an increasingly large number of databases would be sold rather than licensed. Thus, in the Commission’s view, ongoing use would be harder to control. The Commission also flagged, in passing, the problem of enforcing shrink-wrap licenses, given that users have no opportunity, in practice, to negotiate a contract’s terms and conditions.

D. The Three Intellectual Property-Based Solutions

Having played down the role of unfair competition law and contract law to protect the contents of databases, the Commission had three options to supplement copyright protection. The first option was to harmonize EU protection of databases along the lines of U.K. and Irish law, which offers copyright protection to compilations of mere facts provided that there is a sufficient degree of skill and labor. In other words, introducing a “sweat of the brow” doctrine at the European level. However, this would have clashed with the Continental systems of droits d’auteur. Moreover, there was a feeling within the Commission, especially within the Competition Directorate in light of the Magill case, that the protection offered by U.K. and Irish copy-

43. Id.
44. Explanatory Memorandum on Computer Programs, supra note 17, COM (88) 816 Final at 7, ¶ 3.4 (defining shrink-wrap licenses as those covering conditions attached to products sold).
45. Id. at 6-7, ¶ 3.3. The clearest statement, however, on the weaknesses of contract law provides:

Contract law alone does not provide efficient protection against most forms of misappropriation. In particular, as regards mass-marketed programs for personal computers and computer games which do not need maintenance, contract law does not provide an adequate means to prevent the copying and use of computer programs by third persons. Nor is it entirely clear whether the practice of so-called ‘shrink-wrap licensing’ where use conditions are attached to a product which is, to all intents and purposes ‘sold’ to the user, constitutes a valid licence in all circumstances and in all jurisdictions.

Id. at 7, ¶ 3.4.
right laws was too extensive.\textsuperscript{47}

A second option involved a neighboring right for database producers, similar to the right enjoyed by phonogram producers under the Rome Convention.\textsuperscript{48} This was not considered to be appropriate for databases. The third option was for a \textit{sui generis} regime. The Commission opted for a two-tier approach consisting of copyright protection for the selection or arrangement of the database and a \textit{sui generis} right for the contents of the database. The \textit{sui generis} right was initially called the unfair extraction right. It was subsequently renamed the unauthorized extraction right in the Commission’s amended proposal, primarily because of the possible confusion with unfair competition law. In the final text of the Directive, it is simply referred to as the \textit{sui generis} right.

The Commission’s proposal was inspired by the protection offered to catalogues in the Nordic countries of Denmark, Finland, Norway, and Sweden.\textsuperscript{49} For example, at the time of the proposal, Section 49 of the Danish Copyright Act 1961 provided that “[c]atalogues, tables and similar productions in which a great number of items of information have been compiled, as well as programmes, may not be reproduced without the consent

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\textsuperscript{47} The Commission observed:

[T]he Berne Convention obliges its signatories to protect literary works. The Berne Convention does not oblige its signatories to grant copyright protection to a list consisting of 9.00 Dallas, 9.40 News, 10.00 Weather. (Article 2(8) of the Berne Convention provides that “[t]he protection of this Convention shall not apply to news of the day or to miscellaneous facts having the character of mere items of press information.”) However, in some countries (the UK and Ireland), compilations are protected not as literary works but by reference to the skill or effort involved in creating them. Of course, the Berne Convention does not forbid signatory states from extending what they call copyright protection to other works than the literary and artistic creations contemplated by the Convention. It places no constraints on how such states may regulate the exercise of copyright over such works. The Berne Convention compels a signatory state to protect a timetable designed by Pablo Picasso, but leaves states free as to how they regulate the protection of a traditional timetable made by British Rail. For example, flight timetables in Germany and calendars of football games in Belgium are not protected. It has never been suggested that the denial of copyright protection to such utilitarian, non-literary works is an infringement of those countries’ Berne Convention obligations.


\textsuperscript{49} The \textit{sui generis} right also bears many similarities to the publisher’s right in the published edition which existed under U.K. law.

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of the producer until ten years have elapsed from the year in which the production was first published." The Commission's proposal, however, extended beyond an exclusive right of reproduction, to include, amongst other rights, a right of distribution, translation, adaptation, communication, display, extraction, and reutilization.

IV. THE DATABASE DIRECTIVE

The final text of the Database Directive, as adopted, differs from the Commission's proposal in several important respects. The Database Directive covers non-electronic databases. The Commission removed the compulsory licensing provisions relating to the sui generis right. The Database Directive explicitly provides that contractual provisions that purport to deprive lawful users of the right to use or access the database or to extract and reutilize an insubstantial part of its contents will be null and void. The Database Directive also extends the term of protection under the sui generis right from ten to fifteen years.

A. The Scope of the Directive

While the Commission confined its proposal to the protection of databases "arranged, stored and accessed by electronic means," the Database Directive covers databases "in any form," including paper databases. The scope of the Database Directive was extended to cover paper databases for three main reasons. Article 10(2) of TRIPs, governing copyright protection of databases, does not distinguish between electronic and non-electronic databases. In addition, the widespread use of electronic

50. Copyright Act, No. 158 of May 31, 1961, SS 3, 53, 55 (Den.). Danish copyright legislation was substantially revised on June 14, 1995. Article 71, which is the equivalent of Article 49 of the 1961 Act, now provides a 15-year limit on protection from the date of compilation.
53. Id. art. 15, O.J. L 77/20, at 27.
54. Id. art. 10, O.J. L 77/20, at 26.
57. Article 10(2) of TRIPs refers to "compilations of data or other material, whether in machine readable or other form." TRIPs, supra note 6, art. 10(2), 38 I.L.M. at 1201.
scanners means that the contents of non-electronic databases are increasingly vulnerable to piracy. Finally, the Commission did not want to see a divergent approach emerge between electronic and non-electronic databases such as the application of diverse originality requirements under national law.

The Database Directive defines a database as "a collection of works, data or other independent materials arranged in a systematic or methodical way and capable of being individually accessed by electronic or other means."58 "Electronic databases" within the meaning of the Database Directive explicitly includes devices such as CD-ROM and CD-i.59 Recital 17 of the Database Directive provides that the term database should be understood to include both the collections of works, whether literary, artistic, musical or other, and collections of other materials such as texts, sounds, images, numbers, facts, and data.60 Thus, the Database Directive will cover collections as diverse as the Guinness Book of Records, the Reuters FXFX page, the Footsie 100 index, a list of temperatures across the world in a weather report, the CompuServe Legal Forum, the Department of Commerce’s page on the Web, celestial juke boxes, video-on-demand databases, and the All England Law Reports.

The broad range of works and materials covered by the Database Directive has led some commentators to refer to it as the Multimedia Directive, but the Database Directive’s requirement for collections to be individually accessed limits its scope. It will not extend, for example, to orthodox audiovisual works, where each frame is viewed in a pre-defined sequence, so the Database Directive will not cover all multimedia works. The future introduction of interactive products, however, is likely to blur the test of individual access so as to extend the Database Directives’s scope. The Database Directive explicitly does not cover the recording of audiovisual, cinematographic, literary, or musical works,62 the compilation of several recordings of musical

60. Id. ¶ 17, O.J. L 77/20, at 21 (1996).
61. That said, viewers may currently individually access certain scenes within a film. For example, a viewer may not wish to watch all of Apocalypse Now, but may wish to access certain scenes, such as the introduction or the helicopter scene with Wagner’s Ride of the Valkyries.
performances on a CD;\textsuperscript{63} and computer programs used in the
construction or operation of a database.\textsuperscript{64} The Database Direc-
tive is without prejudice to the provisions of the Software Direc-
tive,\textsuperscript{65} the Rental Rights Directive,\textsuperscript{66} and the Term of Protection
Directive.\textsuperscript{67}

On the issue of computer software, there is some cause for
concern. In addition to being protected as a literary work, com-
puter software has also been protected as a compilation under
Article 2(5) of the Berne Convention.\textsuperscript{68} The Database Directive
may, therefore, inadvertently supplement the protection af-
forded by the Software Directive to cover interfaces that would
not otherwise be the subject matter of copyright by virtue of the
merger doctrine.\textsuperscript{69} Protection of computer interfaces under the
Database Directive’s \textit{sui generis} right, i.e. as a substantial part of a
database, may have the effect of neutralizing the decompilation

\begin{footnotesize}
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\item Id. \textsuperscript{19}, O.J. L 77/1 at 21 (1996). Recital 19 provides:
Whereas, as a rule, the compilation of several recordings of musical perfor-
mances on a CD does not come within the scope of this Directive, both because,
as a compilation, it does not meet the conditions for copyright protection and
\textit{because it does not represent a substantial enough investment to be eligible under the sui
generis right.}

\item Id. (emphasis added). The Recital represents a compromise between the interests of
authors and producers. Authors initially lobbied to have compilations of phonograms
excluded from the Directive. An earlier draft, dated March 7, 1995, provided that pro-
tection would \textit{not} apply to phonograms. Producers replied that this exception was too
broad; it would effectively prevent any exclusively aural collection from being pro-
tected, however elaborate and creative the selection. The exception, therefore, is now
limited only to CD’s and does not cover, for example, on-line musical databases. More-
over, this exception is merely expressed as a general rule in the Recitals.

\item Id.


\item See Ibcos Computers Ltd v. Barclays Mercantile Highland Finance Ltd., [1994]
F.S.R. 275.

\item Copyright protects expression of ideas, not ideas themselves. Thus, where
there is just one way to express an idea, copyright protection will not apply because the
idea and the expression are said to have merged. Paragraph 3.13 of the Explanatory
Memorandum to the Software Directive provides:
If similarities in the code which implements the ideas, rules or principles oc-
cur as between inter-operative programs, due to the inevitability of certain
forms of expression, where the constraints of the interface are such that in the
circumstances no different implementation is possible, then no copyright in-
fringement will normally occur, because in these circumstances it is generally
said that ideas and expression have merged.

Explanatory Memorandum on Computer Programs, \textit{supra} note 17, COM (88) 816 Final
at 8, \textsuperscript{1} 3.13.
\end{enumerate}
\end{footnotesize}
exceptions set forth in Article 6 of the Software Directive.\textsuperscript{70} In other words, while the lawful acquirer may be able to legitimately decompile a computer program to discover its interfaces, he or she may not be able to re-utilize them if they are protected by a \textit{sui generis} right. This would disturb the delicate balance which was reached in the Software Directive between the interests of rightholders, on the one hand, and producers of interoperable programs, on the other. The application of the Database Directive to computer programs will, therefore, have to be carefully reviewed to ensure that it does not hamper the objective of interoperability pursued by the Software Directive. The author notes that Article 1(4) of the WIPO Proposal of August 30, 1996 seems to address this potential problem by stipulating that the protection offered by the \textit{sui generis} right will not extend to any computer program.

B. Copyright Provisions

1. The Object of Protection

The Database Directive simplified the provisions on the object of protection. Article 3(1) now provides that “databases which, by reason of the selection or arrangement of their contents, constitute the author’s own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection.”\textsuperscript{71}

In line with Article 10(2) of TRIPs, the Database Directive refers to an alternative “selection or arrangement” test, as opposed to the previous cumulative test, contained in Article 2(5) of the Berne Convention.\textsuperscript{72} Under a strict interpretation of Article 2(5) which, as we have seen above, is rarely applied in the Member States, a database listing, for example, of alphabetized art deco swimming pools in Belgium might not have benefited from copyright protection, because although the selection may


\textsuperscript{72} Article 2(5) of the Berne Convention provides: “Collections of literary or artistic works such as encyclopaedias 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 part of such collections.” Berne Convention, \textit{supra} note 27, art. 5(2), S. TREATY Doc. No. 99-27 at 9, 12, 828 U.N.T.S. at 229.
be original, the alphabetical arrangement probably lacks creative spark. Under the Database Directive and Article 10(2) of TRIPs, however, the database may pass the originality test based on its selection alone. Article 2(5) of the Berne Convention provides that “[c]ollection of literary or artistic works such as encyclopaedias and anthologies which, by reason of the election and arrangement of their contents, constitute intellectual creations shall be protected as such without prejudice to the copyright in each of the works forming part of such collections.”  

The remaining language on creativity has been lifted straight from the Software Directive, and is considered to dilute the rigorous test of originality that some Member States demand, most notably, Germany, and invigorate the originality test in others, such as the United Kingdom, Ireland, and the Netherlands.

To be clear, the copyright protection the Database Directive offers does not extend to the contents of a database. Thus, the level of protection offered by the Database Directive’s copyright provisions is limited, because it is confined to the database’s selection or arrangement. The Database Directive, however, does not prejudice any legal or contractual rights which may subsist in its contents.

Example 1: A comprehensive list of Flemish beers may benefit from copyright protection if the selection or arrangement is original, e.g. if the beers are listed according to their specific gravity or by province. But the author of the database cannot invoke the Database Directive’s copyright provisions to prevent the copying of the contents of the database by a competitor who, knowing that the list is comprehensive, wishes to offer a rival database grouping the beers into categories, e.g. geuze, kriek, pils, blanche, abbaye, or trappiste. The compiler may, however, be able to rely on the sui generis right to prevent this kind of re-arrangement if he can demonstrate a substantial investment.

Example 2: A CD of the Gypsy Kings’ greatest hits will not

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73. Id.
75. Recital 16 provides: “[w]hereas no criterion other than originality in the sense of the author’s intellectual creation should be applied to determine the eligibility of the database for copyright protection, and in particular no aesthetic or qualitative criteria should be applied.” Council Directive No. 96/9, supra note 1, at ¶ 16, O.J. L 77/20, at 21 (1996).
76. Id., art. 3(2), O.J. L 77/20, at 25 (1996).
"as a rule" benefit from copyright protection under the Database Directive, because, according to Recital 19 of the Database Directive, the selection or arrangement of music on a CD is not sufficiently original, although a producer will surely argue that the selection or arrangement of the tracks is a highly creative process, e.g. there must be an art in knowing how to incorporate lesser-known tracks in between the tracks which the listener really wants to hear. Lack of protection for the structure or arrangement of the database will not undermine the Gypsy Kings' copyright subsisting in individual tracks, nor will it undermine the producer's neighbouring rights. 77

2. Authorship

The author of a database will be the natural person, or group of natural persons, who created the database. To accommodate Anglo-Saxon systems, however, the Database Directive provides that Member States may designate a legal person, such as a company, to be the rightholder. 78 This mirrors the authorship provision set forth in the Software Directive. The Database Directive also provides for jointly-owned and collective works, which Member State systems allow.

Playing to the socialist gallery in the European Parliament, the Commission deleted the provision explicitly providing that employers shall be entitled to economic rights over databases created during the course of employment. Instead, the Recitals stipulate that the arrangements applicable to databases created by employees are left to the discretion of the Member States. 79 To placate database makers, Recital 29 provides:

[N]othing in this Directive prevents Member States from stipulating in their legislation that where a database is created by

78. Id. art. 11(2), O.J. L 77/20, at 27 (1996).
79. Contrast this with Article 2(3) of the Software Directive which sets out that "where a computer program is created by an employee in the execution of his duties or following the instructions given by his employer, the employer exclusively shall be entitled to exercise all economic rights in the program so created, unless otherwise provided by contract." Council Directive No. 91/250, supra note 23, art. 2(3), O.J. L 122/42, at 44 (1991).
an employee in the execution of his duties or following the
instructions given by his employer, the employer exclusively
shall be entitled to exercise all economic rights in the
database so created, unless otherwise provided by contract.80

Lobbying at the national level is expected on this point.

The Recitals also provide that the "moral rights of the natu-
ral person who created the database belong to the author, [and
that] such moral rights remain outside the scope of the Direc-
tive."81 Moral rights are being separately addressed in the con-
text of the Commission's Green Paper on Copyright and Related
Rights and the Information Society.82 In the interim, database
makers should ensure that, to the extent permitted by national
law, employees agree either to assign or to waive their moral
rights.

3. Restricted Acts

Article 5 of the Database Directive lists the bundle of exclu-
sive rights of the database author.83 This provision has not mate-
rially changed during the legislative process, other than to grant
authors the exclusive right to distribute, communicate, and to
display or perform to the public any translations, adaptations,
arrangements, or other alteration of their works.

There are two elements in the bundle of rights which merit
attention. First, like the Software Directive, the Database Direc-
tive covers temporary reproduction, so the downloading of a
database into a computer's random access memory ("RAM") will
fall within the author's exclusive rights.84 Second, the Database
Directive creates a display right under copyright law. Article
5(d) grants the exclusive right to do or to authorize "any com-
munication, display or performance to the public."85 The inclu-
sion of this provision was drafted with electronic databases in
mind. Paragraph 5.e of the Explanatory Memorandum on
Databases provides:

81. Id. ¶ 28, O.J. L 77/20, at 22 (1996).
82. Copyright Related Rights and the Information Society: Green Paper from the
Commission of the European Communities to the European Council, COM (96) 322
Final (January 1996).
84. Id. art. 5(a), O.J. L 77/20, at 25 (1996).
85. Id. art. 5(d), O.J. L 77/20, at 25 (1996) (emphasis added).
The rightholder is also able to prohibit the communication, display or performance of his database to the public. As databases containing up-to-the-minute information (such as stock market closing figures) are increasingly used as a source of public display on the information, for example, at airports, on large scale screens in streets, in hotels, it is necessary to provide for some control over these activities once they are carried on outside the family circle.86

Article 4(a) of the Software Directive also provided for a right to display, but only insofar as the display necessitated reproduction.87 In this regard, therefore, the Database Directive goes further than the Software Directive and the Berne Convention by providing a display right to the public irrespective of reproduction.88 The result of the provision is that pinning up the front page of a newspaper on a university notice board may henceforth be subject to authorization, insofar as the newspaper is a database. As far as paper databases are concerned, this appears to be stretching copyright to its limits.

4. Exhaustion

The Directive's Recitals give an insight into the Commission's views on exhaustion of distribution rights. The basic rule on so-called "Community exhaustion" is that once a rightholder distributes a material copy of a database, for example, in written format or on CD-ROM, the rightholder cannot prevent subsequent resale in the Community.89 This rule, however, does not apply to databases distributed on-line. Recital 33 reads:

Whereas the question of exhaustion of the right of distribution does not arise in the case of on-line databases which come within the field of provision of services; whereas this also applies with regard to a material copy of such a database made by the user of such a service with the consent of the rightholder; whereas, unlike the cases of CD-ROM or CD-I, where the intellectual property is incorporated in a material medium, namely an item of goods, every on-line service is in

86. Proposal on Databases, supra note 24, COM (92) 24 Final at 47, ¶ 5.c.
88. In this respect, the Database Directive is in line with Section 106(5) of the U.S. Copyright Act of 1976, as amended, which provides a right to display a copyrighted work publicly. 17 U.S.C.A. § 106(5) (1996).
fact an act which will have to be subject to authorization where the copyright so provides.\textsuperscript{90}

Thus, the implication for database producers is clear. If you distribute in the form of atoms such as a CD-ROM and you lose control over the redistribution of your product, but if you distribute in bytes or on-line, you retain control, even if the user subsequently makes a legitimate copy in tangible form. Thus, if I pay for and download on to a floppy disk a database comprising fifty Louisiana recipes on my computer in Belgium, I cannot then sell the copy without breaching the database maker's distribution right. This is so, presumably, based on the assumption that I will keep a copy for myself on the hard disk of my computer.

5. Exceptions to Restricted Acts

Article 6 of the Database Directive sets out exceptions to the restricted acts.\textsuperscript{91} First, a lawful user\textsuperscript{92} of the database has the right to carry out any of the restricted acts necessary to access the contents of the database.\textsuperscript{93} Second, the lawful user does not require the authorization of the author for "normal use" of the database.\textsuperscript{94}

The Member States have the option to limit authors' rights in several circumstances. Member States may limit authors' rights where reproduction is for private purposes of a non-elec-

\textsuperscript{90} See id. ¶ 33, O.J. L 77/20, at 22 (1996). These provisions regarding copyright are also mirrored in Recital 43 regarding the \textit{sui generis} right. Id. ¶ 43, O.J. L 77/20, at 43 (1996).


\textsuperscript{92} The term "lawful user" is not defined in the Directive. It is observed that this term appears broader than "lawful acquiror" which was employed by the Software Directive. According to Czarnota and Hart, "lawful acquiror" means in effect "a purchaser, licensee, renter or a person authorized to use the program on behalf of one of the above." B. CZARNOTA & R. HART, LEGAL PROTECTION OF COMPUTER PROGRAMS IN EUROPE, A GUIDE TO THE EC DIRECTIVE 64 (1991). Thus, "lawful user" would probably only exclude those gaining unauthorized access to a database.

\textsuperscript{93} Council Directive No. 96/9, supra note 1, art. 6(1), O.J. L 77/20, at 25 (1996).

\textsuperscript{94} Recital 34 of the Database Directive provides: once the rightholder has chosen to make available a copy of the database to a user, whether by an on-line service or by other means of distribution, that lawful user must be able to access and use the database for the purposes and in the way set out in the agreement with the rightholder, even if such access and use necessitate performance of otherwise restricted acts. Id. ¶ 34, O.J. L 77/20, at 22 (1996).
tronic database.\textsuperscript{95} They may also limit rights where the use is for the sole purposes of illustration for teaching or scientific research, to the extent justified by the non-commercial purpose.\textsuperscript{96} In addition, there may be limits where there is use for the purposes of public security or for the purposes of the proper performance of an administrative or judicial procedure.\textsuperscript{97} Limitations may also occur in situations involving other exceptions to copyright which are traditionally permitted by the Member State concerned.\textsuperscript{98} Again, while the implementation of these exceptions will doubtless be the subject of intense lobbying at national level, because they apply only to the structure or arrangement of the database, their utility is in practice limited.

C. The Sui Generis Right

While all World Trade Organization members must transpose Article 10(2) of TRIPs on the copyright protection of the structure or arrangement of databases,\textsuperscript{99} what is novel about the Database Directive is its \textit{sui generis} right.

1. Object of Protection

Compared to the original proposal, the \textit{sui generis} right has been substantially simplified and the exceptions reduced to a minimum. Article 7(1) now provides:

Member States shall provide for a right for the maker of a database which shows that there has been qualitatively and quantitatively a substantial investment in either the obtaining, verification, or presentation of the contents, to prevent acts of extraction and re-utilization of the whole of or a substantial part, evaluated qualitatively and quantitatively of the contents of that database.\textsuperscript{100}

\begin{footnotesize}
\textsuperscript{95} Id. art. 6(2)(a), O.J. L 77/20, at 25 (1996).
\textsuperscript{96} Id. art. 6(2)(b), O.J. L 77/20, at 25 (1996).
\textsuperscript{97} Id. art. 6(2)(c), O.J. L 77/20, at 25 (1996).
\textsuperscript{98} Id. art. 6(2)(d), O.J. L 77/20, at 25 (1996).
\textsuperscript{99} See TRIPs, supra note 6, art. 10(2), 33 I.L.M. at 1201.
\textsuperscript{100} Council Directive No. 96/9, supra note 1, art. 7(1), O.J. L 77/20, at 25 (1996). Compare this with the previous version of the Database Directive which stated that "Member States shall provide for a right for the owner of the rights in a database to prevent the unauthorized extraction or re-utilization, from that database, of its contents, in whole or in substantial part, for commercial purposes." Amended Proposal, supra note 51, COM (93) 464 Final at 15, ¶ 10.2.
\end{footnotesize}
2. Substantial Investment

First, to benefit from protection under the Database Directive, the burden of proof is on the database maker to demonstrate that he has made a substantial investment, viewed quantitatively or qualitatively, in the production of the database.\textsuperscript{101} What constitutes a “substantial investment?” The Database Directive leaves this determination to the national legislators or, more probably, to the national courts.\textsuperscript{102} The significant investment test is a nebulous basis for a property right. That said, given the discussion above as to what constitutes an original “selection or arrangement,” copyright law is perhaps not well placed to teach its kid brother, the \textit{sui generis} right, any lessons on legal certainty. The test of originality under copyright law, however, albeit uncertain, can nonetheless rely on objective external elements to determine whether the work is copied from another work. Substantial investment, on the other hand, would appear to be wholly subjective and one can imagine divergent interpretations emerging in the Member States, notably for low-value databases. Thus, the onus will be on the database maker to keep comprehensive records of the time, money, and effort which has been spent on compilation in order to persuade exigent national judges.

Recital 41 provides that because it is the database maker who takes the initiative and the risk, sub-contractors cannot be considered to be database makers within the meaning of the Database Directive.\textsuperscript{103} Thus, to the relief of database makers, sub-contractors will not be able to claim \textit{sui generis} rights over the database.

Once the database maker has satisfied the substantial-investment test, he or she is then entitled to prevent acts of extraction and re-utilization of the whole or substantial parts, evaluated qualitatively and quantitatively, of the contents of the database. What amounts to a “substantial part” of a particular database is also likely to give rise to much debate before the national courts.

The special right to prevent unauthorized extraction or re-

\textsuperscript{103} Id. ¶ 41, O.J. L 77/20, at 25 (1996).
utilization is designed not only to prevent “the manufacture of a parasitical competing product” but also “any user who, through his acts, causes significant detriment, evaluated quantitatively or qualitatively, to the investment.” Thus, the Commission proposal has evolved from primarily targeting unfair extraction for commercial purposes, to a much more expansive right to catch the extraction and re-utilization of non-original contents of a database by all users. These users include not just those causing significant detriment. This is what may cause consternation in the cyber cafés.

The Database Directive defines extraction broadly. Article 7(2)(a) provides that extraction shall mean, “the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium by any means or in any form.” Extraction may cover on-screen display of the contents of a database. Thus, browsing a page online the Web or downloading its contents onto a hard disk to view it later off-line, will amount to a restricted act, provided the contents browsed or downloaded are considered to be substantial. In practice, however, users typically download the whole of a page which interests them to view later rather than cut and paste part of an Internet page.

The Database Directive also defines re-utilization broadly. Article 7(2)(b) provides that re-utilization shall mean, “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.” Unlike earlier drafts, the database maker is entitled to the protection of the sui generis right even if the contents are eligible for protection by copyright or other rights.

To prevent circumvention of the provisions of the Directive, Article 7(5) makes clear that the repeated and systematic extraction or re-utilization of insubstantial parts of the contents of the database will not be permitted where the acts performed would conflict with the normal exploitation of the database, or would unreasonably prejudice the legitimate interests of the maker of

104. Id. ¶ 42, O.J. L 77/20, at 23 (1996).
105. Id. art. 7(2)(a), O.J. L 77/20, at 26 (1996) (emphasis added).
106. Id. ¶ 44, O.J. L 77/20, at 23 (1996).
the database.\textsuperscript{108} Thus, this language, extracted from Article 9(2) of the Berne Convention, will prevent users and competitors from cutting and pasting insubstantial amounts of the database in order to re-create the whole.

3. Rights and Obligations of Legitimate Users

Article 8(1) of the Database Directive provides that the rightholder may not prevent a lawful user of the database from extracting or re-utilizing insubstantial parts of its contents, evaluated qualitatively or quantitatively, for any purposes whatsoever.\textsuperscript{109} This provision has caused a stir, most notably from database makers, who consider that they should be free to prevent insubstantial extraction or re-utilization, either by law, or by contract.

At first sight, this is good news for users, although the term insubstantial would appear to be narrower than the intended notion of not substantial.\textsuperscript{110} The object of the provision, ensuring access and circulation of information, may be thwarted if database makers elect simply not to make available to the public a database which they cannot protect from even insubstantial extraction or re-utilization by contract. More likely, in determining the price of accessing the database, database makers will take account of the fact that users cannot be prevented from extracting or re-utilizing insubstantial parts.

To protect their investments in databases, publishers are more likely to restrict access by means of password protection or encryption techniques. Even with sophisticated access systems, however, once the user is in the database, it will be difficult to control what the user does with the data. Here, there is an important distinction to be made between extraction and re-utilization. Database makers are unlikely to have serious objections to insubstantial extraction. This is true especially because extraction extends to acts which are necessary for the use of the database, on-screen display, and transfer into RAM. Economic loss to the database maker, however, may be caused by re-utiliza-

\textsuperscript{108} \textit{Id.} art. 7(5), O.J. L 77/20, at 26 (1996).

\textsuperscript{109} \textit{Id.} art. 8(1), O.J. L 77/20, at 26 (1996).

\textsuperscript{110} Thus, there may be a gray zone, that is, extracting and/or reutilizing a part which is neither substantial nor insubstantial.
tion, which includes making available to the public an insubstantial part of the database.

**Example 1:** Database maker A produces a guide to Italy which he makes available on the Internet. On each page is a banner advertisement. The Database maker receives a per-hit revenue from the advertiser. The database maker has an introductory page describing the guide. Once inside the database, the user must choose from geographic regions.

User X is going to Sicily on his vacation. Once inside the database, he heads south. A couple of clicks later he has a list of recommended accommodation in Taormina, a list which A has painstakingly and diligently compiled. X downloads the list and starts telephoning around. Assuming A has made a substantial investment in the database, has X committed acts which are subject to authorization? Probably not, because the extraction was insubstantial, he only viewed three pages (unless, of course, the Taormina list comprises a separate database in which case X will have extracted the whole of a database). Downloading by X of an insubstantial part into his hard disk is not per se subject to authorization. In addition, he has paid for access to the database.

**Example 2:** X transmits the list by e-mail to his travelling companion Y. Again, this is not a breach of A's sui generis right insofar as the Taormina list is an insubstantial part of the whole guide. Any attempt to prevent such a transfer by contract will be null and void. Again, this analysis changes if the Taormina list is a "database" which has been produced as a result of "substantial investment" by A. In which case, the whole of database has been extracted.

**Example 3:** X uploads the list into an Italian Forum on CompuServe. He says: "Here is an interesting list of addresses for anyone planning to go to Taormina. X". This is not a prima facie infringement (but see Article 8(2) below).

Article 15 explicitly provides that any attempt to contract out of the Article 8(1) exception will be null and void and, arguably, in breach of Article 85(1) of the EC Treaty.111 Although

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maligned by database makers, this restriction on contractual freedom, the so-called *jus cogens* provision, is not new. The Council employed it five years earlier in the Software Directive, to prevent rightholders from contracting out of the exceptions on the making of back-up copies,\textsuperscript{112} black-box analysis,\textsuperscript{113} and decompilation.\textsuperscript{114}

Again, inspired by Article 9(2) of the Berne Convention, which does not apply to a *sui generis* right, the Database Directive provides that the user may not unreasonably prejudice either the legitimate interests of the holder of the *sui generis* right, the holder of copyright, a related right in respect of the works, or services contained in the database.\textsuperscript{115} Here there is a tension between Article 8(1) which provides that users may extract or re-utilize "for any purpose whatsoever,"\textsuperscript{116} an exception which cannot be sidestepped by contract, and Article 8(2) which condemns an otherwise legitimate act where it conflicts with "normal exploitation" or unreasonably prejudices the legitimate interests of the database maker.\textsuperscript{117}

Returning to the example of the Taormina accommodation list, the two cases of re-utilization, examples two and three, may arguably fall outside normal exploitation and prejudice the database maker's interests because of the loss of advertising revenue. Database makers therefore are advised to define narrowly "normal exploitation" in their contracts and to describe each page as a separate database.

4. Exceptions to the *Sui generis* Right

The Council has deleted the compulsory licensing provisions which were set out in Article 11 of the Amended Proposal.\textsuperscript{118} Instead, Article 9 gives Member States the option to intro-
duce limited exceptions. The limited exceptions are similar to those permitted under the copyright regime in Article 5(2), in that Member States may introduce exceptions to allow extraction. These exceptions include extraction for private purposes of the contents of a non-electronic database, extraction for the sole purposes of illustration for teaching or scientific research, as long as the source is identified and to the extent justified by the non-commercial purpose, and extraction and/or reutilization for the purposes of public security, or for the purposes of the proper performance of an administrative or judicial procedure. Thus, extraction or re-utilization of the whole or of a substantial part of an electronic database for private purposes cannot be permitted, even though national copyright laws may provide a "fair dealing" defense. In this respect, the Database Directive's sui generis right is more extensive than its copyright right. The latter does not exclude the application of national law exceptions in conformity with Article 9(2) of the Berne Convention. For example, under English copyright law, a listing of television programs is copyrightable subject matter. Competing publishers who have copied the listing and added com-

Council Communication, O.J. C 156/9, art. 8(1) (1992) (defining limited exceptions to copyright).

120. Id.
121. Id.

122. See Copyright, Designs and Patent Act 1988, § 29(1) (1988) (Eng.) Section 29(1) provides "[f]air dealing with a literary, dramatic, musical or artistic work for the purposes of research or private study does not infringe any copyright in the work or, in the case of the published work, in the typographical arrangement." Id.

123. Council Directive No. 96/9, supra note 1, art. 14, O.J. L 77/20, at 22 (1996). Recital 52, however, does permit those Member States which already have specific national legislation providing for a right which is similar to the sui generis right, notably Denmark, Finland, and Sweden, to retain exceptions traditionally permitted by such legislation. Id. at ¶ 52, O.J. L 77/20, at 24 (1996).

124. Independent Television Publications Ltd and British Broadcasting Corporation v. Time Out Ltd, [1984] 10 FSR 64. Section 176 and Schedule 17 of the U.K. Broadcasting Act of 1990 subsequently introduced a form of compulsory license for television listings. Section 176(1) of the 1990 Act provides that "[a] person providing a programme service to which this section applies must make available in accordance with this section information relating to the programmes to be included in the service
mentaries have found themselves in breach of copyright and hauled before the courts. Television listings are available in magazines, newspapers, and on-line. Not surprisingly, none of the U.K. broadcasters has sought to prevent users, as opposed to publishers, from copying television listings, because presumably this meant the users were interested in watching their programs. If such an action were brought, a user could presumably invoke the fair dealing defense.

After the implementation of the Database Directive, however, the rules will change. First, it is unlikely that the copyright provisions will apply to the selection or arrangement of such a television listing, because there does not appear to be a modicum of creativity in the chronological listing of television programs on one channel. Thus, the sui generis right is likely to provide the only means of protection. If the television listing is available on-line and is downloaded by the user or simply viewed on the television or computer screen, the user may have extracted a substantial part of the database's contents. In the highly unlikely event that the broadcaster challenges the user, he can no longer invoke the fair dealing defense even though the user's intention may simply have been to view the listing or to keep the listing on hard disk for periodic consultation. While this example may be trite, the point is that authors of copyrightable works contained in a database may henceforth elect to invoke their sui generis right, rather than their copyright, in order to side-step the fair dealing exception.

The E.C. competition rules now provide the only safeguard for potential misuse of the new right by the database maker, because, previous texts of the Directive contained compulsory licensing provisions. Recital 47 of the Database Directive provides:

Whereas, in the interests of competition between suppliers of

to any person . . . wishing to publish in the United Kingdom any such information." Id. at ¶ 52, O.J. L 77/20, at 24 (1996).


126. Id. Section 29(1) of the Copyright, Designs and Patents Act of 1988 provides "[f]air dealing with a literary, dramatic, musical or artistic work for the purposes of research or private study does not infringe any copyright in the work or, in the case of the published work, in the typographical arrangement." Copyright, Designs and Patent Act 1988, § 29(1) (1988) (Eng.).
information products and services, protection by the sui generis right must not be afforded in such a way as to facilitate abuses of a dominant position, in particular as regards the creation and distribution of new products and services which have an intellectual, documentary, technical, economic or commercial added value; whereas, therefore, the provisions of this Directive are without prejudice to the application of Community or national competition rules.\textsuperscript{127}

Although the Recitals do not give reasons for abandoning the compulsory licensing provisions, the European Court of Justice ruling in \textit{Magill},\textsuperscript{128} which confirmed that E.C. competition rules can be invoked to attack dominant undertakings that refuse to license their intellectual property rights, no doubt persuaded the Council. What \textit{Magill} also confirmed, however, was the inability of the E.C. competition rules to resolve this kind of problem quickly. \textit{Magill} first complained to the Commission on April 4, 1986. The Court of Justice finally delivered its opinion on April 6, 1995. In the interim, \textit{Magill} was driven out of business because of its inability to access to the broadcasters' listings.

5. Term

The term of protection offered by the \textit{sui generis} right is fifteen years from the date of manufacture.\textsuperscript{129} The Recitals specify that although any substantial change to the contents of a database will result in a new term of protection, the burden of proof lies with the maker of the database. What happens, however, if a database maker only updates ten percent of the database? Does he get renewed protection for the ten percent or for all of the database? Logically, because the Database Directive is designed to protect substantial investment, protection should be confined to the new investment, but this is far from clear.

6. Beneficiaries of Protection under the \textit{Sui generis} Right

One of the most controversial aspects of the \textit{sui generis} right is the issue of reciprocity. U.S. database producers unsuccessfully lobbied the Community institutions to have this replaced by

\textsuperscript{128} \textit{Magill}, [1990] I.L.R.M. at 534.
national treatment. Companies recognized that following the U.S. Supreme Court's ruling in *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, U.S. law presumably does not offer protection comparable to the *sui generis* right, especially considering that *Feist* pre-empts state law of misappropriation. U.S. companies must, therefore, try to ensure that their European subsidiaries are considered to be the makers of databases in order to benefit from protection offered by the *sui generis* right. The Community was reluctant to abandon the reciprocity provision, despite the trend towards national treatment, because it is a useful negotiating chip in bilateral negotiations with its trading partners.

Article 11 of the Database Directive envisages that the Council, acting on a proposal from the Commission, will extend the *sui generis* rights to databases manufactured in third countries. This will operate in much the same way as the present system for semiconductor topographies, although this practice has come to an end vis-à-vis World Trade Organization members in light of the TRIPs. One of the issues which will arise under Article 11 is the extent to which those countries which prevent slavish copy-

132. Recital 56 of the Database Directive provides:
Whereas the right to prevent unauthorized extraction and/or re-utilization in respect of a database should apply to databases whose makers are nationals or habitual residents of third countries or to those produced by companies or firms not established in a Member State, within the meaning of the Treaty, only if such third countries offer comparable protection to databases produced by nationals of a Member State or who have their habitual residence in the territory of the Community.

From the most recent US Supreme Court decision on the question of the protection of a compilation of data...it seems clear that a new line of jurisprudence may be emerging which rejects the "sweat of the brow" criteria but requires originality in the copyright sense. If this reasoning is to be followed consistently in the United States now, it may well be that electronic databases, as well as collection in paper form, which do not meet the test of originality, will be excluded from copyright protection regardless of the skill, labor, effort or financial investment expended in their creation.

Proposal on Databases, *supra* note 24, COM (92) 24 Final at 17, ¶ 2.3.3 (explaining EU reaction to *Feist*).
ing of databases by competitors through other means, such as copyright or unfair competition law, offer a "comparable level of protection." Prior to the adoption of an international treaty, the Commission should not be dogmatic on this issue by only offering reciprocity if the third country has similarly introduced an EU-style *sui generis* right. They should carefully examine alternative methods of protection including unfair competition and the law of copyright, known as the "sweat of the brow" approach.

D. Common Provisions

The common position clarifies some of the transitional provisions. Databases that are currently covered by copyright, but that would not enjoy such protection under the Database Directive because of changes to the originality test will *not* lose the benefit of copyright protection. This provision is designed to placate database makers in the United Kingdom, Ireland and the Netherlands, who currently benefit from copyright protection for the contents of their databases as a result of the skill and labor expended in their compilation. They will receive seventy-year protection in line with the Term of Protection Directive. This provision is significant because it covers over half of the databases produced in the EU.

As mentioned above, Article 15 inserts into the Database Directive an equivalent provision to Article 9 of the Software Directive. That is, any attempt to contract out of certain exceptions set out in the Database Directive will be void. The deadline for implementing the Directive has been set for January 1, 1998, five years later than the deadline set out in the original proposal.

137. The United Kingdom and the Netherlands produced over 51% of EU CD-ROM titles from 1991-1992, and companies from these two countries, such as Reuters, Reed-Elsevier and Pearson-Financial Times, have a strong position in the information services market. "Panorama of EU Industry 95-96," European Commission, ISBN 92-827-4703-4.
138. Article 15 of the Database Directive provides that "[a]ny contractual provision contrary to Articles 6(1) and 8 [the exceptions to allow the lawful user to access and use the database] shall be null and void." Council Directive No. 96/9, *supra* note 1, art. 15, O.J. L 77/20, at 27 (1996).
V. THE INTERNATIONAL ASPECTS

The Database Directive's impact will not be confined to the fifteen Member States. As approved by the European Economic Area ("EEA") Joint Committee,\(^{139}\) the Directive has been incorporated into national law by Norway, Iceland and Liechtenstein under the EEA Agreement.\(^{140}\) Likewise, the Commission will encourage Central and Eastern European countries to adopt similar legislation in line with the general obligations upon these countries under the various Association Agreements to adopt comparable intellectual property legislation.\(^{141}\) In the EU-Turkey Customs Union Decision,\(^{142}\) the EU explicitly provided that Turkey had to align its legislation protecting databases with that of the EU. The Commission will use the reciprocity clause set out in Article 11 of the Directive as a bargaining chip to encourage third countries to adopt comparable legislation, otherwise their database makers will not benefit from the *sui generis* right in the EU.

More importantly, momentum is gathering within the WIPO to adopt an international instrument to protect the non-original contents of databases. The Database Directive provides a useful model. The United States has formally expressed its view that there should be serious consideration within the WIPO of how to provide for a *sui generis* unfair extraction right to supplement copyright protection. The United States notes in its submission to the International Bureau that:

> [T]here is increasing concern in the United States, following our Supreme Court Decision in the *Feist* case, that many valuable factually-oriented databases may be denied copyright protection, and that courts may determine infringement in ways that severely limit the scope of copyright protection for all databases, especially factually-oriented databases.\(^{143}\)


\(^{141}\) For example, under the EU-Poland Association Agreement, intellectual property rights are specifically identified as one area where particular attention should be given to approximation of future laws. There is also a specific provision, Article 66, by which Poland must catch up with the EU, so that by the end of the fifth year of the Agreement, it must offer a level of protection similar to that existing in the EU.


\(^{143}\) WIPO Document BCP/CE/VI/13, at 18-19 (on file with the *Fordham International Law Journal*). This sentiment has undoubtedly been fueled following the ruling
At the Sixth Session of the Committee of Experts on a Possible Protocol to the Berne Convention in February 1996, the European Commission submitted its proposal for the international harmonization of the *sui generis* protection of databases. The proposal mirrors the Database Directive. Initial reactions to the proposal varied. Some delegates warmly received the proposal, such as the U.S. delegates, whereas others, such as the Australian delegates, were more skeptical. The EU will, therefore, need to satisfy other countries as to why there is a need to harmonize at such a detailed level, and also, why they should incorporate untested concepts into international law. The Database Directive specifically provides that it shall be reviewed after three years.\textsuperscript{144} The European Parliament instigated the incorporation of this provision despite its nervousness over the possible impact of the Directive, most notably, in light of fast-moving technology.\textsuperscript{145}

The Database Directive, therefore, wisely provided an escape route in the event that experience shows that too much protection has been granted to database makers, or that the restrictions on contractual freedom are stifling the market. An international treaty, on the other hand, is trickier to modify. It would be appropriate, therefore, to reach agreement at the international level on a set of general principles on the protection of factually-oriented databases, and to agree to review the implementation of these principles within a certain deadline. Such general principles could, in the meantime, be implemented as the member countries see fit. Many may, in any event, elect to


\textsuperscript{145. The Parliament’s Economic and Monetary Affairs Committee, observed: Although the proposal for a directive as a whole is undoubtedly a welcome first step by the Commission, it nevertheless raises problems of detail the precise impact of which cannot be anticipated. The economic situation in the database sector at present is such that urgent actions are not as yet required. In the final provisions it should therefore be clearly stipulated that a review of the directive is provided for if administrative difficulties and cost increases due to the problems of interpretation arising from the new additional right of protection turn out to be excessive. The Commission is therefore asked to conduct a review of the situation five years after the entry into force of the directive. By that time it will also be possible to make a more accurate assessment of separate market segments in the database area.}

introduce a *sui generis* right as a result of the Database Directive's reciprocity provisions. If these internationally agreed on principles fail to provide the necessary level of protection, then a substantial investment right along the lines of the EU *sui generis* right can be considered in the light of experience. In the short term, protecting database makers from the free-rider seems to be the main priority, as this presents the greatest threat to the economic interests of database makers and to the development of a thriving market.

**CONCLUSION**

The *sui generis* right is an interesting experiment, but it is perhaps too soon to unleash it on the international community until its impact has been carefully analyzed. In the interim, general principles should be agreed upon at international level to prevent misappropriation by the free-riders.