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## Chapter 9

# Something Completely Different: Europe's Sui Generis Database Right

P. Bernt Hugenholtz

### 9.1 INTRODUCTION

The *non plus ultra* of sui generis rights is, surely, the database right that was introduced in the European Union twenty years ago, with the adoption of the Database Directive in March 1996.<sup>1</sup> As the historic account presented in this chapter illustrates, the European legislature had two distinct objectives in mind when adopting the Directive. The first was to harmonize the uneven legal landscape of database protection that existed in the Member States before the Directive's adoption, and thereby promote the functioning of the internal market.<sup>2</sup> The second aim rested on the assumption that databases were at the time insufficiently protected in many Member States. The sui generis right was to create an incentive for the fledgling European database industry to invest in 'modern information storage and processing systems',<sup>3</sup>

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1. Directive 96/9/EC of the European Parliament and of the Council on the legal protection of databases, 11 March 1996, OJ No. L 77/20 of 27 March 1996 [hereinafter Database Directive].

2. See, Recital 2 of the Database Directive, *supra* n. 1.

3. See, Recital 12 of the Database Directive, *supra* n. 1.

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and thereby catch up with ‘the world’s largest database producing third countries’,<sup>4</sup> in other words: the United States.

Examining the history of the database right it is surprising to discover how little controversy the proposed new right stirred among (supposedly) interested parties, such as scientific research institutions, libraries and newspaper publishers, that the new right would directly affect. The silence of the European scholarly community is equally startling. Clearly, in the early 1990s when the *sui generis* right took shape in Brussels faith in the goodness of IP (and ‘more is better’) was still unquestioned, and ‘civil society’ critical of expansive IP had not yet emerged in Europe.

This chapter traces the *sui generis* database right’s historic roots, describes its main features, compares it to copyright, questions its legal nature especially in the light of international intellectual property agreements, and finally examines to what extent the goals of the Directive have been met.

### 9.2 HISTORY OF THE DATABASE RIGHT<sup>5</sup>

#### 9.2.1 TIMELINE

The database right has its early beginnings in the *Green Paper on Copyright and the Challenge of Technology* that was published by the European Commission in 1988.<sup>6</sup> In this policy paper the Commission announced its agenda for the future harmonisation of various copyright issues involving (then novel) information technology. Not surprisingly, the chapter on the protection of computer programs attracted the most attention. A separate chapter on the protection of ‘data bases’ went more or less unnoticed. Here, the Commission for the first time suggested that copyright might be inadequate in protecting database producers everywhere in Europe, and that legal protection might be extended to databases containing materials not protected by copyright. The Commission drew an analogy with the neighbouring rights protection enjoyed, in nearly all European countries, by

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4. See, Recital 11 of the Database Directive, *supra* n. 1.

5. This section is partly based on P. Bernt Hugenholtz, *Implementing the Database Directive*, in *Intellectual Property and Information Law, Essays in Honour of Herman Cohen Jehoram* 183 (Jan J.C. Kabel & Gerard J.H.M. Mom eds, Kluwer Law International 1998). For a more extensive account of the Directive’s drafting history, see: Annemarie C. Beunen, *Protection for Databases: The European Database Directive and its Effects in the Netherlands, France and the United Kingdom* (Wolf Legal Publishers 2007); Estelle Derclaye, *The Legal Protection of Databases: A Comparative Analysis* (Edward Elgar Publishing 2008).

6. Commission of the European Communities, *Green Paper on Copyright and the Challenge of Technology. Copyright Issues Requiring Immediate Action*, COM (88) 172 final (Brussels, 7 June 1988) [hereinafter Green Paper].

phonogram producers.<sup>7</sup> The Green Paper also noted that the emerging market for electronic databases was completely dominated by the United States; according to the Commission more than 80% of the total worldwide turnover was to be attributed to US producers.<sup>8</sup> The Green Paper's chapter on databases invited comments from 'informed circles' as to 'whether that right to protect the mode of compilation, in addition to possible contractual arrangements to that effect, should be extended to data bases containing material not protected by copyright and whether this protection should be copyright or a right *sui generis*.'<sup>9</sup>

At a hearing that took place in Brussels in April 1990 interested parties were given the opportunity to express their views on the Green Paper's ideas and suggestion. During the hearing a general preference for a copyright approach was expressed. As the Commission reported in its follow-up to the Green Paper no support at all was given to a 'sui generis' approach.<sup>10</sup> The opinions expressed at the hearing were, at that time, illustrative of legal thinking on the protection of databases in Europe. For many years, copyright protection was generally considered an appropriate instrument for protecting database producers, in particular in the United Kingdom where major database producers such as Reuters were based, and no doctrinal qualms about protecting 'skill and labour' by way of copyright existed.<sup>11</sup> Europe's initial trust in database copyright was also based on early case law of the French Supreme Court (Cour de Cassation) in *Le Monde v. Microfor* controversy.<sup>12</sup> According to the French Court a database containing references and brief quotations to news articles qualifies for copyright protection as an 'information work' (*oeuvre d'information*).

Perhaps, in retrospect, this early European consensus was also the result of wishful thinking. Similarly to computer programs, copyright presented itself as an attractive and readily available, internationally harmonised solution that would not have required reinventing the wheel. In respect of computer programs this pragmatic approach was about to lead to a Directive that mandated the copyright model as the sole vehicle of software protection. Indeed, the Computer Programs Directive that was eventually adopted in 1991<sup>13</sup> requires the Member States to protect computer programs as 'literary

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7. Green Paper, *supra* n. 6, at 214. The Commission's argument implicitly raised the question of the legal nature of *sui generis* database protection; *see*, para. 9.3.3 below.

8. Green Paper, *supra* n. 6, at 207.

9. *Ibid.*, p. 216.

10. European Commission, *Follow-Up to the Green Paper*, COM (90) 584 final, Brussels, 5 December 1990.

11. *See e.g.*, *Ladbroke Football Ltd v. William Hill Football Ltd* [1964] 1 WLR 273.

12. Cour de Cassation 9 November 1983, *Droit de l'informatique* 1984/1, 20; Cour de Cassation 30 October 1987, *Droit de l'informatique* 1988/1, 34.

13. Council Directive 91/250 on the legal protection of computer programs, OJ L 122/42 of 17 May 1991; the Directive was recodified in 2009, *see*, Directive 2009/24/EC of the European Parliament and of the Council of 23 April 2009 on the legal protection of

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works within the meaning of the Berne Convention'<sup>14</sup> – implicitly rejecting sui generis protection of computer programs.

In 1991 the Supreme Court of the Netherlands (Hoge Raad) issued a first warning that copyright might not be the ideal vehicle for database protection, particularly in countries of the author's right tradition.<sup>15</sup> In *Van Dale v. Romme* copyright protection was sought for the approximately 230,000 alphabetically ordered headwords contained in the 1984 edition of Van Dale's dictionary, the authoritative dictionary of the Dutch language. A certain Rudolf Jan Romme, whose hobbies included the solving of crossword puzzles, had copied the headwords onto computer disks and entered them into a database. In combination with a simple searching algorithm Romme was now able to speed up, and practically automate, the process of solving these puzzles.

Van Dale's compilation of headwords was held copyright protected in two instances, with both the District Court and the Court of Appeals routinely deeming Van Dale's intellectual efforts worthy of copyright protection. But the Supreme Court of the Netherlands reversed. According to the Court copyright will only protect a collection of headwords 'if it results from a selection process expressing the author's personal views'. The *Van Dale v. Romme* decision was followed, a few months later, by the much better known *Feist* decision of the US Supreme Court.<sup>16</sup> Under the *Feist* rule a compilation of data may qualify as an original work of authorship only if sufficient creativity is involved in either the selection, the arrangement or the coordination of the facts contained in the compilation. Invested labour ('sweat of the brow') as such does not merit copyright protection.

Both the *Van Dale* and the *Feist* decisions strengthened the European Commission in its initial belief that copyright was not the appropriate instrument for protecting databases.<sup>17</sup> In the Explanatory Memorandum to the original proposal that was published on 13 May 1992<sup>18</sup> the relevance and scope of traditional copyright protection, based on original arrangement and selection, were critically scrutinised. The Commission observed that in many cases the arrangement of the data in the database is not the work of any original creator, but rather the product of the database management software

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computer programs, OJ No. L 111/16 of 5 May 2009 (codified version) [hereinafter Computer Programs Directive].

14. Computer Programs Directive, *supra* n. 13., Art. 1(1).

15. *Van Dale Lexicografie B.V. v. Rudolf Jan Romme*, Supreme Court of the Netherlands (4 January 1991), published in English in *Protecting Works of Fact* 93 (Egbert J. Dommering & P. Bernt Hugenholtz eds, Kluwer Law and Taxation Publishers, 1991).

16. *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 111 S.Ct. 1282 (1991).

17. Jens L. Gaster, *The New EU Directive concerning the Legal Protection of Databases*, 20(4) *Fordham Intl. L. J.* 1129, 1141 (1997).

18. Commission on the European Communities, *Proposal for a Council Directive on the Legal Protection of Databases*, COM (92) 24 final (Brussels, 13 May 1992), OJ 1992 C156/4.

that is applied to the data. In addition, the Commission noted that originality based on selection has only limited practical value, since most databases tend to be comprehensive rather than 'selective'. In sum, traditional copyright would leave the essence of the database unprotected: the contents of the database.

Building on the Green Paper, the 1992 Explanatory Memorandum also revealed a completely different rationale for introducing *sui generis* database protection in Europe. The Memorandum opened with an account of the sorry state of the European database industry, and contrasted this with the glorious situation in the United States of America.<sup>19</sup> While the 1992 Proposal does not yet expressly connect this finding to the introduction of a right that would be granted exclusively to European database producers, the seeds of trade-related discrimination were already sown here.

More than a year after its release, on 23 June 1993, the European Parliament voted in support of the proposal, subject to a large number of amendments. This process led to an amended proposal, which was presented by the Commission on 4 October 1993.<sup>20</sup> Thereafter, a period of relative silence set in until on 10 July 1995 when the Council, rather suddenly, adopted a common position<sup>21</sup> that the European Parliament accepted, in a second reading, on 14 December 1995.<sup>22</sup> On 11 March 1996 the Directive was finally enacted.

#### 9.2.2 THE SUI GENERIS CONQUERS THE WORLD – WELL, NOT QUITE

The Directive's transposition term expired on 1 January 1998, a deadline met only by Germany, Sweden, the United Kingdom and Austria.<sup>23</sup> In other Member States the transposition process was completed between 1998 and 2000. In the years that followed the European Community successfully spread the gospel of *sui generis* database protection by way of trade agreements to a number of non-EC European states, such as the EFTA countries (Norway, Iceland and Liechtenstein) and Turkey. For several years the European Commission also actively campaigned for the introduction of a treaty offering *sui generis* protection at the international level. A draft WIPO Database Protection Treaty was removed from the agenda of the 1996

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19. As the European Commission finally had to admit in its 2005 assessment of the Directive, introducing a *sui generis* as an incentive available only to European database producers has not been effective in bridging this 'productivity gap' with the United States. European Commission, *First evaluation of Directive 96/9/EC on the legal protection of databases* pp. 22-23 (DG Internal Market and Services Working Paper, Brussels, 12 December 2005). *See*, discussion below.

20. Amended proposal for a Council Directive on the Legal Protection of Databases, COM (93) 464 final, Brussels, 4 October 1993, OJ C 308/1.

21. Common position adopted by the Council on 10 July 1995, OJ C 288/14.

22. OJ C 17 of 22 January 1996.

23. *See*, Hugenholtz, *supra* n. 5, at 183.



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WIPO diplomatic conference in Geneva only at the last minute.<sup>24</sup> In a 2002 communication to WIPO the Commission boldly advertised the alleged success of the database right in Europe, recommending it as an intellectual property regime beneficial to global economies, and urging WIPO to revive discussions aimed at establishing an international instrument:<sup>25</sup>

The sui generis protection operates successfully in the 15 Member States of the European Community. [...] Moreover, more than 27 other countries associated with the European Community apply it as well. We will have to find a common approach to the protection of databases also at international level if all our economies are to benefit from electronic databases and a world-wide exchange of data on appropriate terms and conditions.

Until today countries outside Europe have mostly resisted these calls for sui generis database protection. In the United States several bills proposing somewhat similar, albeit weaker legislation were introduced into the Congress, but never enacted.<sup>26</sup>

### 9.3 TYPOLOGY OF THE DATABASE RIGHT

What kind of right is the database right, and how sui generis is it really? This section will present an overview of the main characteristics of the right, compare it to copyright, examine its legal nature, and finally interrogate whether the right is really so sui generis as to be immune to national treatment under the international IP conventions.

#### 9.3.1 OVERVIEW

##### 9.3.1.1 Notion of 'Database'

The Directive 'concerns the legal protection of databases in any form'.<sup>27</sup> Unlike the original proposal, the Directive protects not only electronic databases but also databases in hard copy form, such as telephone directories,

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24. See, Basic Proposal for the Substantive Provisions of the Treaty on Intellectual Property in respect of Databases to be considered by the Diplomatic Conference, Diplomatic Conference on Certain Copyright and Neighboring Rights Questions (Geneva, 2-20 December 1996), WIPO CRNR/DC/6.

25. *Submission from the European Community and its Member States on the legal protection of databases* (22 November 2002), [http://ec.europa.eu/internal\\_market/copyright/docs/databases/wipo-protection-db\\_en.pdf](http://ec.europa.eu/internal_market/copyright/docs/databases/wipo-protection-db_en.pdf) (accessed 20 April 2016).

26. The most recent US bill is the Database and Collections of Information Misappropriation Bill, HR 3261.

27. Database Directive, *supra* n. 1, Art. 1(1).

and hybrid databases using microfilm.<sup>28</sup> The Directive broadly defines a 'database' as 'a collection of independent works, data or other materials<sup>29</sup> arranged in a systematic or methodical way and individually accessible by electronic or other means'.<sup>30</sup> The Explanatory Memorandum generally describes the contents of the database as "'information" in the widest sense of that term',<sup>31</sup> making it clear that the notion of database does not encompass collections of physical objects, such as stamps, books or butterflies.

The elements of a database (works, data or other materials) must be 'independent', that is to say, 'materials which are separable from one another without their informative, literary, artistic, musical or other value being affected'.<sup>32</sup> Therefore a literary work, a musical composition or a sound recording is not a database, even if it can be conceived as a collection of moving images, words, notes or sounds.<sup>33</sup> Thus a total overlap between the Directive and existing copyright and neighbouring rights law is avoided. Moreover, the individual elements of the database must be 'arranged in a systematic or methodical way'. However, 'it is not necessary for those materials to have been physically stored in an organised manner'.<sup>34</sup> It follows that a collection of unorganised data fixed on a hard disk would qualify as a database if combined with database management software enabling retrieval of the data. But the Directive does not protect the computer software driving the database as such.<sup>35</sup> Computer programs are protected separately by the European Computer Programs Directive.

In spite of these definitional restrictions, case law from national courts of the Member States confirms that the notion of 'database' is quite open-ended, leaving room for a wide variety of information products and services. Database protection has been granted, for instance, for telephone directories, collections of legal materials, real estate information websites,

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28. Similarly, Art. 10(2) of the TRIPS Agreement provides for copyright protection of databases 'whether in machine readable or other form'. Agreement on Trade-Related Aspects of Intellectual Property Rights (Marrakesh, Morocco, 15 April 1994), Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, The Legal Texts: The Results of the Uruguay Round of Multilateral Trade Negotiations 321 (1999), 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement]; while Art. 5 of the WIPO Copyright Treaty calls for copyright protection of compilations of data or other material 'in any form'. WIPO Copyright Treaty (opened for signature 20 December 1996, entered into force 6 March 2002), 36 I.L.M. 65 (1997)

29. 'Other materials' are subject matter that is neither work nor data, such as sound recordings and non-original photographs possibly protected by neighbouring rights.

30. Database Directive, *supra* n. 1, Art. 1(2).

31. Proposal for a Council Directive on the Legal Protection of Databases, *supra* n. 18, Explanatory Memorandum, at 19.

32. Case C-444/02 *Fixtures Marketing Ltd v. Organismos prognostikon agonon podosfairou AE (OPAP)* [2004] ECR I-10549.

33. Database Directive, *supra* n. 1, Recital 17.

34. *Ibid.*, Recital 21.

35. *Ibid.*, Art. 1(3).

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bibliographies, encyclopaedia, address lists, company registries, exhibition catalogues, tourism websites, collections of hyperlinks, hit parades, etc. According to an early British ruling, even a ‘discriminator’ in a Mars vending machine, i.e., a computer chip that distinguishes inserted coins on the basis of a list of ‘valid’ physical coin dimensions, would qualify as a database.<sup>36</sup>

### 9.3.1.2 Substantive Investment

The database right protects the ‘sweat of the brow’ of the database producer, i.e., the skill, labour and financial means invested in the database. Investment in a database must be ‘substantial’, either in a ‘qualitative’ or a ‘quantitative’ sense. A *qualitative* investment might for instance result from employing the expertise of a professional, e.g., a lexicographer selecting the keywords for a dictionary. *Quantitative* investment involves ‘the deployment of financial resources and/or the expanding of time, effort and energy’.<sup>37</sup> Courts will usually assess this on the basis of invested financial resources.<sup>38</sup> Clearly, the substantial investment test closely resembles the *skill and labour* test in British copyright that was applied to databases in the UK and Ireland until the Database Directive’s more elevated originality standard of the ‘author’s own intellectual creation’ no longer allowed this.

The substantial investment is to be made ‘in either the obtaining, verification or presentation of the contents’ of the database.<sup>39</sup> ‘Obtaining’ is the act of gathering the data, works or other materials to be included in the database. ‘Verification’ relates to the checking, correcting and updating of data already existing in the database. ‘Presentation’ concerns such acts as digitising (scanning) analogue files, creating a thesaurus or designing a user interface. A decision by the German Federal Supreme Court suggests that the test of ‘substantial investment’ is not hard to meet. Any investment in a database that ‘viewed objectively [ ... ] is not wholly insignificant and easy to be made by anyone’ would be sufficient.<sup>40</sup> The European Court of Justice (ECJ) has yet to pronounce a view on the level of this threshold criterion.

In a quartet of important decisions concerning the unauthorised use of sports events schedules by betting companies the ECJ held that the *sui generis* right does not, however, protect investment in producing the data or other contents of the database. According to the ECJ ‘investment in the obtaining of the contents’ (of a database) ‘refers to the resources used to seek out existing materials and collect them in the database but does not cover the resources used for the

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36. *Mars UK Ltd v. Teknowledge Ltd* [1999] EIPR N-158 (H.C.) (Eng.).

37. Database Directive, *supra* n. 1, Recital 40.

38. See e.g., *Lectiel v. France Télécom* (2010) 225 RIDA 373 (Cour de cassation, French Supreme Court).

39. Database Directive, *supra* n. 1, Art. 7(1).

40. *Bundesgerichtshof* (2010) Case I ZR 196/08 (German Federal Supreme Court).

creation of materials which make up the contents of a database.’<sup>41</sup> The ECJ therefore ruled out *sui generis* protection for such ‘created’ (i.e., synthetic) data such as horse racing schedules and football fixtures. Likewise, investment in the creation of web advertisements was held by the French Supreme Court not to amount to relevant investment.<sup>42</sup> Conversely, according to Court of Appeal of England and Wales, facts observed – such as the scoring of a goal in football – are not ‘created’ data.<sup>43</sup>

### 9.3.1.3 Scope, Limitations and Duration of Database Right

The database right is defined as a right ‘to prevent extraction and/or reutilisation of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database’.<sup>44</sup> Extraction is ‘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’.<sup>45</sup> The right relates to the downloading, copying, printing, or any other reproduction in whatever (permanent or temporary) form. According to the ECJ ‘extraction’ does not require an act of technical reproduction (e.g., ‘cutting and pasting’). Building a database by regularly consulting a competitor’s database and appropriating the retrieved data might therefore result in (infringing) extraction, even if no direct reproduction has taken place.<sup>46</sup>

Reutilisation is very broadly defined as ‘any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission.’ Reutilisation therefore covers both acts of physical distribution and acts of communication to the public, e.g., by making the database available online. The Directive gives little guidance as to the magnitude of a ‘substantial part’, so this is left for the courts to determine on a case-by-case basis.<sup>47</sup> According to the Explanatory Memorandum ‘no fixed limits can be placed in this

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41. Case C-46/02 *Fixtures Marketing Ltd v. Oy Veikkaus Ab* [2004] ECR I-10396 (ECJ); Case C-203/02 *British Horseracing Board v. William Hill Organization* [2004] ECR I-10415 (ECJ); Case C-338/02 *Fixtures Marketing Ltd v. Svenska Spel AB, Fixtures Marketing v. Svenska Spel* [2004] ECR I-10497 (ECJ); *Fixtures Marketing Ltd v. OPAP*, *supra* n. 32.
  42. *Précom, Ouest France Multimedia v. Direct Annonces*, Court of Cassation, 5 March 2009, 221 RIDA 491.
  43. *Football Dataco & Others v. Stan James Plc & Others and Sportradar GmbH & Others* [2013] EWCA Civ 27.
  44. Database Directive, *supra* n. 1, Art. 7(1).
  45. *Ibid.*, Art. 7(1).
  46. Case C-304/07 *Directmedia Publishing GmbH v. Albert-Ludwigs-Universität Freiburg* [2008] ECR I-07565 (ECJ).
  47. Note that for EU copyright law the CJEU has determined that a ‘reproduction in part’ occurs ‘if the elements thus reproduced are the expression of the intellectual creation of their author; it is for the national court to make this determination’. Case C-5/08 *Infopaq International A/S v. Danske Dagblades Forening* [2009] ECR I-06569.

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Directive as to the volume of material which can be used.’<sup>48</sup> In a recent case, the ECJ held that the provider of a ‘dedicated meta search engine’ that regularly crawls through a *sui generis* protected database reutilises the whole or a substantial part of that database.<sup>49</sup>

The Directive allows for only a few statutory limitations of the *sui generis* right. Member States may permit private copying (from non-electronic databases only), and allow certain scientific and educational uses.<sup>50</sup> The Directive leaves no room for many exemptions traditionally found in copyright, such as quotation, news reporting freedoms, library privileges or reuse of government information. Database users’ freedom to extract and reutilise ‘insubstantial’ parts of a database was considered, by the European legislature, to adequately limit the *sui generis* right,<sup>51</sup> but in view of the lack of guidance the Directive gives as to what actually amounts to a ‘substantial part’, this is a questionable argument.

The Directive does not provide for a scheme of compulsory licensing to cure the anti-competitive effects of sole-source database rights, such as was envisaged by the original proposal.<sup>52</sup> This scheme was ultimately removed from the Directive, presumably because the rights and exceptions granted under the Directive sufficiently shielded the market from unwanted information monopolies.<sup>53</sup> Another factor was the ECJ’s 1995 landmark decision in *Magill*.<sup>54</sup> Under the *Magill* rule a refusal to license may under strict conditions amount to abuse of a dominant position sanctioned under EU competition law. All that is left of the original compulsory licensing scheme is Recital 47, admonishing that:

in the interests of competition between suppliers of 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

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48. Proposal for a Council Directive on the Legal Protection of Databases, *supra* n. 18, Explanatory Memorandum, p. 52.

49. Case C-202/12 *Innoweb BV v. Wegener ICT Media BV and Wegener Mediaventions BV* [2013] ECJ.

50. Database Directive, *supra* n. 1, Art. 9.

51. Gaster, *supra* n. 17, at 1146.

52. Proposal for a Council Directive on the Legal Protection of Databases, *supra* n. 18, Art. 8(1) and (2) of the Proposal read as follows:

(1) Notwithstanding the right provided for in Article 2(5) to prevent the unauthorized extraction and re-utilization of the contents of a database, if the works or materials contained in a database which is made publicly available cannot be independently created, collected or obtained from any other source, the right to extract and re-utilize, in whole or substantial part, works or materials from that database for commercial purposes, shall be licensed on fair and non-discriminatory terms. (2) The right to extract and re-utilize the contents of a database shall also be licensed on fair and non-discriminatory terms if the database is made publicly available by a public body which is either established to assemble or disclose information pursuant to legislation, or is under a general duty to do so.

53. Gaster, *supra* n. 17, at 1146.

54. Case-241/91P and C-242/91P *RTE v. Commission of the European Communities* [1995] ECR I-00743.

regards the creation and distribution of new products and services which have an intellectual, documentary, technical, economic or commercial added value [ ... ].

The recital further clarifies that the provisions of the Directive are without prejudice to the application of Community or national competition law.

The duration of the database right is fifteen years from the date of completion of the making of the database, or if later, the first making available to the public.<sup>55</sup> In practice, many databases will be protected for a much longer period. According to Article 10(3):

any substantial change, evaluated qualitatively or quantitatively, to the contents of the database, including any substantial change resulting from the accumulation of successive additions, deletions or alterations, which would result in the database being considered to be a substantial new investment, evaluated qualitatively or quantitatively, shall qualify the database resulting from that investment for its own terms of protection.

Thus, a regularly updated database is awarded permanent protection, as are trademarks. According to Recital 55, even a mere 'substantial verification of the contents of the database' would suffice to trigger a new term of protection.

### 9.3.2 MAIN DIFFERENCES FROM COPYRIGHT PROTECTION

As the preceding overview reveals, the database right not only bears striking differences but also some similarities with copyright protection of databases. The Database Directive, while allowing cumulative application of copyright and database right, distinguishes the two regimes in two separate chapters (Chapter II on 'Copyright', Chapter III on 'Sui generis right'). Under the Copyright Chapter databases enjoy copyright protection only if 'by reason of the selection or arrangement of their contents, [they] constitute the author's own intellectual creation'. 'No other criteria shall be applied to determine their eligibility for that protection'.<sup>56</sup> The first part of this provision almost literally reproduces similar language in Article 10(2) of the TRIPS Agreement and Article 5 of the WIPO Copyright Treaty.<sup>57</sup> The requirement of the

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55. Database Directive, *supra* n. 1, Art. 10.

56. *Ibid.*, Art. 3(1).

57. TRIPS Agreement, Art. 10(2) reads: '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. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.' WIPO Copyright Treaty, *supra* n. 28, Art. 5 reads: 'Compilations of data or other material, in any form, which by reason of the

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‘the author’s own intellectual creation’ implies a test of *originality*. In its landmark *Football Dataco* decision the ECJ held that ‘that criterion of originality is satisfied when, through the selection or arrangement of the data which it contains, its author expresses his creative ability in an original manner by making free and creative choices [...] and thus stamps his “personal touch”. [...]’.<sup>58</sup> Merely investing ‘skill and labour’ is not enough to pass this test. According to the Court, ‘significant labour and skill of its author, [...] cannot as such justify the protection of it by copyright under Directive 96/9, if that labour and that skill do not express any originality in the selection or arrangement of that data’.<sup>59</sup> In other words, copyright protection under the Directive cannot be merely based on the intellectual effort and investment in producing the database that (if judged ‘substantial’) would give rise to *sui generis* protection. Copyright protection will arise only if the selection or arrangement of the data (or other materials) is the result of creative (subjective) choices.<sup>60</sup> Evidently, the Directive’s standard of originality as interpreted by the ECJ reflects a continental-European vision of authors’ rights, while clearly rejecting British ‘skill and labour’ based copyright.

Another significant difference concerns the substance of the right. Whereas the *sui generis* right protects the contents of a database (the aggregate data, works or other materials), database copyright ‘shall not extend to their contents’.<sup>61</sup> Copyright protection of databases is limited to the selection and arrangement (structure) of a database, and therefore ‘thin’. As the Court has clarified in *Infopaq*, copyright infringement will occur only if the allegedly infringing work ‘contains an element of the work which, as such, expresses the author’s own intellectual creation’.<sup>62</sup> Copying a substantial part of the data without appropriating, either in whole or in part, the selection or arrangement of the data, therefore will not amount to copyright infringement, but most likely will infringe the *sui generis* right.

Another striking difference is the treatment of limitations and exceptions. Whereas only few exceptions to the *sui generis* right are permitted, the Copyright Chapter of the Directive allows for all exceptions traditionally

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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.’

58. Case C-604/10 *Football Dataco Ltd and Others v. Yahoo! UK Ltd and Others* [2012] ECR I-00000.

59. *Ibid.*

60. *Ibid.*

61. Database Directive, *supra* n. 1, Art. 3(2).

62. Case C-5/08 *Infopaq International A/S v. Danske Dagblades Forening* [2009] ECR I-6569.

found in the copyright laws of the Member States).<sup>63</sup> In most Member States copyright in databases will indeed be subject to the same exceptions as exist for ‘normal’ works of authorship. In practice, this incongruity between the two regimes may lead to regulatory arbitrage. For example, in a Dutch case a newspaper publisher invoking protection of personnel advertisements published in its newspaper against appropriation by an online job ad site convinced the Court that the newspaper actually was a database subject to *sui generis* protection. The defendant in this case could therefore not invoke the quotation and news reporting exceptions that would have been available had the Court applied Dutch copyright law to the case.<sup>64</sup>

Yet another notable difference is the term of protection. Whereas *sui generis* right protects databases for a mere fifteen years from production or first publication, database copyright will last for the full term accorded to works of authorship under the European Term Directive, i.e., the life of the author plus seventy years. As noted above, database rights may be extended by re-investing in the contents of a database. As a result, in practice the terms of *sui generis* right and copyright may thus actually converge.

Prima facie the exclusive rights granted under *sui generis* right and database copyright respectively are dissimilar. However, as emerging case law from the ECJ indicates, the *sui generis* right of extraction can now be considered as closely related to copyright’s right of reproduction, while the right of reutilisation right may be described as a composite of the right of communication to the public (including right of making available) and the distribution right.

### 9.3.3 LEGAL NATURE OF THE DATABASE RIGHT: NATIONAL TREATMENT

So how ‘*sui generis*’ is the database right really? The Directive does not qualify the right as ‘*sui generis*’, or even as a right of intellectual property. The database right has undergone a significant evolution between the presentation of the first proposal and the final adoption of the Directive. Initially, the right was construed as a special rule of unfair competition. In the original proposal it was defined as a ‘right to prevent *unfair* extraction’, protecting only against (unauthorised) acts of commercial usage: ‘Member States shall provide for a right for the maker of a database to prevent the unauthorised extraction or reutilisation, from the database, of its contents, in whole or in substantial part, for commercial purposes [...]’.<sup>65</sup> In the amended proposal the right was redefined as a ‘right to prevent *unauthorized*

63. Database Directive, *supra* n. 1, Art. 6(2)(d). However, the Directive expressly rules out copying for private purposes from electronic databases (Art. 6(2)(a)).

64. *Wegener Uitgeverij Gelderland-Overijssel BV et.al. v. Hunter Select BV*, Court of Appeal Leeuwarden, 27 November 2002, AMI 2003, 59-63.

65. Proposal for a Council Directive on the Legal Protection of Databases, *supra* n. 18, Art. 2(5).



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extraction’,<sup>66</sup> whereas in the final version of the Directive even the word ‘unauthorized’ has disappeared; the right now applies not only in competitive situations, but also ‘to acts by the user which go beyond his legitimate rights and thereby harm the investment’.<sup>67</sup> Article 7(3) of the final Directive confirms that the right has become a full-fledged right of intellectual property: it is transferable, and may be subject to licensing. According to Gaster, the European Commission official who was responsible for drafting the Directive in its later stages, the *sui generis* right has, in the end, become an economic right that ‘has nothing in common with unfair competition remedies because it does not sanction behaviour a posteriori and because it provides for a term of protection.’<sup>68</sup>

In designing the database right the European Commission was clearly inspired by the ‘catalogue right’, a neighbouring right for publishers of catalogues and similar compilations that existed in the copyright laws of the Nordic countries since the 1960s.<sup>69</sup> Catalogue right protects ‘the person who produces a catalogue, a table, a database or the like, in which a great number of items of information has been compiled’ against unauthorised reproduction of the compilation.<sup>70</sup> The Nordic catalogue right originally had a term of protection of ten years from publication. After implementation of the Database Directive, the right was amalgamated to the database right, and its term extended to the Directive’s term of fifteen years. Another source of inspiration for the Commission may have been the (neighbouring) rights of publishers that existed in various forms in the United Kingdom, Ireland and Germany,<sup>71</sup> and the (neighbouring) rights of phonogram producers that were harmonised – and made mandatory for all Member States – in 1992.<sup>72</sup>

In conclusion, based on its main characteristics and its legislative history the database right can be qualified as a right of intellectual property that either falls within the very loosely organised rubric of ‘neighbouring rights’ or as a right of intellectual property of its own kind, i.e., truly *sui generis*. Whatever its classification, the database right most certainly is not a copyright. This conclusion is confirmed by the way the Member States of the EU have transposed database right into their national legal systems. While

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66. Amended proposal for a Council Directive on the Legal Protection of Databases, *supra* n. 20, Art. 10(1).

67. Database Directive, *supra* n. 1, Recital 42.

68. Jens L. Gaster, *The EU Council of Ministers’ Common Position concerning the Legal Protection of Databases: A First Comment*, 6 ENT. L.R. 258 (1995), 259.

69. Green Paper, *supra* n. 6, at 213.

70. See e.g., Copyright Act of Denmark (Consolidated Act No. 202 of 27 February 2010), Art. 71(1), English translation available at WIPO, <http://www.wipo.int/edocs/lexdocs/laws/en/dk/dk150en.pdf> (accessed 3 November 2015).

71. Green Paper, *supra* n. 6, at 213. See, Paul Goldstein & P. Bernt Hugenholtz, *International Copyright: Principles, Law, and Practice* 235 (3rd ed., Oxford University Press 2012).

72. Green Paper, *supra* n. 6, at 214; Council Directive 92/100/EEC of 19 November 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, OJ No. L 346/61, 27 November 1992.

countries such as Germany, Austria and the Nordic countries classify the right as a neighbouring right, other Member States such as France, Italy and the Netherlands treat the database as a right of its own category.<sup>73</sup>

This issue of classification is not a mere academic exercise, but has immediate consequences for the protection of foreign (non-European) database producers in the EU. Radically departing from the principle of national treatment commonly found in international or bilateral agreements, Article 11 of the Directive limits database right protection to nationals or residents of EU Member States, or to companies and firms formed in accordance with the law of a Member State and having their registered office, central administration or principal place of business within the EU. Undoubtedly, the European Commission's wish to portray the *sui generis* right as something completely different from existing intellectual property rights or unfair competition law is directly linked to this denial of national treatment. According to Gaster, 'the requirement of reciprocity is consistent with international obligations since the *sui generis* right is a legal innovation and is not therefore covered by any international instrument.'<sup>74</sup> While Gaster is probably right in assuming that the database right falls outside the scope of the Berne Convention, which is limited to the protection of 'literary and artistic works',<sup>75</sup> and of the TRIPS Agreement that encompasses only those rights of intellectual property specifically enumerated in its substantive sections,<sup>76</sup> his conclusion may be too confident. According to several commentators, if the *sui generis* right is to be qualified as a right of industrial property or as rule of unfair competition, the rules of national treatment of the Paris Convention for the Protection of Industrial Property would still apply.<sup>77</sup> Davison goes even further by arguing that the Directive's *sui generis* right is nothing else than a good-old British copyright in disguise; therefore, national treatment under Berne and TRIPS would be required.<sup>78</sup>

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73. See, NautaDutilh, *The implementation and application of Directive 96/9/EC on the legal protection of databases* (Study for the European Commission, study contract ETD/2001/B5-3001/E/72), [http://ec.europa.eu/internal\\_market/copyright/docs/studies/etd2001b53001e72\\_en.pdf](http://ec.europa.eu/internal_market/copyright/docs/studies/etd2001b53001e72_en.pdf) (accessed 3 November 2015).

74. Gaster, *supra* n. 68, at 261.

75. Berne Convention for the Protection of Literary and Artistic Works (adopted 9 September 1886, entered into force 5 December 1887, as last revised at Paris, 14 July 1971), 1161 U.N.T.S. 31, Art. 2.

76. TRIPS Agreement, Art. 1(2). But see, Susy Frankel, *Challenging Trips-Plus Agreements: The Potential Utility of Non-Violation Disputes*, 12(4) J. Intl. Econ. L. 1023, 1032 (arguing that EU database right ought to be subject to national treatment under TRIPS because protecting data from unfair extraction amounts to a greater level of database protection than TRIPS requires).

77. Herman Cohen Jehoram, *Ontwerp EG-richtlijn databanken*, 5 IER 133 (1992); William R. Cornish, *1996 European Community Directive on Database Protection*, 21 Colum.-VLA J.L. & Arts 1, 10 (1996).

78. Mark J. Davison, *The Legal Protection of Databases* 223-225 (Cambridge University Press 2003).

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The Directive does leave open the possibility of including non-EU database producers within the coverage of the database right. Article 11(3) vests the Council of the European Union with the power to extend database protection to nationals or residents of third countries on the basis of special agreements. However, such extension will be granted ‘only if such third countries offer comparable protection to databases produced by nationals of a Member State or persons who have their habitual residence in the territory of the Community’.<sup>79</sup> Not surprisingly given this stringent requirement of material reciprocity, the EU has so far been extremely reluctant to grant extensions to non-EU countries.<sup>80</sup>

One can only speculate about the reasons why the European Union has not made database right subject to national treatment. The Directive is silent on the issue, as are the official preparatory documents. One likely explanation is that the European Commission intended to use Article 11(3) as leverage for promoting an international agreement on database protection. Another explanation traces this discriminatory rule back to the Directive’s rationale of playing ‘catch-up’ with the United States.<sup>81</sup> A third and darker explanation is that the Directive’s denial of national treatment was tit-for-tat towards the United States that had done the same to Europe several years earlier in the 1984 US Semiconductor Chip Protection Act (SCPA).<sup>82</sup> Like the Directive the SCPA provided for *sui generis* protection and required reciprocal treatment. Unlike Europe however, the US was successful in exporting their *sui generis* model to the world. *Sui generis* semiconductor chip protection ‘went viral’ almost immediately after its enactment in the United States, spreading to Europe<sup>83</sup> and across the globe, and was eventually even enshrined in international agreements.<sup>84</sup>

It remains to be seen whether the ongoing negotiations between the EU and the United States on a future Transatlantic Trade and Investment Partnership (TTIP) might in the long run lead to extending the database right to US database producers.

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79. Database Directive, *supra* n. 1, Recital 56.

80. So far only a single extension has been recorded: Council Decision of 18 February 2003 on the conclusion of an Agreement in the form of an Exchange of Letters between the United Kingdom of Great Britain and Northern Ireland on behalf of the Isle of Man and the European Community extending to the Isle of Man the legal protection of databases as provided for in Chapter III of Directive 96/9/EC, OJ L 89/11 of 5 April 2003.

81. *See*, text accompanying footnote *supra* n. 19.

82. 17 U.S.C. § 901-914.

83. Council Directive 87/54/EEC of 16 December 1986 on the legal protection of topographies of semiconductor products, OJ L 24/36 of 27 January 1987.

84. TRIPS Agreement, Part II, section 6; the Washington Treaty on Intellectual Property in Respect of Integrated Circuits that was adopted under the auspices of WIPO in 1989 never entered into force.

9.4 EVALUATION AND CONCLUSION

As this chapter has shown, the European Union's sui generis database right was introduced for two completely different reasons. One was to harmonise legal protection of databases throughout the EU, while still offering legal protection for investment in databases – something continental-European author's right could not achieve. The other was to provide an incentive to the European database industry, which was lagging behind its main competitors in the world, especially the United States. By creating a special right of intellectual property that would be available only to producers based in the EU, the European database industry would receive a boost allowing the Europeans to catch up with its competitors. Both goals explain the database right's sui generis character – a right 'untainted' by national legal doctrine, and supposedly immune to national treatment under the existing intellectual property treaties.

Twenty years after the adoption of the Directive one can conclude that the first goal of the Directive – approximation of national laws – has largely been met. Databases produced in the EU are now either protected by copyright as 'intellectual creations' reflecting creative choices, or by sui generis right inasmuch as they result from 'substantial investment', or both. Member States that initially tried to preserve traditional doctrines that are pre-empted by the Directive, such as the United Kingdom's 'skill and labour' copyright, the Nordic catalogue rule or Dutch *geschriftenbescherming* (copyright protection for non-original writings),<sup>85</sup> are now gradually – and grudgingly – abandoning these primordial regimes.

By contrast, the second goal – promoting the European database industry and catching-up with the Americans – has remained elusive. As early commentators have pointed out, there was never much conclusive evidence supporting the European Commission's economic claims.<sup>86</sup> As the Commission admits, much later, in its markedly self-critical evaluation of the Database Directive in 2005, '[t]he economic impact of the 'sui generis' right on database production is unproven. Introduced to stimulate the production of databases in Europe, the new instrument has had no proven impact on the production of databases.'<sup>87</sup> The Commission's evaluation report also

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85. P. Bernt Hugenholtz, *Goodbye geschriftenbescherming!* (Kluwer Copyright Blog, 6 March 2013), <http://kluwercopyrightblog.com/2013/03/06/goodbye-geschriftenbescherming/> (accessed 3 November 2015).

86. Stephen M. Maurer, P. Bernt Hugenholtz & Harlan J. Onsrud, *Europe's Database Experiment*, Science 789 (2001); James Boyle, *A Natural Experiment* (Financial Times, 22 November 2004), <http://www.ft.com/cms/s/2/4cd4941e-3cab-11d9-bb7b-00000e2511c8.html#axzz3qVIXLWLk> (accessed 3 November 2015).

87. European Commission, *First evaluation of Directive 96/9/EC on the legal protection of databases* 5 (DG Internal Market and Services Working Paper, Brussels, 12 December 2005).

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suggests that the sui generis right has not helped the European industry to overcome its productivity gap vis-à-vis the United States.<sup>88</sup>

The report also points to several other deficiencies of the sui generis right, such as its uncertain contours, and its proximity to a property right in data that might negatively affect innovation and growth. Again the Commission juxtaposes the legal situation in the EU with that in the United States, where since the Supreme Court's landmark *Feist* decision<sup>89</sup> no legal protection for 'sweat of the brow' based databases exists. Nevertheless, as the Commission wryly observes, 'there has been a considerable growth in database production in the US, whereas, in the EU, the introduction of "sui generis" protection appears to have had the opposite effect.'<sup>90</sup>

The 2005 evaluation report concludes by offering four possible policy options: (1) repeal the whole Directive; (2) withdraw the sui generis right; (3) amend the sui generis to clarify its scope; and (4) maintain the status quo. Combining the law of inertia with the complexities of undoing a Directive that has been transposed in all twenty-eight Member States of the EU, it is not surprising that option; (4) prevails until this day.

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88. *Ibid.*, at 22-23.

89. *Feist Publications, Inc., v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

90. First evaluation of Directive 96/9/EC on the legal protection of databases, *supra* n. 88, at 24.