

## A. Registration Generally

One of the primary roles of the Copyright Office is to register copyright claims in works of authorship.<sup>86</sup> Although registration is not a condition of copyright protection, it provides many benefits,<sup>87</sup> and is therefore routine practice for many commercial copyright owners, including database producers.

In order to be registered, a work must comprise original authorship. When there is a genuine question about the copyrightability of a work, the Office notes its uncertainty by registering under its “rule of doubt.”<sup>88</sup> This means that although the work will be registered, “there is a reasonable doubt about the ultimate action which might be taken under the same circumstances by an appropriate court with respect to whether (1) the material deposited for registration constitutes copyrightable subject matter or (2) the other legal and formal requirements of the statute have been met.”<sup>89</sup>

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<sup>86</sup> 17 U.S.C. §§ 410 and 701(a).

<sup>87</sup> As a practical matter, registration serves as notice to the public that the registrant claims a copyright in the work. The Copyright Act also establishes several incentives for registration. In addition to the evidentiary benefits noted above, better remedies are available for infringement if a work has previously been registered. 17 U.S.C. § 412. See also 19 C.F.R. § 133.31(a) (1997) (defining works eligible for recordation with Customs in order to block unauthorized imports as those works which have been registered). Registration is required for a U.S. work in order to sue for infringement, 17 U.S.C. § 411(a), and allows priority in the event of conflicting transfers. 17 U.S.C. § 205.

<sup>88</sup> The “rule of doubt” has never been codified in any version of the Copyright Act, and no court has ruled on its application. It was created by the Copyright Office, which has historically interpreted its responsibilities as permitting discretionary registration in cases of doubt. Herbert A. Howell, former Assistant Register of Copyrights, describing the “rule of doubt,” wrote in 1942 that notwithstanding a probable loss of copyright due to failure to satisfy certain complex technical requirements then in effect, “the Copyright Office has always been inclined to give the author the benefit of the doubt, if there be any, and make registration for whatever it may be worth.” HERBERT A. HOWELL, *THE COPYRIGHT LAW* 92 (1942). The *Compendium of Copyright Office Practices II* directs examiners to register claims in certain factual and legal situations under the rule of doubt, or with a “cautionary” or “warning” letter. See, e.g., Chapter 4 (Notice), § 4.2.4.IV., at 4-29; Chapter 4 (Notice), § 4.3.3.II, at 4-38; Chapter 7 (Works by Foreign Authors), § 7.2.1.II.b, at 7-7; Chapter 8 (Copyright in Works First Published Abroad), § 8.2.1.III.a, at 8-9 [hereinafter *Compendium*].

<sup>89</sup> *Compendium* § 108.07.

Databases may be collections of works (for example, journal articles) or of data (facts). In examining a database for registrability, the Copyright Office must determine whether it is a protectible “compilation” as defined in the Copyright Act.<sup>90</sup> The Office has prepared guidelines to assist its examiners in determining the copyrightability of databases. General guidelines are set out in the Compendium of Copyright Office Practices.<sup>91</sup> More specific guidelines for databases, including those fixed in automated form, are set out in a series of memoranda issued to the examining staff before and after *Feist* (discussed below).

Where the contents of the database represent new copyrightable subject matter, there is no question that a claim in the database may be registered. Therefore, the Office focuses on whether the claim has been appropriately stated so as to identify that new subject matter. Often, however, the claim is limited to compilation authorship because the contents of the database consist of preexisting materials, whether facts, public domain materials or works that have been previously published. In such cases, the Office must determine whether the selection, coordination or arrangement is copyrightable, making the database registrable.

Where a compilation lacks a certain minimum amount of original authorship, registration will be refused.<sup>92</sup> In general, the greater the amount of material from which to select, coordinate,

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<sup>90</sup> A compilation is defined in the Copyright Act as “a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.” 17 U.S.C. § 101. See discussion of this definition and its meaning *supra* section I.A.

The legislative history of the 1976 Act indicates that compilations can fall within the category of “literary works.” H.R. Rep. No. 1476, 94th Cong., 2d Sess. 54 (1976). Most database registration claims are submitted on the form for nondramatic literary works (Form TX). To the extent a database has copyrightable content included in the claim, the nature of the content will usually determine the category of the registration. For example, databases comprised mostly of static graphic images are submitted on the form for “works of the visual arts” (Form VA). Where the authorship in a work falls into more than one category, the appropriate application form is determined by the predominant authorship. 37 C.F.R. § 202.3(b)(2) (1996).

<sup>91</sup> Compendium §§ 307.01, 307.02, 307.03.

<sup>92</sup> *Id.* § 307.01.

or order, the more likely it is that the compilation will be found registrable.<sup>93</sup> There is also a basic *de minimis* quantity test: “Any compilation consisting of less than four selections is considered to lack the requisite original authorship.”<sup>94</sup>

## **B. Pre-Feist Practices**

As a general matter, the Copyright Office has always applied an originality standard in examining works for registration. Until the late 1980's, however, it also registered compilations based on “sweat of the brow.”<sup>95</sup> Such compilations included but not were not limited to white pages telephone directories and other factual databases. Beginning in 1987, the Office began to question the copyrightability of works where sweat of the brow was the only basis for registration. By 1989, it had abandoned this standard for most compilations, continuing to apply it only to works like telephone directories in which some courts were still upholding copyrightability based on sweat of brow.

### **1. *Databases and the Rule of Doubt***

Prior to *Feist*, the Office registered a number of compilations under the rule of doubt. The “doubt” was primarily based on the co-existence in case law of the sweat of the brow standard with the 1976 Act’s explicit originality standard. One such registration involved the bibliographic database of the On-line Computer Library Center (“OCLC”), which consisted of a collection of numerous member libraries’ catalogue entries, where the order was determined by the contributing libraries and the arrangement was chronological. Another case involved an application from the National Republican Congressional Committee for registration of its donor lists, arranged by zip code and alphabetically within each code. The Office registered the list as a compilation, but in

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<sup>93</sup> *Id.*

<sup>94</sup> *Id.*

<sup>95</sup> See *supra* section I.A.

correspondence with the applicant noted its uncertainty and the need for judicial guidance on the copyrightability of compilations of data.<sup>96</sup>

## **2. 1988 and 1989 Interim Guidelines for Database Registration**

In 1987, the Office reviewed its database practices and considered abandoning its practice of registering sweat of the brow claims. “Interim Guidelines” were issued in 1988 with a memorandum to the staff stating that the courts had concluded that sweat of the brow might still apply to telephone directories but should not be extended to other factual compilations. Examiners were directed to register telephone directories as “a separate category of copyrightable works,” and to reject registration for certain other compilations.<sup>97</sup> The Guidelines specified that criteria used to consider the copyrightability of telephone directories should not be applied to other compilations, with the exception of street directories.<sup>98</sup>

Among the types of claims recommended for refusal were 1) in-house directories that contain an entire universe based on a single source arranged mechanically or alphabetically; 2) “parts” catalogues and price lists where the catalogue or update represents an exhaustive list of inventory and the arrangement is numerical; and 3) membership lists containing the entire universe of members arranged alphabetically, by state or zip code.<sup>99</sup> Because these guidelines rejected sweat of the brow as a basis for protection for most categories of work at a time when some

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<sup>96</sup> In subsequent litigation, the National Republican Congressional Committee filed suit against a private corporation engaged in the commercial sale of various types of data, alleging unauthorized use of its lists. The district court dismissed, finding the copyrightability of the compilation of donor facts incompatible with the public interest goals of the Federal Election Campaign Act; the D.C. Circuit postponed consideration pending a separate, administrative interpretation by the Federal Election Commission. *National Republican Congressional Comm. v. Legi-Tech Corp.*, 795 F.2d 190, 192 (D.C. Cir. 1986). In doing so, the circuit court observed that “the copyrightability of compilations of data is a highly uncertain area of the law which has divided courts and commentators alike.” *Id.* at 194.

<sup>97</sup> Memorandum on Copyrightability of Compilations (May 9, 1988).

<sup>98</sup> *Id.* In recognition of the fact that the copyrightability of many compilations would be difficult to judge, the Office made all such rejections subject to supervisory review. *Id.*

<sup>99</sup> *Id.*

jurisdictions still accepted it, there was dissatisfaction with them both in the Copyright Office and within the private sector, and they were never fully implemented.

In 1989, the Office issued “Guidelines for Registration of Fact-Based Compilations.” The guidelines advised examiners to register commercial telephone, street and business directories, and parts catalogues and inventory lists that were not “clearly *de minimis*.”<sup>100</sup> Examiners were advised to reject standard organization charts and any compilations containing fewer than four items.<sup>101</sup> More difficult claims, such as mailing lists and subscriber lists, were to be rejected unless “the compilation represents a modicum of selection and/or arrangement authorship and the quantity of material compiled is not *de minimis*.”<sup>102</sup> The Guidelines stated that telephone directories continued to be treated differently by all federal courts (i.e., even those that otherwise rejected sweat of the brow), and therefore should not be examined under “the usual Copyright Office criteria.”<sup>103</sup> Thus, in 1989 the Copyright Office moved almost entirely to an originality standard, rejecting sweat of the brow for all compilations except telephone books and similar directories.

### **3. Registration of Automated Databases**

During the period from 1985 to 1989, the Office considered some special issues posed by automated databases. The Compendium of Copyright Office Practices defines “automated database” as a “body of facts, data, or other information assembled into an organized format, suitable for use in a computer and comprising one or more files.”<sup>104</sup>

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<sup>100</sup> See Guidelines for Registration of Fact-Based Compilations at 5-7 (Oct. 10, 1989).

<sup>101</sup> *Id.* at 6.

<sup>102</sup> *Id.* at 7.

<sup>103</sup> *Id.* at 1.

<sup>104</sup> Compendium § 328.

One of the major issues posed by automated databases is the status of ongoing updates or other changes.<sup>105</sup> The Copyright Office has been faced with the need to determine when a modified database qualifies as a new work of authorship subject to a separate registration. To the extent that each update of a database contains copyrightable subject matter, it may be registered.<sup>106</sup> Each registration for a published, updated database covers only the additions that were published on the date specified in the application as the date of publication.<sup>107</sup>

Automated databases may be updated frequently; it is not unusual for a database to be updated several times a day. Database producers on many occasions informed the Office that it was impossible as a practical matter to register and deposit the “new” work each time revisions were made available to the public. Those who did register updated versions adopted certain practices designed to ensure that the bulk of their databases was covered by a registration, generally making regular, but periodic, registrations. OCLC, for example, chose to register its updated database once a month, on a day when many additions and revisions were made. However, because such a registration covered only the new material added on the given date of publication, many published updates and additions were not registered.

To address this problem, in 1989 the Copyright Office adopted a regulation allowing group registration for both published and unpublished automated databases.<sup>108</sup> The regulation

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<sup>105</sup> In testimony before the Senate Committee on the Judiciary and House Subcommittee on Courts and Intellectual Property in November 1995, the Office took the position that a work is published if copies of the work are electronically transmitted to the public. See *NII Copyright Protection Act of 1995: Joint Hearing on H.R. 2441 and S. 1284 Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary and the Senate Comm. on the Judiciary*, 104th Cong., 1<sup>st</sup> Sess. 42 (1995) (statement of Marybeth Peters, Register of Copyrights). Today, many on-line databases are registered as published; others are registered as unpublished.

<sup>106</sup> See 37 C.F.R. § 202.3(b)(4).

<sup>107</sup> U.S. Copyright Office, Circular 65, Copyright Registration for Automated Databases (attached as Appendix A).

<sup>108</sup> See 37 C.F.R. § 202.3(b)(4) and U.S. Copyright Office Circular 65.

allows three months worth of updates to be registered at one time, with a deposit consisting of identifying material from one representative day.

### C. Post-Feist Practices

The *Feist* decision did not have a major impact on the Copyright Office's registration practices for compilations. It did, however, give the Office the clear authority to reject works for which protection was claimed solely on the basis of "industrious collection" or "sweat of the brow."

Immediately following *Feist*, the Copyright Office revisited its examining practices for compilations, and issued new guidelines in 1991.<sup>109</sup> In general, the Office concluded that most compilations would continue to meet the standard of originality required by *Feist*.<sup>110</sup> Nevertheless, examiners were instructed to give extra scrutiny to five types of works: (1) telephone directories; (2) street directories, cross-directories and other directories; (3) periodically updated directories; (4) annual cumulations; and (5) parts catalogues and inventory lists. Specifically, the guidelines advised examiners to reject registration applications where the claim was limited to "white pages," "listings," or "revised listings" in phone books, and to continue to question claims where the nature of the contribution was not clear. More specialized or feature-heavy directories, such as business profiles or annotated membership periodicals, were contrasted as compilations that clearly involve sufficient selectivity to be copyrightable.<sup>111</sup>

In practice, the Office continued to exercise considerable judgment in applying the guidelines. It did not categorically refuse all business directories, for example, registering those it

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<sup>109</sup> Memorandum from Nancy H. Lawrence, Head, Literary 1 to staff, Literary 1 and 2, Guidelines for Examining Fact-Based Compilations: post-*Feist* (July 8, 1991) [hereinafter *Guidelines*].

<sup>110</sup> See Marybeth Peters, *The Copyright Office and Formal Requirements of Registration of Claims to Copyright*, 17 U. DAYTON L. REV. 744 (1992).

<sup>111</sup> *Guidelines* at 1, 3.

believed to contain copyrightable authorship. The Office sent letters to remitters of compilations, citing the *Feist* holding and the corresponding change in Office practices. In the cases where applicants continued to submit telephone directories, examiners suggested statements of the claim in terms of copyrightable authorship, such as “new text in foreword, “ or “revisions and additions to yellow pages.”<sup>112</sup> Such correspondence over claim specifications and disclaimers prompted some concern in the private sector that the Office’s new practices were akin to a “patentization” of the copyright system.<sup>113</sup>

The Copyright Office’s heavy post-*Feist* correspondence lasted for a few months. Within two years of *Feist*, the Office was corresponding with applicants only on occasion. Many applicants sent letters with their submissions, specifying what they believed constituted the originality in their selection, coordination and arrangement.

Despite industry concerns that the Office would interpret *Feist* too broadly, establishing strict bright line rules, the Office continued, and continues today, to accept most compilations submitted for registration. It is impossible to know, however, how many compilation claims are not submitted because their owners are concerned that the Office will question copyrightability or refuse registration.

Occasionally, the Office still receives an application to register white pages telephone directories. In 1991, Southwestern Bell submitted a claim for copyright registration in certain features of the St. Louis White Pages. The company claimed that the work was copyrightable either as a compilation or as a graphic work. The latter claim was based on the typeface and layout of the page, which included various “user-friendly” features. When the Copyright Office

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<sup>112</sup> *Id.* at 1.

<sup>113</sup> See, e.g., Steven J. Metalitz, *Copyright Registration After Feist: New Rules and New Roles?*, 17 U. DAYTON L. REV. 766 (1992).

denied registration, Southwestern sued under the Administrative Procedures Act.<sup>114</sup> The court affirmed the Copyright Office's denial of registration, finding no abuse of discretion.<sup>115</sup>

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<sup>114</sup> See 17 U.S.C. § 701(d); 5 U.S.C. §§ 702, 704.

<sup>115</sup> *Southwestern Bell Tel. v. Peters*, No. 4 Civ. 95CV00886 GFG, at 14, 16 (E.D. Mo. July 31, 1996).

## IV. THE INTERNATIONAL CONTEXT

### A. International Treaties

Databases have also been the subject of attention in the international arena. Their status as copyrightable subject matter is guaranteed by the two major multilateral treaties relating to copyright. The Berne Convention for the Protection of Literary and Artistic Works since 1948 has required member countries to protect “[c]ollections of literary or artistic works such as encyclopaedias and anthologies which, by reason of the selection and arrangement of their contents, constitute intellectual creations.”<sup>116</sup> The coverage of databases of fact was confirmed in 1995 by the TRIPs Agreement,<sup>117</sup> which states: “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.”<sup>118</sup>

Since January 1996, developed country members of the World Trade Organization have been bound by this obligation; the obligation takes effect for all other members over the next few years.<sup>119</sup> The TRIPs Agreement also specifies that the copyright protection for compilations

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<sup>116</sup> Berne Convention for the Protection of Literary and Artistic Works, as revised at Paris, art. 2(5) Mar. 1, 1989 [hereinafter *Berne Convention*]. The 1908 revision of the Berne Convention required protection for “collections of different works.” Berlin Act, art. 2(2).

<sup>117</sup> Agreement on Trade-Related Aspects of Intellectual Property Rights, 1994, art. 10(2) [hereinafter *TRIPs*]. The TRIPs Agreement constitutes Annex 1C of the Marrakesh Agreement establishing the World Trade Organization (WTO), which was concluded on April 15, 1994, and entered into force on January 1, 1995. TRIPs binds all members of the WTO (see art. II.2 of the WTO Agreement).

<sup>118</sup> *Id.* Similar language is contained in the World Intellectual Property Organization (WIPO) Copyright Treaty, Dec. 1996, art. 5 [hereinafter *WIPO Copyright Treaty*] which has not yet become effective. As early as 1982, a meeting of government experts convened by WIPO and UNESCO recognized that “collections and compilations of information” could qualify for copyright protection. *Second Committee of Governmental Experts on Copyright Problems Arising from the Use of Computers for Access to or the Creation of Works* (June 7-11, 1982), reprinted in 18 COPYRIGHT 239, 245 (1982).

<sup>119</sup> TRIPs, arts. 65, 66.

“shall not extend to the data or material itself,”<sup>120</sup> and contains another provision stating that “[c]opyright protection shall extend to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such.”<sup>121</sup>

## **B. European Database Directive**

### **1. *Background***

Pursuant to the action plan set out in its 1991 “Follow-up to the Green Paper,”<sup>122</sup> the European Commission proposed in 1992 to harmonize the national laws within the European Union regarding the protection of databases. The Commission proposal was adopted in a modified form as a directive to the member states on March 11, 1996 (attached to this report as Appendix B).<sup>123</sup> The directive is required to be implemented by the member states by January 1, 1998.

A number of factors appear to have led the European Union (EU)<sup>124</sup> to harmonize the law regarding database protection. The rapid expansion of the Internet raised the EU’s awareness of “the exponential growth, in the Community and worldwide, in the amount of information generated and processed annually in all sectors of commerce and industry,” and the important role of databases “in the development of an information market within the community.”<sup>125</sup> The EU

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<sup>120</sup> TRIPs, art. 10(2). *See also* WIPO Copyright Treaty, art. 5.

<sup>121</sup> TRIPs, art. 9(2). *See also* WIPO Copyright Treaty, art. 2.

<sup>122</sup> Doc. COM (90) 584 final, 17 Jan. 1991. The “Green Paper” referred to is the 1988 “Green Paper on Copyright and the Challenge of Technology,” Doc. COM (88) 172 final, 7 June 1988.

<sup>123</sup> Directive 96/9/EC of the European Parliament and of the Council of the European Union of 11 March 1996 on the legal protection of databases, 1996 O.J. (L 77/20) [hereinafter *Database Directive*].

<sup>124</sup> In this report, for the purpose of simplicity, the European Community and its Member States and the European Union generally are referred to as the “European Union” or “EU.”

<sup>125</sup> Database Directive, recitals (10), (9).

also expressed concern about the “very great imbalance in the level of investment in the database sector both as between the Member States and between the Community and the world’s largest database-producing third countries.”<sup>126</sup> In addition, the *Feist* decision in the U.S. Supreme Court galvanized concern regarding the adequacy of copyright protection for databases within the EU.<sup>127</sup>

The directive covers compilations of data in any form, and thus includes hard copy compilations as well as electronic databases.<sup>128</sup> The Commission’s original proposal was limited to electronic databases, but in the course of deliberations this approach was found unworkable, because it would subject the identical material to differing legal standards based solely on the medium employed. As one of the participants is reported to have stated, “making use of a scanner should not be decisive in granting legal protection.”<sup>129</sup> In addition, technologies such as scanning and optical character recognition render even hard-copy databases vulnerable to

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<sup>126</sup> *Id.* recital (11).

<sup>127</sup> Jens-L. Gaster, *The New EU Directive Concerning the Legal Protection of Data Bases*, in *FOURTH ANNUAL CONFERENCE ON INTERNATIONAL INTELLECTUAL PROPERTY LAW & POLICY* 35, 42 (Fordham Univ. School of Law, Apr. 11, 1996); Mark Powell, *The European Database Directive: An International Antidote to the Side-Effects of Feist?*, in *FOURTH ANNUAL CONFERENCE ON INTERNATIONAL INTELLECTUAL PROPERTY LAW & POLICY* 49, 57-58 (Fordham Univ. School of Law, Apr. 11, 1996).

<sup>128</sup> Database Directive, art. 1(1), recital (14). The term “database” is defined in the directive as “a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means.” Art. 1(2). Explicitly excluded from protection under the directive are “computer programs used in the making or operation of databases accessible by electronic means.” Art. 1(3). Recital (17) expands on the definition:

[T]he term “database” should be understood to include literary, artistic, musical or other collections of works or collections of other material such as texts, sound, images, numbers, facts, and data; . . . it should cover collections of independent works, data or other materials which are systematically or methodically arranged and can be individually accessed; . . . this means that a recording or an audiovisual, cinematographic, literary or musical work as such does not fall within the scope of this Directive.

<sup>129</sup> Gaster, *supra* note 128, at 35, 37. The author, who was the principal administrator within the Commission’s copyright unit responsible for the legal protection of databases while the directive was under debate, appears to be quoting or paraphrasing another participant in the discussions.

unauthorized copying and commercial reuse in both hard-copy and electronic form.<sup>130</sup> Moreover, the TRIPs Agreement makes no such distinction.<sup>131</sup>

As adopted, the directive establishes a dual system for protection of databases. One component is copyright protection for the “structure” of the database.<sup>132</sup> The other is a *sui generis* (“of its own kind” — i.e., not falling within existing categories of legal protection) intellectual property right in the contents of the database.

## **2. Copyright Protection**

The copyright portion of the directive, Chapter II, applies only to the structure or schema of a database, without prejudice to any existing protection under copyright for the database contents.<sup>133</sup> It seeks to harmonize the scope of copyright protection for databases throughout the European Union. It does so in two major respects: First, it sets a uniform standard of originality. Second, it establishes a uniform list of “restricted acts” (i.e., exclusive rights) and exceptions to restricted acts.

Prior to the directive, copyright protection for databases in the member states could be divided into two general groups. In the U.K., Ireland and the Netherlands, the threshold for protection was quite low. In particular, Anglo-Irish common law incorporated a “sweat of the brow” doctrine that developed from the same line of eighteenth and nineteenth century English cases that were cited in early U.S. compilation cases.<sup>134</sup> In the remaining European countries, however, copyright imposed a fairly high threshold of originality to qualify for protection.<sup>135</sup> This

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<sup>130</sup> Powell, *supra* note 128, at 70.

<sup>131</sup> *Id.*

<sup>132</sup> Database Directive, recital 15.

<sup>133</sup> *Id.* art. 3(2).

<sup>134</sup> See discussion, *supra* section I.A.

<sup>135</sup> Gaster, *supra* note 128, at 41-42.

is in keeping with the “author’s right” approach that prevails throughout most of Continental Europe, which defines originality as an expression of the author’s individual personality.<sup>136</sup>

The standard established by the directive requires the database to, “by reason of the selection or arrangement of [its] contents, constitute the author’s own intellectual creation.”<sup>137</sup> This language was incorporated verbatim from the EU’s 1991 directive on the protection of computer programs.<sup>138</sup> It was originally adopted to override the very high standard of originality mandated by the German Supreme Court in the “Inkasso Programm” case and other decisions.<sup>139</sup> At the same time, by requiring an “intellectual creation,” the database directive imposes a higher standard of originality than that required under current law in the U.K., Ireland and the Netherlands. The directive thus charts a middle course on the level of originality required. Although the directive’s standard of originality has not been tested in practice, the formulation appears to be quite similar to the criteria for protection under U.S. law, as set out in the definition of “compilation” in the Copyright Act and interpreted by the Supreme Court in *Feist*.<sup>140</sup>

The “restricted acts” (exclusive rights of the copyright owner) under the directive are reproduction (temporary or permanent), adaptation, distribution, and communication, display or performance to the public.<sup>141</sup> Authorization is not required for a lawful user to engage in any

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<sup>136</sup> Stephen M. Stewart, *International Copyright and Neighboring Rights*, § 1.13, at 6 (2d ed. 1989). Within this second group of European countries, however, the four Nordic countries (Norway, Sweden, Finland and Denmark) have an additional “related” right for factual compilations, such as catalogues and directories. This “catalogue rule” is discussed *infra* in section IV.B.3.

<sup>137</sup> Database Directive, art. 3(1).

<sup>138</sup> Council Directive 91/250/EEC of 14 May 1991 on the Legal Protection of Computer Programs, 1991 O.J. (L 122/42) [hereinafter *Software Directive*].

<sup>139</sup> Gaster, *supra* note 128, at 39.

<sup>140</sup> See discussion *supra* section I.B.

<sup>141</sup> Database Directive, art. 5. The directive only covers economic rights under copyright; moral rights are beyond the scope of the directive. *Id.* recital (28).

restricted act “which is necessary for the purposes of access to the contents of the database and normal use of the contents.”<sup>142</sup> Any contractual provision to the contrary is “null and void.”<sup>143</sup>

In addition to this mandatory exemption, the directive permits member states to provide for limitations on the restricted acts in the following cases:

- (a) in the case of reproduction for private purposes of a non-electronic database;
- (b) where there is use for the sole purpose of illustration for teaching or scientific research, as long as the source is indicated and to the extent justified by the non-commercial purpose to be achieved;
- (c) where there is use for the purposes of public security o[r] for the purposes of an administrative or judicial procedure;
- (d) where other exceptions to copyright which are traditionally authorized under national law are involved, without prejudice to points (a), (b) and (c).<sup>144</sup>

Such exceptions are subject to an overall economic harm limitation, ensuring that they cannot “unreasonably prejudice[ ] the rightholder’s legitimate interests or conflict[ ] with normal exploitation of the database.”<sup>145</sup>

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<sup>142</sup> Database Directive, art. 6(1). *Cf.* Software Directive, art. 5(1).

<sup>143</sup> Database Directive, art. 15.

<sup>144</sup> *Id.* art. 6(2). It has been suggested that article 6(2) “narrow[s] the educational and scientific communities’ ability to invoke ‘fair use’ with respect to copyrightable databases under prior law.” Jerome H. Reichman & Pamela Samuelson, *Intellectual Property Rights in Data?*, 50 VAND. L. REV. 51, 79 (1997). This view is based on an interpretation of points (a) through (c) as limitations on the scope of any exception permitted under point (d). *Id.* at 77, n.113. Others view point (d) as allowing “other exceptions to copyright which are traditionally permitted by the Member State concerned to continue.” Gaster, *supra* note 128, at 40.

<sup>145</sup> Database Directive, art. 6(3). This language is patterned after virtually identical language in the Berne Convention, art. 9(2) and TRIPs, art. 13 (which has been relied on by the United States to permit the doctrine of fair use under copyright law). *See also* WIPO Copyright Treaty, art. 10, and accompanying Agreed Statement (noting the understanding that similar treaty language would “permit Contracting Parties

### 3. *Sui Generis Protection*

As a supplement to copyright, Chapter III of the directive establishes a *sui generis* form of protection for the contents of databases. The stated justification for this protection is that “in the absence of a harmonized system of unfair-competition legislation or of case-law, other measures are required in addition [to copyright] to prevent the unauthorized extraction and/or re-utilization of the contents of a database,” the making of which “requires the investment of considerable human, technical and financial resources while such databases can be copied or accessed at a fraction of the cost needed to design them independently.”<sup>146</sup>

Some of the EU member states originally advocated leaving the protection of the contents of databases to unfair competition law, and the initial Commission proposal described the *sui generis* right as a “right to prevent unfair extraction from a database” for commercial purposes.<sup>147</sup> By mid-1993, however, “an increasing majority of interested parties” were reportedly favoring the creation of a property right along the lines ultimately adopted.<sup>148</sup> The rationale, at least in part, was the perceived difficulty in harmonizing unfair competition law throughout the European Union. In addition, the Commission has noted that “unfair competition rules only come into play once an act has taken place. They do not provide an economic right with clear scope which can be freely transferred.”<sup>149</sup>

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to carry forward and appropriately extend into the digital environment limitations and exceptions in their national laws which have been considered acceptable under the Berne Convention.”)

<sup>146</sup> Database Directive, recitals (6) and (7).

<sup>147</sup> Proposal for a Council Directive on the Legal Protection of Databases, COM(92)24 final, art. 2 [hereinafter *1992 Proposal*]; see also Powell, *supra* note 128, at 68.

<sup>148</sup> Gaster, *supra* note 128, at 42-43.

<sup>149</sup> Submission from the European Community and its Member States to the World Intellectual Property Organization on “An International Treaty on the Protection of Databases,” p. 2 (July 1997). For a more complete discussion of the Commission’s motivations for abandoning the unfair competition approach, see Powell, *supra* note 128, at 62-64 (quoting the Commission’s Explanatory Memorandum to the Member States); Gaster, *supra* note 128, at 43 (noting that unfair competition laws apply only to competitive

In some respects the *sui generis* right is similar to the “catalogue rule” existing in the Nordic countries, which provided a model for the Commission. That rule establishes a “related right” for factual compilations, in addition to copyright protection. The catalogue rule provides to the producer of a catalogue, table, or similar matter “in which a large number of information items have been compiled” a right against unauthorized reproduction.<sup>150</sup> Originality is not a requirement for protection, and the term of protection for such “catalogues” is fairly short: 10 years from publication or 15 years from creation, whichever expires sooner.

The essential features of the database directive’s *sui generis* right are:

a. **Protection for “substantial investment.”** The *sui generis* right is available 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 . . .”<sup>151</sup> “Substantial investment” is not defined in the directive. However, the recitals leading up to its provisions indicate that “such investment may consist in the deployment of financial resources and/or the expending of time, effort and energy.”<sup>152</sup>

b. **Protects against acts of extraction and re-utilization.** The rights accorded under the directive are the rights to “prevent extraction and/or re-utilization of the whole or of a substantial part . . . of the contents of that database.”<sup>153</sup> “Extraction” is defined as “the permanent or temporary transfer of all or a substantial part of the contents of a database to another medium

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situations).

<sup>150</sup> Swedish Copyright Act, art. 49. See also Norwegian Copyright Act, art. 43; Danish Copyright Act, art. 71; Finnish Copyright Act, art. 49.

<sup>151</sup> Database Directive, art. 7(1).

<sup>152</sup> *Id.* recital (40).

<sup>153</sup> *Id.* art. 7(1).

by any means or in any form.”<sup>154</sup> “Re-utilization” is defined as “any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission.”<sup>155</sup>

c. **“Insubstantial parts” excluded from protection.** The maker of a database “may not prevent a lawful user of the database from extracting and/or re-utilizing insubstantial parts of its contents . . . for any purposes whatsoever.”<sup>156</sup> Any contractual provision to the contrary is “null and void.”<sup>157</sup> The directive does not attempt to define “insubstantial parts,” but does state that substantiality is to be “evaluated qualitatively and/or quantitatively.”<sup>158</sup>

d. **Exceptions for certain uses.** The directive permits member states to adopt exceptions from the *sui generis* right for lawful users in three specific categories: (a) extraction for private purposes of the contents of a non-electronic database; (b) “extraction for the purposes of illustration for teaching or scientific research, as long as the source is indicated and to the extent justified by the non-commercial purpose to be achieved”; and (c) “extraction and/or re-utilization for the purposes of public security or an administrative or judicial procedure.”<sup>159</sup> These exceptions are similar to those permitted under copyright, but without the additional reference to “other exceptions to copyright which are traditionally authorized under national laws.”

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<sup>154</sup> *Id.* art. 7(2)(a).

<sup>155</sup> *Id.* art 7(2)(b).

<sup>156</sup> *Id.* art. 8(1).

<sup>157</sup> *Id.* art. 15.

<sup>158</sup> *Id.* art. 8(1).

<sup>159</sup> *Id.* art. 9. While not stated explicitly in the text of the provision on exceptions, Recital (50) adds the gloss that the purpose of “such operations . . . must not be commercial.”

Nevertheless, the recitals indicate that existing exemptions to any existing similar *sui generis* rights are grandfathered under the directive.<sup>160</sup>

The exceptions must be read in conjunction with provisions in the directive on “obligations of lawful users,” prohibiting lawful users of databases that have been made available to the public from “performing acts which conflict with normal exploitation of the database or unreasonably prejudice the legitimate interests of the maker of the database,” or “caus[ing] prejudice to the holder of a copyright or related right in respect of the works or subject matter contained in the database.”<sup>161</sup>

**e. Fifteen year term of protection.** The term of protection for the *sui generis* right is fifteen years.<sup>162</sup> This was an increase from the ten-year term that was originally proposed in 1992.<sup>163</sup> Any qualitatively or quantitatively “substantial change,” including one resulting from an accumulation of small changes, “which would result in the database being considered to be a substantial new investment,” qualifies the resulting database for its own fifteen-year term of protection.<sup>164</sup>

**f. Available to non-EU nationals only on the basis of reciprocity.** The *sui generis* right is available only to database makers who are EU nationals or habitual residents.<sup>165</sup> For purposes of the directive, this would include business entities that have a business presence in the EU (defined as a central administration or principal place of business in the EU, or a registered

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<sup>160</sup> *Id.* recital 52.

<sup>161</sup> *Id.* arts. 8(2), 8(3) (again patterned after Berne Convention, art. 9(2) and TRIPs, art. 13). Recital (50) indicates that articles 8(2) and 8(3) function as a limitation on the exceptions in article 9.

<sup>162</sup> *Id.* art. 10(1).

<sup>163</sup> 1992 Proposal, art. 9(3).

<sup>164</sup> Database Directive, art. 10(3). It is unclear whether the new term of protection would apply to the entire database or only the “substantial new investment.” Powell, *supra* note 128, at 96.

<sup>165</sup> Database Directive, art. 11(1).

office in the EU plus a genuine, ongoing operational link with the economy of a member state).<sup>166</sup> The EU can conclude agreements to extend the right to databases made in third countries.<sup>167</sup> Although the provisions of the directive themselves are silent as to the basis for such agreements, the recitals make clear that protection will be offered only on the basis of reciprocity— i.e., where the third country offers “comparable protection” to EU databases.<sup>168</sup>

The original proposal for the directive also included a compulsory license, requiring database vendors who are the sole source of any given information to license that information to competitors on “fair and non-discriminatory terms.”<sup>169</sup> This provision proved controversial. It was dropped after the European Court of Justice imposed a similar licensing requirement under existing principles of EU competition law in the “Magill case.”<sup>170</sup> At the same time, apparently as part of an overall compromise, changes were made in the scope of the right and the exceptions, as well as the provision on rights of lawful users.<sup>171</sup>

The recitals acknowledge the important role of competition policy in the database area.<sup>172</sup> In addition, the directive establishes a procedure for review every three years to determine, among

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<sup>166</sup> *Id.* art. 11(2).

<sup>167</sup> *Id.* art. 11(3).

<sup>168</sup> *Id.* recital (56); Gaster, *supra* note 128, at 46.

<sup>169</sup> 1992 Proposal, art 8(1).

<sup>170</sup> Cases C-241/91 P and C-242/91 P, *Radio Telefis Eireann v. Commission of the European Communities*, E.C.J. (Apr. 6, 1995) (upholding an order by the Commission requiring television broadcasters to license self-generated programming information to competing publishers of program guides on a non-discriminatory basis).

<sup>171</sup> See Gaster, *supra* note 128, at 45.

<sup>172</sup> Database Directive, recital (47) (“Whereas, 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 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”).

other things, “whether the application of [the *sui generis*] right has led to abuse of a dominant position or other interference with free competition which would justify appropriate measures being taken, including the establishment of non-voluntary licensing arrangements.”<sup>173</sup>

#### **4. Current Status of Implementation**

Member states are obligated to implement the directive by January 1, 1998. Germany has already enacted implementing legislation, and we understand that most of the other member states expect to meet the deadline. All are actively preparing implementing legislation, and several are at an advanced stage in their internal processes of adoption.

### **C. Proposed WIPO Treaty**

In February 1996, the European Union submitted a proposal to the World Intellectual Property Organization (WIPO) in Geneva for a treaty on the subject of legal protection for databases, for consideration by the WIPO Committees of Experts that had been meeting on a regular basis to discuss two other proposed treaties in the field of copyright and neighboring rights.<sup>174</sup> The European treaty proposal would have required countries adhering to the treaty to establish a new, non-copyright form of protection for databases, referred to as *sui generis* protection. It was based on essentially the same concept contained in the directive, but framed in the simpler, more bare-bones style of international treaty language. The European proposal was distributed and briefly discussed at the Committee of Experts meeting that took place the week of February 5-9.

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<sup>173</sup> *Id.*, art. 16 (3).

<sup>174</sup> These two treaties, which had been under discussion for several years, were intended to update and improve on existing international standards of protection in the area of copyright and neighboring rights. The current forms of the major WIPO treaties in this area, the Berne Convention for the Protection of Literary and Artistic Works, and the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (the “Rome Convention”), date back to 1971 and 1961, respectively.

The next Committee of Experts meeting took place in May 1996. For consideration at that meeting, the United States submitted its own treaty proposal on the subject of database protection. This proposal differed from that submitted by the EU in several respects, primarily relating to the protectibility of government databases (the U.S. proposed allowing countries to deny protection), the term of protection (the U.S. proposed 25 years), the requirements for protecting foreign databases (the U.S. proposed national, i.e. non-discriminatory, treatment), and the ability to vary rights by contract (the U.S. proposed complete freedom of contract). Again, there was a brief debate of the database issues, during the course of a week-long discussion including the two other proposed treaties. The meeting concluded with a decision by the Committees to recommend to the Governing Bodies of WIPO that a Diplomatic Conference be convened in December 1996 to consider the adoption of treaties in all three areas.

On August 30, 1996, WIPO distributed draft texts of three treaties prepared by the Chairman of the Committees of Experts, Jukka Liedes of Finland, based on the various treaty proposals made by governments and the Committees of Experts' discussions of those proposals. One of the three, entitled "Basic Proposal for the Substantive Provisions of the Treaty on Intellectual Property in Respect of Databases to be Considered by the Diplomatic Conference" (the "Draft Database Treaty" or "draft treaty"), dealt with the proposed *sui generis* right in databases.<sup>175</sup> A copy is attached as Appendix C.

The draft treaty combined elements of both the European and the U.S. proposals. As is standard in WIPO treaties, it set out the basic concepts of the subject matter of protection and the

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<sup>175</sup> The other two drafts were the Basic Proposal for the Substantive Provisions of the Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works to be Considered by the Diplomatic Conference, WIPO Doc. No. CRNR/DC/4 (Aug. 30, 1996), and the Basic Proposal for the Substantive Provisions of the Treaty for the Protection of the Rights of Performers and Producers of Phonograms to be Considered by the Diplomatic Conference, WIPO Doc. No. CRNR/DC/5 (Aug. 30, 1996). Both were negotiated and ultimately adopted, although in substantially different form, by the WIPO Diplomatic Conference in Geneva in December 1996. See WIPO Copyright Treaty and World Intellectual Property Organization Performances and Phonograms Treaty, Dec. 1996 [hereinafter *WIPO Performances and Phonograms Treaty*].

nature and duration of the rights, but left to individual countries the freedom to flesh out the details through exceptions and limitations.

The draft was structured as follows: A preamble described the importance of databases in the global information infrastructure and the need to provide effective legal protection for them on an international basis. Article 1 set out the scope of protection, requiring contracting parties to protect databases in any form or medium, based on the criterion of “a substantial investment in the collection, assembly, verification, organization or presentation” of the contents, irrespective of any protection under copyright or other legal rights in the database under national law.

The rights to be granted were defined in Article 3 as “the right to authorize or prohibit the extraction or utilization” of the database’s contents. They were to be granted to the maker of the database, and thereafter be freely transferable.<sup>176</sup> No formalities could be imposed on the enjoyment and exercise of the rights.<sup>177</sup>

Article 2 contained definitions of the critical concepts of “database,” “maker of the database,” and “substantial investment,” as well as the acts of “extraction” and “utilization” that constituted the rights to be granted, and the term “substantial part” appearing in the definition of those acts. “Database” was defined as “a collection of independent works, data or other materials arranged in a systematic or methodical way and capable of being individually accessed by electronic or other means.” The “maker of the database” was “the natural or legal person or persons with control and responsibility for the undertaking of a substantial investment in making a database.” The requisite “substantial investment” was defined as “any qualitatively or quantitatively significant investment of human, financial, technical or other resources in the collection, assembly, verification, organization or presentation of the contents of the database.”

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<sup>176</sup> Draft Database Treaty, art. 4.

<sup>177</sup> *Id.* art. 9.

An act of “extraction” was “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,” while an act of “utilization” was

the making available to the public of all or a substantial part of the contents of a database by any means, including by the distribution of copies, by renting, or by on-line or other forms of transmission, including making the same available to the public at a place and at a time individually chosen by each member of the public.

Finally, the “substantial part” referred to in both of these definitions was itself defined as “any portion of the database, including an accumulation of small portions, that is of qualitative or quantitative significance to [its] value.”

Exceptions were dealt with in Article 5. Using the long-accepted language from the Berne Convention<sup>178</sup> and the TRIPs Agreement,<sup>179</sup> this article allowed individual countries to provide exceptions or limitations to rights “in certain special cases that do not conflict with the normal exploitation of the database and do not unreasonably prejudice the legitimate interests of the rightholder.” It also left to national determination the treatment of databases made by governmental entities, agents or employees.

Two alternatives were given for the term of protection: either 15 or 25 years.<sup>180</sup> A separate paragraph required a new term of protection when a database is changed through a new investment sufficient to qualify for protection in itself:

Any substantial change to the database, evaluated qualitatively or quantitatively, including any substantial change resulting from the accumulation of successive additions, deletions, verifications, modifications in organization or presentation, or other alterations, which constitute a new substantial investment, shall qualify the

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<sup>178</sup> Berne Convention, art. 9(2).

<sup>179</sup> TRIPs, art. 13.

<sup>180</sup> Draft Database Treaty, art. 8.

database resulting from such investment for its own term of protection.<sup>181</sup>

This term of protection would apply not only to databases produced after the entry into force of the treaty, but also those that were already in existence at that time.<sup>182</sup> The resulting new protection for existing databases would not affect, however, any “acts concluded or rights acquired” before the treaty’s entry into force, and countries could allow continued distribution of previously lawfully made copies for a period of up to two years.

The draft treaty made clear that the new form of protection would not affect in any way other laws relating to databases or their contents, including copyright, antitrust law, data protection and privacy, access to public documents and the law of contract.<sup>183</sup>

Each country would be required to protect makers of databases who were nationals of other contracting parties, on a national treatment basis—i.e., providing the same rights in respect to *sui generis* protection that it provided to its own nationals.<sup>184</sup> Finally, the draft contained the same provisions on technological protection measures and enforcement of rights as were contained in the two other draft treaties.<sup>185</sup>

The treaty proposal proved controversial within the United States. Numerous comments were submitted to the Patent and Trademark Office, with the overwhelming majority opposing conclusion of a treaty at that time, expressing concerns about the impact of such protection and/or urging delay until there had been an opportunity for full domestic debate. This group of

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<sup>181</sup> *Id.* art. 8(3).

<sup>182</sup> *Id.* art. 11.

<sup>183</sup> *Id.* art. 12.

<sup>184</sup> *Id.* arts. 6-7.

<sup>185</sup> *Id.* arts. 10 and 13. See Basic Proposal on a Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works, arts. 13 and 16; Basic Proposal on a Treaty for the Protection of the Rights of Performers and Producers of Phonograms, arts. 22 and 27. (In the final, adopted treaties, different versions of these provisions became articles 11 and 14, and 18 and 23, respectively.)