

commentators included members of the scientific, library and educational communities, as well as individual members of the public and at least one major database producer. Those commenting in favor were companies and trade associations from the publishing and database industries.

The draft treaty on databases was never reached or discussed in substance at the December 1996 Diplomatic Conference. The negotiation of the other two treaties continued throughout the entire three weeks of the Conference, concluding only in its final hours on the last day. During the Conference, a number of delegations expressed the view that the database treaty was premature, and that they were not ready to negotiate its provisions. Ultimately, the Conference adopted a recommendation that the Governing Bodies of WIPO should convene in March of 1997 and decide on the course of future work on the issue.

On March 20-21, the Governing Bodies determined that the subject of legal protection for databases should be taken up again in a meeting in Geneva on September 17-19, 1997. This will be an informational meeting, where delegations will discuss the treatment of databases under the laws of their respective countries, and their experiences in dealing with the subject. The draft treaty itself is not scheduled to be the topic of debate.

V. PRIOR CONGRESSIONAL CONSIDERATION

During 1996, the possibility of legislation providing a new form of protection for databases was raised in the respective Congressional committees dealing with intellectual property.

In February 1996, the chief intellectual property counsel for the Senate Committee on the Judiciary attended the meeting of the WIPO Committees of Experts in Geneva, and reported to the delegates that the Senate was examining the issue and considering the introduction of legislation.

On May 23, 1996, during the next WIPO Committees of Experts meeting, Congressman Carlos Moorhead, then Chairman of the House of Representatives Subcommittee on Courts and Intellectual Property, introduced H.R. 3531, entitled the "Database Investment and Intellectual Property Antipiracy Act of 1996" (attached as Appendix D).¹⁸⁶ Like the subsequently-prepared WIPO draft treaty, the bill would have protected databases that result from a substantial investment against various acts of unauthorized extraction or use. As is usual with national legislation, the bill differed from the treaty primarily in containing more detail, particularly about the scope of rights and exceptions, as well as in spelling out remedies.

Section 2 was the definitional section. It defined "database" as "a collection, assembly or compilation, in any form or medium now or later known or developed, of works, data or other materials, arranged in a systematic or methodical way." The terms later relied on to delineate the prohibited acts, "extraction" and "use and reuse," were defined as follows:

"Extraction" means the permanent or temporary transfer of all or a substantial part of the contents of a database or of a copy or copies thereof. Such transfer may be to an identical or different medium, and by any means or in any form, now or later known or developed.

¹⁸⁶ H.R. 3531, 104th Cong., 2d Sess. (1996) [hereinafter *H.R. 3531*].

“Use” and “reuse” means making available all or a substantial part, qualitatively or quantitatively, of the contents of a database, or access to all or such substantial part, whether or not for direct or indirect commercial advantage or financial gain, by any means now known or later developed, including any of the following: (i) marketing, selling, or renting; (ii) in the form of permanent or temporary copies; or (iii) by distribution, any online or other form of transmission.

The bill did not define “substantial part,” but defined its opposite, “insubstantial part,” as “any portion of the contents of a database whose extraction, use or reuse does not diminish the value of the database, conflict with a normal exploitation of the database or adversely affect the actual or potential market for the database.”

Section 3 set out the standards a database would have to meet to qualify for protection. A database would qualify

if it is the result of a qualitatively or quantitatively substantial investment of human, technical, financial or other resources in the collection, assembly, verification, organization or presentation of the database contents, and (i) the database is used or reused in commerce; or (ii) the database owner intends to use or reuse the database in commerce.¹⁸⁷

Specifically excluded from protection were databases made by a governmental entity, whether state or federal, but not databases whose contents were obtained from such an entity.¹⁸⁸ Another subsection ruled out protection for computer programs.¹⁸⁹

The prohibited acts were set out in Section 4. The bill would have made it unlawful to perform the following acts without authorization:

(1) extract, use or reuse all or a substantial part, qualitatively or quantitatively, of the contents of a [protected] database . . . in a manner that conflicts with the database owner’s normal exploitation

¹⁸⁷ *Id.* § 3(a).

¹⁸⁸ *Id.* § 3(c) and definition of “Governmental entity” in § 2.

¹⁸⁹ *Id.* § 3(d).

of the database or adversely affects the actual or potential market for the database;

(2) engage . . . in the repeated or systematic extraction, use or reuse of insubstantial parts, qualitatively or quantitatively, of the contents of a [protected] database . . . in a manner that cumulatively conflicts with the database owner's normal exploitation of the database or adversely affects the actual or potential market for the database; or

(3) procure, direct or commission any [of the foregoing] act[s].¹⁹⁰

The bill further provided examples of circumstances in which acts of extraction, use or reuse *would* be considered to conflict with a normal exploitation of the database or adversely affect its actual or potential market.¹⁹¹

Exceptions were dealt with in Section 5. One paragraph stated that a lawful user of a database could extract or use insubstantial parts of its contents for any purpose, subject to the “repeated or systematic” test of section 4(2), set out above.¹⁹² The other made explicit that anyone was free independently to collect, assemble or compile from other sources any of the material contained in a database.¹⁹³

Section 6 established the duration of protection. It provided a basic term of protection of 25 years, but with the ability to obtain a new term upon “any change of commercial significance.”

Sections 7 and 8 established remedies, both civil and criminal.

¹⁹⁰ *Id.* § 4(a).

¹⁹¹ *Id.* § 4(b) (these circumstances involved direct or indirect competition in the database's current market or one which its owner had a “demonstrable interest or expectation” in entering; uses aimed at reasonably likely customers for the database; or multiple users within an organization without a license covering them).

¹⁹² *Id.* § 5(a).

¹⁹³ *Id.* § 5(b).

Section 9 explained the relationship of the proposed protection to other bodies of law. It stated that copyright protection would not be affected, and that parties would remain free to enter into contractual agreements with respect to databases or their contents.¹⁹⁴ It also made clear that

[n]othing in th[e] Act shall prejudice provisions concerning copyright, rights related to copyright or any other rights or obligations in the database or its contents, including laws in respect of patent, trademark, design rights, antitrust or competition, trade secrets, data protection and privacy, access to public documents, and the law of contract.¹⁹⁵

Sections 10-13 dealt with the circumvention of technology used to protect databases against unauthorized acts, and with the integrity of database management information. Their language paralleled similar prohibitions contained in the then-pending bills proposing a National Information Infrastructure Copyright Protection Act.¹⁹⁶

Section 14 contained a three-year statute of limitations.

Section 15 made the date of enactment the effective date of the act, and barred liability for the use or reuse of database contents lawfully extracted from a database prior to that date.

The House bill was introduced as an indication to the international community that Congress was interested in pursuing the subject of database protection. No hearings were held, and no corresponding bill was introduced in the Senate.

¹⁹⁴ *Id.* §§ 9(a) and (b).

¹⁹⁵ *Id.* § 9(c).

¹⁹⁶ H.R. 2441, 104th Cong., 1st Sess. § 4 (1995); S. 1284, 104th Cong., 1st Sess. § 4 (1995).

In the months following introduction of H.R. 3531, many of the groups that had opposed conclusion of the draft WIPO treaty expressed similar concerns about the bill relating both to substance and to timing and process. They urged that all interested parties be given an opportunity to provide input and that a thorough analysis of the issues be undertaken. Their substantive concerns are reflected in the discussion of the issues in Section VII below.

VI. COPYRIGHT OFFICE MEETINGS

A. Procedure

In order to provide Congress with complete and balanced information, the Copyright Office sought to meet with as many interested parties as possible. The Office initiated the process by scheduling a series of five meetings with the major groups that had already been vocal in indicating their interest in the subject of database protection: (1) the library community; (2) science agencies and organizations; (3) educational groups; (4) database producers who favor legislation; and (5) database producers who oppose legislation or do not favor it at this time. The goal was to start by ascertaining the shared views and concerns of each of these identifiable groups.

These meetings took place in March, May and June of this year. The participants were selected as follows: the Office identified those entities and individuals whose interest we had learned of through prior contacts and discussions. We added the names of organizations and associations who had submitted comments to the Patent and Trademark Office on the WIPO draft database treaty, or who had contacted the staff of the Congressional committees to communicate their concerns. We then asked representatives from each group to suggest any additional parties who should be invited. Finally, some participants contacted us directly with requests to attend.

Subsequent meetings were scheduled with persons or entities whose interests were distinct from the larger groups, or who had scheduling problems making it difficult for them to attend the large meetings. The Office also met with several academics and lawyers with particular expertise on the subject, who shared their own analysis of the issues presented. Finally, we made ourselves available to meet with anyone else who wished to communicate views or concerns. In total, the Office held sixteen meetings, as well as receiving a number of additional communications, including by mail or telephone.

The meetings were structured to provide an informal environment conducive to focused, productive and open discussion. All were led by Marybeth Peters, the Register of Copyrights, with the assistance of the staff of the Office of Policy and International Affairs. Each participant was given an opportunity to present its specific views, and then an unlimited time period was devoted to general discussion of the issues. While there were no formal presentations or questions, Copyright Office staff occasionally asked questions to clarify facts or positions. The discussions were not transcribed, and written statements were not required, although some participants chose to submit them during or after the meetings.

A list of those attending the meetings is attached to this report as Appendix E. We note that the number of participants on any side of an issue was purely the result of the selection process described above. The Office made no attempt to achieve a numerical balance or to evaluate the relative size or importance of any interest group or position.

B. Overview of Positions

This section gives a general overview of the views expressed in the Copyright Office meetings. Inevitably, it cannot constitute a complete or perfectly accurate description of any one party's or group's views, but represents our best effort at communicating the essence of each position. There will, of course, be numerous opportunities at later stages in the process of legislative consideration for additional presentations and submission of materials. We do not identify particular parties, except where necessary to describe a distinct point of view.

From the outset, the Copyright Office made clear that it was starting from first principles and working from a clean slate, rather than assuming that any of the proposals from last year would be the starting point for Congressional consideration. During the meetings, however, elements of prior proposals were frequently discussed, and these discussions are reflected below where useful and relevant.

The meetings indicated that core elements of agreement exist as to certain principles, where the difficulty lies primarily in determining how to implement those principles (whether by legislation or the absence of legislation). Thus, participants generally agreed on the following points: (1) databases are vulnerable to copying, and adequate incentives are needed to ensure their continued creation; (2) individual facts should not be the subject of private ownership; (3) anyone should be free to obtain facts independently from original sources, even after they have been incorporated in a database; (4) government databases should not be protected; (5) it is important not to harm science, research, education and news reporting; and (6) “free riding” in the form of substantial copying for commercial, competitive purposes should not be permitted.

In other areas, there is intense disagreement as to fundamental principles. The participants sharply differed, for example, on the adequacy of existing means of protection for databases; whether additional statutory protection or its absence is more likely to diminish access to data or raise its cost; and whether non-competitive uses that may harm the market for a database should be permitted.

Some participants in the Copyright Office meetings held strong views either in favor of new legislation or in opposition. In general, many members of the library and scientific communities, as well as some educational groups, telephone companies and Internet-related businesses, expressed opposition, while a majority of database producers, including producers of a variety of scientific and scholarly databases, and the owner of a major on-line retrieval service advocated legislation. It must be stressed, however, that positions were not uniform within all of these communities. Some commercial database producers, including one of the largest in the global marketplace, oppose legislation at this time; many scientific researchers, particularly those working for industry, favor it. The reasons for the differences among those who appear to be similarly situated were not always clear. In some cases, it may simply be that they hold differing perceptions of the law or the potential dangers posed.

A large number of the participants were undecided, or took neutral or intermediate positions. Many have interests on both sides of the issue, as they both produce databases and rely on information obtained from the databases of others. They generally expressed a desire to ensure adequate incentives, along with concerns about the possible negative impact of new protection. For some of these participants, their view of any legislation would turn on the form and scope of protection it provided. Others were still analyzing the issues, and had not yet formed an opinion.

The Office also met with several groups or entities with no position on the advisability of legislation generally, but with a specific concern about how some aspect of any such legislation might affect their activities. Most of these participants stated that if a need were established for new protection, and it was possible to provide adequate protection without harming legitimate user interests, they would either support or not oppose legislation.

This section briefly summarizes the positions of those with clear views either pro or con. More detail will be given in the discussion of the issues below.

Proponents

Proponents of new legislation make the following principal points:

(1) Databases are increasingly important to the U.S. economy and to science, and will be a key component of content on the Internet. They often provide information not otherwise available from a single source in a usable form, and ensure that the information is reliable and timely. Given the acceleration of developments in communications, storage and retrieval technologies over the past five to ten years, vast quantities of information are made available today much more quickly, and users have much greater capabilities to access and manipulate it. In addition, markets and science have evolved to demand increasing levels of comprehensiveness, accuracy and timeliness.

(2) Large investments of time and money are necessary to produce and maintain many databases. Voluminous information must be collected, placed in a usable format, and kept accurate and up-to-date.

(3) While it is expensive to collect and verify large numbers of facts, it is increasingly cheap to copy and disseminate them. Databases are therefore vulnerable to acts of piracy that threaten to destroy or significantly reduce their markets. This threat has been growing with the evolution of technology. With today's digital and scanning capabilities, major investments in both online and hard copy databases can be hijacked with the stroke of a key.

(4) Existing law is insufficient to protect against this threat. Although various forms of protection are available today, both legal and technological, there has been a gap in the law since the Supreme Court's decision in *Feist Publications v. Rural Telephone Service Co.*, resulting in an inability to obtain satisfactory legal relief in many circumstances. Problems have already been experienced by a number of database producers. It is critical to restore the protection against piracy that existed under the "sweat of the brow" theory of copyright law.

(5) Unless adequate protection is available for databases that require substantial resources to produce and maintain, such investments will significantly diminish. The result will be a loss not only of commercial profits, but of the public benefits accruing from the creation of databases and access to the information they contain. On the international level, markets for databases have become global, and the United States must provide adequate protection if it is to avoid competitive disadvantage with other regions of the world such as the European Union.

(6) The needed protection can be provided through appropriately crafted new legislation without harming the legitimate interests of the science community and other user groups. Indeed, scientific research will benefit from such protection, since researchers rely heavily on the private sector to make the high levels of investment necessary to produce and maintain reliable, up-to-date and comprehensive collections of scientific data.

Opponents

Generally, those that oppose new protection or are doubtful about its advisability do not contest the proponents' assertions as to the importance of databases, the changes brought about in their creation, dissemination and use by developments in technologies, and the need to provide adequate incentives. They disagree as to the conclusions to be drawn, however, and make the following points:

(1) Proponents have not produced sufficient evidence that a problem exists that requires a legislative solution. Their arguments about the need for additional protection are based on theory, isolated anecdotes, and speculation about possible future harm. International developments, particularly the outcome of the European directive, will not cause them serious detriment. It would be premature for Congress to legislate without more extensive factual evidence, or without expert economic analysis.

(2) The combination of means of protection that exist today appears to be adequate. Copyright law continues to protect databases even after *Feist*. The Supreme Court in *Feist* explicitly stated that most databases would still qualify for copyright protection, and subsequent cases have borne this out. Moreover, recent case law has made clear that meaningful protection is available outside of copyright through contract and the common law of misappropriation. Technological means of protection are also available and effective. Proponents can come to Congress if this situation changes, for example if the case law begins to develop in an unsatisfactory direction.

(3) The U.S. database industry today is an example of market success, not market failure. The industry is thriving under the current legal regime, and has become the leader in the global marketplace. Databases continue to be created and marketed, and businesses are paying record sums of money to purchase database producers.

(4) In this area, it is critical to proceed with great caution, especially in a time of rapidly evolving technologies and uses of data, since it is hard to predict future implications. New protection could result in negative consequences, even if unintended. A perceived trend toward

commercialization of data, particularly data produced by government funding, could be exacerbated. Information could as a practical matter become less accessible or more expensive; concern about potential liability could have a chilling effect on uses of information that are in the public interest, such as scientific research and education. New legal protection could raise a new barrier to market entry for second comers, decreasing rather than increasing already low levels of competition and driving up prices.

(5) Copyright law embodies an appropriate balance between incentives for creation and the free flow of information, by granting rights but leaving ideas and facts in the public domain and providing leeway for public interest activities through the doctrine of fair use and other exceptions. This balance furthers Constitutional policies and should not lightly be disturbed. New rights should not be provided, especially if they give equivalent or greater protection than copyright, without the justification of creativity; facts should be left free for all to use.

*In addition to these general points, government science agencies have raised concerns about the impact of any new protection in this area on the policy of full and open access to data that the United States has strongly pursued in the international arena.*¹⁹⁷

¹⁹⁷ See generally COMMITTEE ON ISSUES IN THE TRANSBORDER FLOW OF SCIENTIFIC DATA, U.S. NATIONAL COMMITTEE FOR CODATA, AND NATIONAL RESEARCH COUNCIL, *BITS OF POWER: ISSUES IN GLOBAL ACCESS TO SCIENTIFIC DATA* (1997); discussion *infra*, section VII.B.7.

VII. ISSUES

A. General

During the course of the meetings, several key issues began to emerge. At each meeting, different ones were stressed, different concerns expressed, and different subsidiary issues identified. Overall, however, most of the substance of the discussions can helpfully be grouped under one of six topics. It should be noted that the issues are interrelated in many respects, so that they cannot each be resolved in a vacuum.

The first, and threshold question, is whether additional legal protection for databases is needed. Several participants made the point that even if a need were shown for additional protection, Congress should not enact legislation without performing a cost-benefit analysis to determine whether the need outweighed the harm that would be caused by any such legislation. Of course, the ultimate test of any proposed legislation is whether its benefits outweigh its costs, and this test would have to be met in order for any form of database protection to be enacted. We have not addressed it as a separate issue in the report, however, because the question of what harm might be caused is dependent on how all of the other issues are resolved. Accordingly, our discussions of potential harm occur in the context of specific issues. For example, certain types of harm might be avoided by adopting certain exceptions, or otherwise framing the scope of protection in a certain way.

If the threshold question of need is answered in the affirmative, the next question is what type of protection would be preferable—a new form of property right, or a tort concept closer to unfair competition. The remaining issues also would only need to be addressed if Congress decides that some form of legislation is desirable. These are: (1) definitional issues—how should the concept of “database” be defined, what should be the criteria for a database to qualify for protection, and what degree of taking should be actionable? (2) how can it be ensured that uses of information in the public interest, such as for scientific, educational and news reporting

purposes, are not harmed? (3) what should be the duration of any such new protection? and (4) how should “sole source” data be handled—i.e., situations where the data contained in a protected database is not available elsewhere? One additional issue was not discussed at any length in the meetings, but would need to be examined: what constitutional constraints may limit Congress’s ability to legislate in this area. We discuss each of these issues in turn, describing the main points raised in the meetings.¹⁹⁸ In the process, we note those points where the issues are most obviously inter-related.

B. Is There a Need for Additional Protection?

All agree that the proponents of a new form of statutory protection have the burden of establishing the need for such protection. Some participants in the Copyright Office process chose to refrain from discussing any other issue pending the resolution of this first issue. They felt that they could not analyze what models of protection might be appropriate before identifying clearly the nature and scope of the problem.

Establishing such a need is the threshold question for any legislative initiative. Traditionally, the proponent of any change in the law, whether new rights or new limitations on rights, has borne the burden of convincing Congress of the need for the change.

Views diverge sharply, however, as to the type and degree of proof required to satisfy this burden. The options proposed ranged the gamut from a threat of future harm, to evidence of individual real-world problems, to empirical data generated through broad-scale studies. In the past, changes in intellectual property law have often been based on evidence of one of the first two types. Those arguing for economic studies believe that a higher standard is necessary here,

¹⁹⁸ On any particular issue, the description of one side’s views may be significantly longer than the description of another side’s. This does not mean that the Copyright Office ascribes greater weight to those views or believes they are more persuasive, simply that one side raised more numerous or more complex points.

either because it is preferable for the establishment of any new right, or because of the special nature of protection for collections of data in particular.

Various forms of protection against piracy do exist today for databases in the United States. Chief among these are copyright law, contracts, state misappropriation doctrine, trade secrecy, trademark law, and technological means of protection. The question is whether the combination of these existing sources of protection is sufficient to provide adequate incentives to produce a suitably wide variety of databases.

Much of the time at the meetings was devoted to debating this question. The remainder of this section summarizes the arguments on both sides.

1. General

Proponents argue that existing forms of protection are not sufficient. Some forms protect only certain limited aspects of databases, insufficient to reward the investment required to produce them; others are not well-defined and established, or uniform in geographic application. They perceive a gap in protection since the Supreme Court in *Feist* ruled out copyright for the “sweat of the brow” involved in producing a database, and believe that gap has had real-world negative consequences. They argue that Congress should stay ahead of the curve and prevent more serious harm from occurring.

In particular, proponents describe several cases where database producers have been unable to obtain relief from the courts against substantial, competitive copying.¹⁹⁹ The economic significance of such losses, they assert, has been evidenced by the effect on the producers’ stock prices.²⁰⁰ They report that piracy has been a problem for others as well, but has not yet led to

¹⁹⁹ See, e.g., *Warren Pub., Inc. v. Microdos Data Corp.*, 43 U.S.P.Q.2d 1065 (11th Cir. 1997); *Matthew Bender and Co., Inc. v. West Pub. Co.*, 42 U.S.P.Q.2d 1930 (S.D.N.Y. 1997); *Skinder-Strauss Assoc. v. Mass. Continuing Legal Educ., Inc.*, 914 F. Supp. 665 (D. Mass. 1995); *Martindale-Hubbell, Inc. v. Dunhill Int’l. List Co.*, No. 88-6767-CIV.- ROETTGER (S.D. Fla. Dec. 30, 1994).

²⁰⁰ See, e.g., *Raymond Snoddy, Reed Elsevier Shares Drop on U.S. Legal Ruling*, FIN. TIMES, May 23, 1997.

litigation. They express an understandable reluctance, however, to draw attention to particular databases as possibly uncopyrightable or subject to thin protection.

In addition, proponents assert that uncertainties in U.S. law have begun to affect investment decisions, with producers choosing not to create particularly vulnerable databases, or not to disseminate them broadly, because of a perception that the risks are too great. At least some large database producers in the United States and some European producers have reportedly been unwilling to make their databases available on-line in this country, despite the potential for substantial profit from that form of exploitation. One producer has even decided not to make its print database available to libraries because of a fear of piracy by library patrons.

Opponents, in contrast, view such evidence as insufficient, either because it is isolated, or because it is based on speculation as to future harm. They believe that existing law is adequate, and that the courts are generally drawing appropriate lines between protection and free use. Moreover, they point out that legal protection can be supplemented by technological protection, and argue that database producers should avail themselves fully of their existing options before seeking a legislative solution.

2. Copyright

As discussed in section 1 above, databases are copyrightable subject matter under U.S. law. Proponents value the benefits of copyright protection, and rely on it to the extent possible, but point out that copyright provides only limited protection for databases. While most databases remain copyrightable after *Feist* (and indeed the Court was careful to state that the white pages directory before it represented an extreme case),²⁰¹ it is precisely those databases that require the greatest amount of investment and may be the most valuable to users whose copyright status is most doubtful: the massive, comprehensive database covering the entire universe of a given field, produced in electronic form with the arrangement of the data not fixed by the producer but

²⁰¹ *Feist*, 499 U.S. at 359.

chosen by each individual user. For such databases, it may be difficult for a court to discern any acts of selection or arrangement on the part of the compiler rising to the level of creative authorship.

One rational response of database producers to *Feist*'s analysis has been to add as many copyrightable elements as feasible to their databases (whether additional text or creative methods of selection or arrangement).²⁰² The result of such changes or additions may be to make the information in the databases less easily accessible to users, or less complete. As the capabilities of personal computers and mass marketed software such as search engines increase, consumers are more and more interested in products that offer comprehensive raw data in electronic form for their own selection and arrangement.

A database of meteorological, environmental or medical information, for example, must be comprehensive, accurate, and up-to-date, or the results could be injurious to health or safety. And it is most useful when organized in the most logical, obvious way possible. Subjective selection or a unique arrangement may impede the database's utility or ease of access. Even where this is not the result, resources are diverted from the task of collecting and disseminating information to the task of satisfying copyrightability thresholds—a diversion that may not be in the best interests of the public, as it is likely to lead to less production of content or higher prices.

At least of equal concern to proponents is the question of the scope of protection for copyrightable databases. In *Feist*, the Supreme Court made clear that the copyright in a compilation is "thin"—that it will not prevent the copying even of all the material contained in the compilation, if the copier does not take the creative elements of selection, coordination or arrangement that made the compilation copyrightable.²⁰³ In other words, if the copyright in a

²⁰² See discussion *supra* section II.

²⁰³ *Feist*, 499 U.S. at 349.

database is based solely on its unusual arrangement of the data, a competitor may download and reuse all of the data that was collected at great expense, as long as the format is different.

Judicial developments since *Feist* have augmented rather than allayed these parties' concerns about the adequacy of copyright protection for databases. They read many of the subsequent cases as applying *Feist's* teachings broadly, resulting in an extremely narrow and almost meaningless scope of protection. These cases, they say, hold that very little in any database is protectible, and that virtually everything of value is free for the taking. In particular, they point to the decisions in *BAPCO v. Donnelley* and *Warren Publishing*, discussed above in Section I.B., both of which allowed commercial competitors to extract substantial amounts of the contents of expensive-to-produce databases, finding that various acts of selection and arrangement did not meet *Feist's* standard of minimal creativity.

Opponents believe that existing copyright law is adequate and appropriate, as supplemented by the other forms of protection described below. While they focused more on other issues during the meetings, some stressed the fact that very few databases have been held unprotectible, and viewed the thin scope of protection provided by the courts to be appropriate in light of the public interest in access to information.

3. Trade Secrets

While not discussed much at the meetings, trade secrecy law may also provide protection to certain databases. Compilations of data are one of the types of material that can be protected as trade secrets.²⁰⁴ Several of the necessary elements of a trade secrecy claim, however, make such a claim unlikely for the typical database. First, the data must not be common knowledge, and must have been kept secret. Disclosure through sale, display, or circulation of goods embodying the compilation, for example, will forfeit trade secret status.²⁰⁵ As a result, only those

²⁰⁴ Restatement of Torts § 757 comment b (1939); Restatement (Third) of Unfair Competition § 39 comment d (1993).

²⁰⁵ 1 ROGER M. MILGRIM, MILGRIM ON TRADE SECRETS § 105[2] (1996) [hereinafter *Milgrim*].

databases produced for internal use, and not made available to the public or exploited commercially, will be eligible for protection. Second, a claim for breach of trade secrecy requires a relationship between the owner of the secret and the defendant, involving either a contract or a confidential relationship,²⁰⁶ or the use of improper means such as theft, fraud, or inducement of breach of confidence.²⁰⁷ The ordinary act of use or exploitation of a database would otherwise not be covered.

4. Trademark

Some protection may also be available for databases under trademark law. For those databases that have come to be identified with a particular producer, the unauthorized use of material from the database in a manner that creates a likelihood of confusion as to source may be actionable under state or federal trademark law.²⁰⁸ This can be important, especially for databases with users like scientists who rely on the names of reputable publishers in determining the reliability and timeliness of data.

Proponents point out, however, that such protection is limited; it will primarily be of assistance for famous “brand name” databases, such as Dun & Bradstreet’s credit reports. Moreover, it will only protect against those uses of the database that involve the trademark and confuse the consumer as to the database’s origin.

²⁰⁶ *Id.* at § 3.03.

²⁰⁷ 2 Milgrim § 7.03; Restatement (Third) of Unfair Competition § 43 (1993).

²⁰⁸ See generally J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23 (1996) [hereinafter *McCarthy*]; 15 U.S.C. § 1125(a) (Lanham Act § 43(a)). The related doctrine of dilution may also provide limited protection against certain unauthorized uses of a producer’s trademark. Under federal law, a use of a mark that lessens the “capacity of a famous mark to identify and distinguish goods or services” is unlawful. 15 U.S.C. §§ 1125(c)(1), 1127 (definition of “dilution”). See also *McCarthy* § 24.14 (discussing state anti-dilution statutes).

5. Contracts

As discussed in section II.A.2 above, database producers are increasingly relying on contractual restrictions to protect their databases against unauthorized use. So far, such contracts have generally survived claims of invalidity based on state contract doctrines such as contracts of adhesion²⁰⁹ and on preemption by copyright law. The most authoritative and well-known opinion to date is *ProCD v. Zeidenberg*,²¹⁰ which held valid and enforceable a shrinkwrap license barring unauthorized commercial uses of a computer program and database, rejecting the argument that a contract preventing unauthorized use of data was preempted by the Copyright Act.

Some have described contractual protection as the most flexible and effective form of legal protection available for databases, since it allows producers to tailor the permissible conditions of use in a manner appropriate to the particular type of database and the particular type of user. For example, as in *ProCD* itself, a producer may adopt a two-tier system of distribution, offering the database at a low price for consumer or non-profit uses, and charging substantially more for commercial uses. Similarly, more restrictive terms can be used for particularly valuable or sensitive items in a database, such as credit ratings.²¹¹

Proponents of new legislation agree that contractual protection is an important source of protection for databases. They give a number of reasons, however, why they do not believe it is sufficient.

²⁰⁹ *But see* *Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255, 269 (5th Cir. 1988) (affirming district court holding that shrink-wrap software license was a “contract of adhesion” unenforceable under Louisiana law absent a preempted state statute); *Shoptalk Ltd. v. Concorde-New Horizons Corp.*, 897 F. Supp. 144 (S.D.N.Y. 1995) (declining to enforce contractual obligation to pay royalties after the expiration of the copyright in the work for which they were paid).

²¹⁰ 86 F.3d 1447 (7th Cir. 1996).

²¹¹ See discussion *supra* section II.A.2.b.

First is the privity problem: contracts bind only those in privity, not unrelated third parties.²¹² So while a contract may suffice to block unwanted activity by the immediate customer, it may not prevent such activity by downstream users. If, for example, a CD-ROM originally sold with a shrink-wrap license is dropped on the street, the person who finds it may place its contents on the Internet without contract liability. Contract protection therefore appears to work particularly well for databases with a limited group of customers that have an ongoing relationship with the database producer. It may be less satisfactory for databases that are sold in hard copy form or marketed through multiple levels of distribution.

A second concern relates to enforcement. The remedies available for breach of contract differ in various respects from those provided by the Copyright Act. Most important is the fact that specific enforcement of a contract is rarely available,²¹³ whereas injunctive relief is standard in copyright cases and operative throughout the country.²¹⁴ In addition, plaintiffs in breach of contract actions must prove damages,²¹⁵ whereas copyright law provides statutory damages and the possibility of an award of costs and attorney's fees to the prevailing party.²¹⁶

Moreover, contractual protection is a creature of state law only. As a consequence, the law may vary from state to state, with a contract that is effective in one state potentially

²¹² See *ProCD*, 86 F.3d at 1454 (stating that contracts "generally affect only their parties"); *Wilde v. First Federal Sav. & Loan Ass'n*, 134 Ill. App. 3d 722, 731, 480 N.E.2d 1236, 1242 (1985) (validly formed contract held not enforceable against one who is not in privity).

²¹³ See E. ALLEN FARNSWORTH, FARNSWORTH ON CONTRACTS §§ 12.4-12.6 (1990) (Supp. 1996) (stating that courts historically have been unwilling to compel performance of contract if legal remedy of damages is adequate to protect injured party).

²¹⁴ 17 U.S.C. § 502.

²¹⁵ See Restatement (Second) of Contracts § 352 (1981); Uniform Commercial Code (U.C.C.) § 1-106 comment 1; U.C.C. § 2-715 comment 4; Farnsworth, *supra* note 214, at §§ 12.8-12.9.

²¹⁶ The Act permits statutory damages "in a sum of not less than \$500 or more than \$20,000 as the court considers just," and up to \$100,000 in the court's discretion for willful infringement. 17 U.S.C. § 504(c). Costs and attorney's fees may be awarded to the prevailing party in the court's discretion. 17 U.S.C. § 505.