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WORLD INTELLECTUAL PROPERTY ORGANIZATION
GENEVA

STANDING COMMITTEE ON COPYRIGHT AND RELATED RIGHTS

First Session
Geneva, November 2 to 10, 1998

AGENDA ITEM 5: PROTECTION OF DATABASES

INFORMATION RECEIVED FROM MEMBER STATES OF WIPO AND FROM THE EUROPEAN COMMUNITY

Memorandum prepared by the International Bureau

1. The Information Meeting on Intellectual Property in Databases, held in Geneva, from September 17 to 19, 1997, adopted the following recommendation (document DB/IM/6 Rev., paragraph 12 (ii) and (iii)):

> "(ii) the International Bureau... should invite Member States of WIPO and the European Community, as well as the intergovernmental and non-governmental organizations invited to the Information Meeting, to submit, by the end of April 1998, information concerning the questions included in the above-mentioned document and on any other related questions they may find relevant;
>
> "(iii) the International Bureau should make available such information in a concise form, by the end of June 1998, to the Member States of WIPO and the European Community, so as to facilitate consultations on the issues concerning intellectual property in databases at national and regional level, as well as to the organizations mentioned in item (ii), on the understanding that the information received from intergovernmental and non-governmental organizations will be made available in the languages in which it is submitted;"

2. In answer to the invitation sent in harmony with item (ii) of the above-quoted decision, the International Bureau has received information from Egypt, the European Community and its Member States and Japan. These submissions are reproduced in the Annex of this document.

3. Further submissions have been received, all in English language, from one intergovernmental organization and several non-governmental organizations. These are contained in document SCCR/1/INF/3, which is available in English only.

4. As a consequence of the new governance structure of WIPO which was adopted during the Assemblies of the Member States of WIPO in March 1998, in conjunction with the Program and Budget for the biennium 1998-1999, the activity described in Sub-program 10.3 (Protection of Databases), is now within the competence of the Standing Committee on Copyright and Related Rights.

[Annex follows]

ANNEX

EGYPT

The Academy of Scientific Research has replied as follows:

– There is no need for a treaty on *sui generis* system of protection for databases, since these are protected under the copyright law.

– The *sui generis* system would discourage value-added uses.

– Such a system would delay economic and technological progress.

– The producers of databases benefit from the protection of their work under the copyright law.

– The foreseeable impact of a *sui generis* protection would aim to restrict certain non-commercial information, namely in the fields of education, culture and meteorological data.

– This system would affect scientific research in developing countries since scientists would only obtain the necessary data through licenses.

EUROPEAN COMMUNITY AND ITS MEMBER STATES

THE LEGAL PROTECTION OF NON-ORIGINAL DATABASES
BY AN INTERNATIONAL TREATY

In this submission the European Community and its Member States would like to set out some information which will help to explain why we feel that it is necessary for databases to be protected at international level separately and in parallel with any protection available under copyright systems. We also give some further details below about what kinds of database we think should be covered by such a scheme of protection under this new neighbouring right type of right.

What is a database?

A database can be defined as a collection of independent works, data and other materials that are systematically or methodically arranged and can be individually accessed.

The definition should include collections of any type of material, including literary, artistic, musical or other works. This material may be texts, sound, images, numbers, facts and

data. This means that individual recordings or audio-visual, cinematographic, literary or musical works as such are protected in their own right and this protection remains totally unaffected by any rights granted in respect of a database.

It follows from the nature of the collection as a "compilation" that the "raw material" and individual items as such do not benefit from the database protection. This means, for example, that the unarranged "data files" collected by satellites or by meteorological measuring devices as such are not protected as a database without the work and effort of organising the data.

The organised data compilations that would obtain this new type of protection may appear, for example, in the form of different kinds of directories, factbooks, a comprehensive listing of works of a composer or a card-index relating to the stock of volumes in a university library or bookshop. Furthermore, a bulletin board containing 1000 films also is a database although database protection would not cover the films themselves which may be subject to copyright in their own right.

What type of database should be covered?

The "database" definition should cover databases both in electronic form, which should include both on-line and off-line databases, and non-electronic format. Examples of databases presented both in analogue and electronic form, such as a city atlas in a form of a book, in on-line form or on a CD-ROM or a collection of texts on the hard disk of a home computer may be given.

This wide definition is required because otherwise the lack of protection in non-electronic databases would lead to a discrepancy in protection between these two forms of a database, although the effort in making the database may be very much the same.

Therefore, it is important not to discriminate between different forms of database. Of course, in order to benefit from protection for non-original databases, two different criteria would have to be met. Firstly, the compilation must come under the definition of a database. Secondly, the making of the database must have required substantial labour, effort or expenditure of other resources.

It should be noted that a broad approach to the notion of database beyond electronic on-line databases also creates a favourable environment for small and medium sized enterprises making databases in so far as their databases, which may be presented in various formats or forms of presentation, fulfil the requirements for protection.

Value added by providing international protection for non-original databases

Appropriate international protection for non-original databases would provide an incentive for the sustainable development and marketing of all sorts of databases in various parts of the world. Therefore, such protection would consequently have a positive effect on employment and international trade.

Enhanced legal protection for non-original databases at the international level would likewise promote dissemination of culturally or otherwise valuable databases. Such databases might not be made available without some secure minimum level of protection for the maker of the database from unlawful exploitation causing significant loss of value of the results of his efforts, in terms of expenditure of time, labour and other resources, in the making of the database.

A fair reward for the efforts employed by database makers is finally of crucial importance for a favourable development of electronic commerce at the world-wide level.

As far as international agencies, governmental and non-governmental organisations promoting research, science and education are concerned, many of these could benefit as rightholders themselves, being makers of databases, and can deal as they wish with their own rights.

Of course it would be favourable for database makers throughout the world to benefit from a minimum level of protection for non-original databases by virtue of an international instrument providing that signatories shall accord to nationals of other parties to the instrument treatment no less favourable than they accord to their own nationals.

Current protection at the international level

At the moment, international conventions on intellectual property provide no protection for collections which do not meet the requirements for copyright protection. Protection for collections of literary or artistic works, such as encyclopaedias and anthologies, is afforded in the Berne Convention only if by reason of the selection and arrangement of their contents they constitute intellectual creations (Article 2(5)). In other words, there must be originality in selection or arrangement of the works.

Article 10(2) of the TRIPs Agreement makes clear that protection is granted for 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. This level of protection has also been provided in the WIPO Copyright Treaty (Article 5) to "compilations of data or other material, in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations." However, this protection does not extend to non-original databases that currently do not benefit from any international protection.

What are the consequences of these international conventions?

Although protection thus extends to creative databases at the international level, the extent of protection may be rather limited. The narrowness of the present database protection is such that protection only has to be granted if the arrangement and/or the selection of the contents meets the originality test. This leaves compilations with a commonplace selection or arrangement both in an electronic and non-electronic form, e.g. telephone directories, address listings, many legal text CD-ROMs and other catalogues with an encyclopaedic structure, often

without any protection at all. Therefore, no economic rights are granted to a substantial number of compilations.

As a further example, consider a complete collection of all known classical Latin texts which have long since entered into the public domain, and are presented in alphabetical order on a CD-ROM. Under present wording of the relevant international treaties this kind of database, as a complete collection/compilation of works arranged in a non-original order, would not benefit from protection, because there is no creativity in selection or arrangement. Therefore, such a CD-ROM could not be protected under copyright, although its making would have required the expenditure of a lot of labour, money and effort. This leads to a situation where a database maker is given no incentive for making the database, because no protection is available.

Investments in databases in terms of employment of time, labour and other resources show several similarities to certain other efforts related to specific subject matter. For example, the organisational efforts of broadcasters and phonogram producers benefit from protection by virtue of rights related to copyright under existing international treaties, such as the Rome Convention and the WPPT. Therefore, database makers should be treated similarly by providing a neighbouring rights type of right so as to protect these substantial assets in databases.

Current case law in various jurisdictions

Many court cases throughout the world have demonstrated the need for the grant of international protection for non-original databases requiring a substantial investment in terms of labour, money and effort. At present, these court cases clearly show that in numerous States there is neither protection under copyright nor under any unfair competition regime that might in principle apply to non-original databases. Furthermore, even in cases where copyright protection may be available, it may have a rather limited effect.

a) Non-availability of copyright

For example, the ruling of the U.S. Supreme Court in “Feist v. Rural” that concerned a so-called white pages directory, established that “sweat of the brow” databases lack any modicum of creativity in selection of the contents and thus do not qualify for copyright protection.

In the “Van Dale v. Romme” case, the Dutch Supreme Court had to decide whether a mere collection of key-words in alphabetical order taken from a leading Dutch language dictionary could be granted copyright protection as a work (the copyrightability of the dictionary in its entirety was not at issue). The Court ruled that such a compilation of words belonging to the Dutch language does not meet the requirement of originality, i.e. of carrying the author’s personal stamp. The decision would be different if the collection were the result of a selection expressing the individuality of its maker.

In France no protection under copyright was afforded to a complete chronological listing of French wines based on the production region and vintage, because there was neither

originality in selection or arrangement nor intellectual creation in the way of presentation of wines.

b) No protection in case of extraction of "raw material"

In numerous other cases involving scanning of law reports compiled on a CD-ROM, using of entries from a listing of lawyers and judges, copying of parts from a cable systems factbook or address listings from a directory comprising names, addresses and phone numbers of companies and individuals in the music business, no infringement of copyright was found on the grounds that the taking of "raw material" from the compilation did not affect selection or arrangement in the database.

Furthermore, in Belgium the extraction of elements from a collection of maps by inclusion into a geometrical database involving the process of vectorisation was not considered to be a form of reproduction of the maps as such and therefore it was not found to infringe copyright or to be inconsistent with unfair competition legislation.

Current statutory protection for databases at the national level

The international Conventions only provide for a minimum level of copyright protection. Nevertheless, only a few States have currently gone beyond this standard by adopting more comprehensive copyright protection for compilations.

First of all, a few countries already provide copyright protection of non-original databases, the so-called "sweat of the brow" protection. This gives protection under copyright for tables and compilations of almost any kind, when the making has required a substantial amount of skill, knowledge, labour, taste or judgement. This approach gives extensive protection also to non-original databases. However, this is not the objective of copyright protection at the international level. Also, according to the existing legal practice in most other countries there will be no copyright protection for non-original databases.

This leads to substantial differences between different States in the level of protection. This will eventually create distortions in international trade, because there is little incentive for database makers to invest in non-protected databases. Furthermore, even if there may be strong copyright protection at the national level in some countries, database makers in those countries will not have protection in other countries where such protection is not available, and in their trading activities they will therefore be exposed to a lack of protection for their investment.

Unfair competition as an alternative?

It has been argued that adequate protection for databases can be achieved by applying unfair competition remedies. However, there is no uniform unfair competition regulation, and some countries do not have unfair competition regulations at all. This means that the effects are, if ever achieved, only of a limited nature, and it leads to a lack of legal certainty.

Difficulties also arise from the territorial application of unfair competition remedies, and the need for there to be a competitive relationship not only in the same market but within the same territory. Firstly, there is no protection if a database maker is active in country A and a freerider exists in country B, because there is no competitive relationship that could be invoked in country A. Secondly, even within a territory unfair competition remedies will not protect against the re-use of materials taken from a database and used in a separate market which does not compete directly with the existing marketing of the database from which the materials were taken. Thirdly, there is no protection against unlawful users who are not marketing the database (e.g. someone who copies the database and distributes it freely), because there is no competitive relationship within the meaning of unfair competition.

These facts make the circumvention of unfair competition rules very easy, because they allow the freerider a possibility of being active where there is no unfair competition scheme available, or where the database maker or operator is not active in the market. Consequently, this leads to ineffectiveness of unfair competition remedies in practice.

The application of unfair competition rules would also face other problems. Unfair competition regulation only prescribes remedies but does not give any term of protection or actual definition of misappropriation. Also, the unfair competition regime provides no economic right in sense of copyright and neighbouring rights. Therefore, the protection cannot be assigned, transferred, or licensed.

Contractual protection

Protection by contractual means has only limited scope. Firstly, and most fundamentally, the effects of a contract cannot be expanded to cover acts of a third party outside the actual contractual relationship.

Secondly, the terms of a contract between the seller of a good or the supplier of a service and the consumer may be subject to different standards with respect to legislation on consumer protection, when the sale or supply takes place in another State.

Thirdly, a contractual solution cannot provide for the creation of property rights and the enforcement of a contract could even be prevented on the basis that it was contrary to explicit legislation in a specific State. In any event, contracts concluded between private parties may not, at least not in all cases, override legislation.

The problem with contracts as a means for providing safeguards to database makers at the international level is finally emphasised by the fact that globalisation and the transfrontier nature of electronic transactions create new problems in determining where actions should be pursued. Due to this globalisation it can be said that different national solutions with respect to protection are not adequate to solve this problem at the international level.

Catalogue rule

Protection for non-original databases under the "Nordic catalogue rule" has been afforded in the Nordic countries since 1960/1961. The protection is granted when the catalogue consists of a lot of information. As examples can be mentioned arithmetical tables, telephone catalogues, city plans, dictionaries, travel and flight schedules, price and book listings and other forms of database. No creativity or individuality in the sense of copyright is required.

Protection is only given against the complete reproduction of such a catalogue or of a substantial part of it. In other words, it does not cover acts of exploitation other than reproduction, including the making available of the result of the reproduction to the public. The term of protection is 10 years after publication and at the most 15 years from the completion. The rightholder is the maker without distinction of natural or legal persons. Finally, the same exceptions apply as in the case of the copyright.

This protection does not protect databases with a smaller quantity of information, even if the making of the database would have required a substantial investment in terms of time, skill and capital, as may be realised from the requirement of "a lot of information."

Database protection within the EC

Directive 96/9/EC on the legal protection of databases applies from 31.12.1997. It sets out to protect databases both under copyright and a bundle of *sui generis* rights (a new sort of neighbouring right type of rights). The author's own intellectual creation employed in selection or arrangement of the database scheme (the "structure") is protected by copyright. A database which is a result of substantial investment in terms of work, money and effort put into a database is protected by *sui generis* rights.

The aim for the EC legislator has been to find an adequate solution taking into account both the traditional copyright protection for those databases which can meet the criteria for the protection as a creative work, and the work, effort and money spent in making non-original databases.

The new neighbouring right type *sui generis* protection finds a precedent in the above described catalogue rule or similar protection. It sets out to protect the result of investing into a database in terms of labour, money and effort put into from any freerider effect (i.e. extracting and/or re-utilising the whole or a substantial part of the material contained in a database without undertaking own efforts). This possibility to extract a huge amount of data from a database by existing technological means is in the hand of every user, and therefore makes it also easy to misuse. However, this right has no effect on the availability of database contents from sources other than the protected database, or on a compilation containing the same data when made independently.

Does the new database right monopolise the data used?

It has been argued that if database makers were vested with this new type of right, this would monopolise the data items or other included material/elements. However, for the following reasons this is not the case.

This right sets out to protect only substantial efforts. Protection does not extend to insubstantial parts of a database, not to mention individual data items. Publicly available information will remain publicly available. This means, firstly, that anybody can make a database by collecting the same material at source (independently of and separately from the database) as did the maker of the initial database. By his own selection and arranging, such a second database maker may then obtain protection under this right, after having employed himself substantial labour, money and effort in the database. Secondly, any producer of any materials or information will remain free to choose whether the material or information which he has produced is to be made freely available to all comers, only to some users, or only upon payment, and always, of course, subject to any public interest requirements as to publicly available information laid down by public authorities.

Freedom of information

Rights to freedom of information afforded by national or regional laws are not affected by the protection of databases under a neighbouring right type of right. This can be seen in particular from experience with the already long existing catalogue rule in the five Nordic countries where no problems have arisen in this regard. It should be said that government-generated information or databases may continue to be made freely available to the public under traditional exceptions or specific legislation.

Finally, the freedom of information will also be safeguarded under the terms of existing international instruments, or domestic public interest rules, which will remain totally unaffected by the suggested right in non-original databases.

Extensive term of protection?

It has been argued that the protection under this right affords the possibility of protection for an unlimited period of time due to the possibility of extending the period of protection each time the database is modified. However the rationale of the protection under this right is to protect substantial investments, in terms of labour, effort and money put into a database. Consequently, if a database is significantly modified by means of a new substantial effort, a new database will result therefrom. This database should benefit from its own period of protection. On the other hand, the old “version” of an off-line database would then be out of protection upon expiry of the term of protection granted by virtue of the initial substantial investment. Any simple updating of a database without employing substantial effort or labour would not be sufficient to give rise to a new database. Therefore, it is not correct to claim that such a scheme is likely to create perpetual protection by means of a succession of “renewals of protection.”

Possible exceptions to protection

Just like any other multilateral agreement in the field of intellectual property an international treaty on the legal protection of non-original databases has to take due account of appropriate exceptions to restricted acts with a view to ensuring a balance of rights and interests between database makers and users including the science and education communities. These exceptions would have to be structured along the lines of existing international treaties in relation to copyright or neighbouring rights.

Additional considerations

It must be emphasised that a neighbouring rights type of protection filling in the existing gap in the legal environment would not prejudice in any way the possible protection under copyright already provided for in the international Treaties.

The suggested, independent form of protection is to be afforded to non-original databases and the criteria applied to determine whether protection is provided are in no way dependent on, nor in any way affect, the possible protection under copyright of the individual items that a database contains.

This new neighbouring right type of protection under a future international treaty would not in any way prejudice the applicability of national or regional/international competition (anti-trust) rules in the case of an abuse of the dominant position by the database maker. This approach applies likewise when other intellectual property rights are concerned and there is or will be no exception on databases. In this connection it must also be kept in mind that an intellectual property right granting exclusive rights to its proprietor does not automatically lead to an abuse of a dominant position.

Conclusions

The Community and its Member States believe that the gap in the present international legal environment must be filled. No freeriding for commercial or competitive purposes must be allowed. Also, a database maker's efforts must not be unduly harmed by other unlawful users. Therefore, it is of great importance to afford protection to those who employ a lot of time, effort and money in databases that do not meet the criteria for copyright protection.

The Community and its Member States are convinced that there is a need for world-wide protection of non-original databases by an economic right similar to those already granted to broadcasters, phonogram producers and catalogue makers. We would be pleased to share our experience in this area with others.

JAPAN

With regard to a possible new national system to protect “databases including those without creativity,” several groups, such as the Copyright Council of the Agency for Cultural Affairs and the Industrial Structure Council of the Ministry of International Trade and Industry, have been continuing discussions, and, at this stage, they are making efforts to clarify issues for further discussions.

The following describes the overview of the discussions in the above two advisory committees:

1. Necessity to establish a new system

(1) It is understood that the following uses of databases are not covered by the present copyright law:

(i) any use of a “database without creativity;”

(ii) any use of a non-creative part of a “database with creativity;” and

(iii) any use of a database which has creativity by reason of its systematic construction or arrangement, in a manner of changing such systematic construction or arrangement.

As there have been few court cases in Japan, it is difficult to clearly define the range of the protection of databases conferred by the copyright law.

(2) Regarding the introduction of a possible new national system to protect “databases including those without creativity,” careful discussions are needed as to whether such a new system might discourage database makers/providers to do business by restricting their permissible activities; whether it might lead to monopolization of information itself, and whether it might hamper academic/educational activities.

Considering the protection of digital contents which constitute intellectual properties in general, it has been pointed out that a balance should be achieved among the following factors in introducing such a new system:

(i) to protect rights/interests of creators/providers of digital contents;

(ii) to secure freedom/flexibility of the market players for their creative activities;

(iii) to secure convenience of consumers and end users; and

(iv) to secure harmonization with international systems.

(3) Based on the above argument, further discussions on the necessity of a new and balanced protection for "databases including those without creativity," must take into consideration many points, while the situations and problems surrounding the present protection of databases as well as the contractual practices or technological means are investigated.

2. Contents of a possible new protection system

The following paragraphs illustrate possible issues for further discussions, making reference to some of the contents of the Basic Proposal of WIPO prepared for the Diplomatic Conference in December 1996, on the assumption that a new system to protect "databases including those without creativity" were established.

(1) Form of the protection

Some argue that the form of the protection should be the granting of "exclusive rights" as provided for in the relevant EC Directive; on the other hand, some others argue that it should be an "act-regulating" system which enables minimum prescriptions.

(2) Handling of the act of "extraction"

Some argue that the act of "extraction" of substantial part of a database should be covered by the protection system as provided for in the relevant EC Directive; on the other hand, some others argue that regulating the act of "utilization" is enough and new protection should not be extended to the act of "extraction" for the following reasons:

(i) requirement of seeking authorization at each time of extracting substantial part of a database would damage convenience and hamper the smooth circulation of databases; and

(ii) the act of "extraction" of substantial part of a database could be controlled by other measures like contract and/or technological means such as encryption.

(3) Protection of non-computer-readable databases

Some argue that the possible new protection should be extended to non-computer-readable databases such as those fixed on paper as provided for in the relevant EC Directive; on the other hand, some others strongly argue that the possible new protection of "databases including those without creativity" should be limited to computer-readable databases for the following reasons:

(i) a new protection system covering "databases including those without creativity" which are fixed on paper would cause a confusion as they have already been widespread; and

(ii) since the present discussion on a possible new national system has been originally raised with a view to coping with the emerging situation in which investments in computer-readable databases is expected to expand rapidly and technological developments are

making infringement easy, the possible new protection should be accordingly limited to computer-readable "databases including those without creativity."

(4) Meaning of "substantial investment" and "substantial part"

It has been strongly argued that, in order to establish a transparent and effective system, such issues should be clarified as what should be judged to be "substantiality" in the context of "substantial investment" or "substantial part;" who should judge it; and how the users of databases could know it.

(5) Limitations and exceptions

Limitations and exceptions for protection, such possible cases as academic use for nonprofit purposes, use of databases made by governmental agencies/organizations, etc. should be further discussed. Also, use of databases which are made by exclusive use of highly-public data should be discussed. The relation the new protection should have with the issue of the monopolization of information needs consideration.

(6) Person to be protected

With regard to a person to be protected by the possible new system for "databases including those without creativity," further discussions are needed in terms of issues of whether the scope of such a person should be expanded beyond the maker (e.g. other stakeholders such as distributors); if so, how such expanded stakeholders could be identified; who should judge it; and how users could know it.

(7) Term of protection

Some argue that the term of protection after the production of a database should be provided for as provided for in the relevant EC Directive; on the other hand, some others also argue that the rightholder should be entitled for remedy only for some fixed years (e.g. three years) after the infringement.

3. Establishment of an international system

With regard to the establishment of an international system for the protection of "databases including those without creativity," careful discussions, including basic ones on the necessity of such an international system, should be continued, taking sufficiently into account the development of relevant discussions in each country on a national system. Also, the possibility of giving flexibility to member states in respect of the form of protection should be explored in the light of different situations regarding legal system.

[End of Annex and of document]