

**Report Q182**

in the name of the United States Group  
by David A. EINHORN

**Database protection at national and international level**

**Introduction**

The United States Copyright Act provides copyright protection to original works of authorship. In the leading case of *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), the United States Supreme Court held that mere “sweat of the brow” was insufficient to accord protection to a work either under the Copyright Act or under the clause of the Constitution authorizing copyright legislation, because it would not rise to the requisite level of originality. In order that a work receive protection under copyright, it must possess a “modicum of creativity”. *Id.* The standard of creativity may be met by an original selection, coordination, or arrangement of the component data of a compilation. Courts applying the United States Copyright Act provide protection, albeit narrow, to such selection, coordination and/or arrangement of data.

As indicated by its legislative history, the Copyright Act includes databases in its definition of “literary works,” thereby bringing all databases displaying the requisite standard of originality within the scope of protection. Nevertheless, because of the “sweat of the brow” investment underlying the many valuable databases cannot be protected as such under copyright, alternative bills have been introduced in Congress to provide *sui generis* protection for databases under the clause of the Constitution that empowers regulation of commerce. H.R. 3261, 108<sup>th</sup> Cong., 2d Sess. (as reported by House Judiciary Committee, February 11, 2004) (“Coble bill”); H.R. 3872, 108<sup>th</sup> Cong., 2d. Sess. (as reported by House Energy and Commerce Committee, March 16, 2004) (“Stearns bill”).

**Questions**

**1. Analysis of Current Legal Situation**

**1.1 Legislation**

*Is there any legislation in your country dealing specifically with databases? If so, please describe it.*

At present, there is no legislation in the United States that deals specifically with databases. However, the Coble bill and the Stearns bill, both now pending in Congress, would provide *sui generis* protection for databases.

**1.2 Definition of Database**

*Is there any definition of the term “database” in your country’s legislation or case law? If so, does it extend both to electronic and non-electronic databases?*

There is no definition of “database” under the Copyright Act. But under case law, both electronic and non-electronic databases - with sufficient originality - qualify for copyright protec-

tion. And under both the Coble bill and the Stearns bill, the prohibited act of database misappropriation would relate to both electronic and non-electronic databases.

### 1.3 Copyright Protection of Databases

#### 1.3.1 Subject Matter

*Does your country's law provide for copyright protection of compilations? If so, does it only cover collections of literary and artistic works or does it also cover compilations of data or material other than literary and artistic works?*

Yes, the U.S. Copyright Act (17 U.S.C. §§ 101, 103) provides for protection of compilations, provided the compilation meets the standard of creativity set forth by the U.S. Supreme Court in *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991). A "compilation" is defined 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."

Thus, it covers all categories of copyrightable works, including literary, musical, dramatic, choreographic, pictorial, graphic, architectural and sculptural works, motion pictures, and sound recordings. Further, the statutory definition of "literary works" is broad enough to include computer databases. Nimmer, Melville B., Nimmer on Copyright, §2.04[C]. Moreover, the House Committee Report expressly states that "[t]he term 'literary works'...includes computer data bases...". HR. Rep. No. 1476, 94<sup>th</sup> Cong., 2d Sess. 54 (1976).

#### 1.3.2 Criteria of Protection

*If your country's law provides for copyright protection of compilations is the protection limited to compilations which "by reason of the selection or arrangement of their contents constitute intellectual creations"? Are there any supplementary criteria to selection and arrangement? What is the level of originality required for a compilation to be considered a work? Does hard work in gathering data, known alternatively as "sweat of the brow", qualify a compilation as original?*

Yes, the law in the U.S. affords copyright protection only to those compilations that constitute "original works of authorship", or, in other words, those that possess a "modicum of creativity". See, *Feist*.

In order that a compilation be protectible under the copyright law of the U.S., the selection, coordination and/or arrangement must be original.

There are no statutory supplementary criteria beyond that of a "modicum of creativity".

"Sweat of the brow," without more, does not qualify a compilation as original under the Copyright Act or the copyright clause of the U.S. Constitution. However, the Congressional bills now pending would recognize hard work and expenditure of financial resources or time as qualifying a compilation for protection other than under copyright.

#### 1.3.3 Scope of Protection

*What is the scope of copyright protection of a compilation? To which extent can a compilation be copied without infringing the copyright in the compilation?*

The copyright in a compilation does not extend to the individual elements *per se* of the compilation. The copyright in the compilation extends to the work that results from the particular selection and/or arrangement of those elements. The scope of such protection is narrow. Thus, for example, a work that is copyrightable solely on the basis of the authorship in its original selection will not be infringed by a similar work that does not closely follow the former in terms of selection and organization of data.

## 1.4 *Sui generis* Protection of Databases

### 1.4.1 *System of Protection and Subject Matter*

*Does your country's law provide for sui generis protection of compilations of data such as databases? If so, is registration of the database required to secure sui generis protection? Does your country's sui generis system only cover databases which do not meet the criterion of originality or is there cumulative sui generis protection also for original databases protected by copyright?*

Although existing law does not provide *sui generis* protection, both the Coble and Stearns bills would provide it, without any requirement of registration. Such protection would be cumulative of the copyright protection that would be available for original databases.

### 1.4.2 *Criteria of Protection*

*If your country's law provides for sui generis protection of databases what are the criteria of protection? If "substantial investment" is one of the criteria of protection, what is the level of investment required for an investment to be considered substantial?*

U.S. law does not now provide for *sui generis* protection of databases. The Coble bill would accord protection to certain databases gathered, generated, or maintained through "substantial expenditure of financial resources or time"; the Stearns bill accords it to certain databases generated "at some cost or expense."

Neither bill defines the level of investment required for protection of the database.

The Coble bill, however, provides that a person would be liable if a "quantitatively substantial part" of the information in a database is made available without authorization to others in commerce.

### 1.4.3 *Rights granted and Scope of Protection*

*If your country's law provides for sui generis protection of databases what are the rights granted to the database maker? If "extraction" and "re-utilisation" are covered by any right, how are these notions defined? What is the scope of the sui generis protection? If "substantial part" is relevant in determining the scope of protection, how is this concept defined?*

U.S. law does not now provide for *sui generis* protection of databases.

However, the Coble bill would protect a database maker against misappropriation of the database by others that causes the displacement, or the disruption of the sources, of sales, licenses, advertising, or other revenue. Under the Stearns bill, database misappropriation would be prohibited if the other person's use of the information constitutes "free-riding" in competition with the database maker.

Under both bills, an entity would be free to create a similar database through independent means.

"Substantial part" is relevant under the Coble bill, but is not defined.

### 1.4.4 *Limitations and Exceptions*

*If your country's law provides for sui generis protection of databases are there any limitations or exceptions? If so, what are they (e.g. private use, scientific research, education, public security, government purposes)? Are there any compulsory licensing provisions under your country's sui generis protection regime?*

U.S. law does not now provide for *sui generis* protection of databases. The Coble bill would permit independent generation or creation of a similar database, and excludes certain acts from protection, such as: making available in commerce of a substantial part of the database by a nonprofit scientific, postsecondary educational, or research institution, hyperlinking, and news reporting.

Both the Coble and Stearns bills also exclude the making available by an interactive computer service of information provided by another information content provider. Most databases generated by Federal or State government entities are not protected by the Coble bill.

#### *1.4.5 Duration of Protection*

*How long is the duration of the sui generis protection?*

Neither bill prescribes a fixed amount of time for which *sui generis* protection would endure.

However, the Coble bill does prescribe that a person would be liable if the unauthorized making available of the database in commerce occurs "in a time sensitive manner". It would require that, in interpreting the phrase "time sensitive manner", the court consider the "temporal value" of the information in the database, "within the context of the industry sector involved".

#### *1.5 Possible Alternatives for a sui generis System*

##### *1.5.1 Unfair Competition Law*

*Does your country have a law of unfair competition? If so, does it have a role in the protection of databases? If so, to what extent?*

Yes, but the role of the law of unfair competition in the protection of databases is limited, except as indicated under 1.5.2 below.

While some courts in the U.S. have held that the Copyright Act pre-empts unfair competition claims because the Copyright Act includes protection of databases within its scope, other courts have granted protection to databases on the basis of State statutes concerning unfair competition. The scope of rights has varied according to differing State laws.

The Stearns bill would empower the Federal Trade Commission to take action against database misappropriation as an unfair or deceptive act or practice.

##### *1.5.2 Other Means of Protection*

*Does your country provide for any other means of protecting databases? If so, in which legal areas and by which mechanisms (e.g. contract law)?*

For certain databases, a party may sometimes rely on other laws. These include laws such as those relating to confidential information and trade secrets, contract law, trespass, conversion, and the Computer Fraud and Abuse Act.

## **2. Proposals for Adoption of Uniform Rules**

### *2.1 Legislation*

*Should legislation be enacted to deal specifically with databases? If so, should national legislation be enacted or is there a need for an international treaty on the protection of databases?*

Yes.

Although there is a need for an international treaty, national legislation is also needed. A treaty would not be self-executing in the United States.

### *2.2 Definition of Database*

*If you think that legislation should be enacted to deal specifically with databases what should the definition of "database" be? Should it extend to both electronic and non-electronic databases?*

One appropriate definition is contained in the Coble bill: "a collection of a large number of discrete items of information produced for the purpose of bringing such discrete items of in-

formation together in one place or through one source so that persons may access them.” This definition would embrace both electronic and non-electronic databases. The Stearns bill contains no definition of “database”.

### 2.3 *Copyright Protection of Databases*

*Do you think that copyright protection should be granted to databases? If so, what should the criteria of protection be? Do you think that the level of originality required for a database to be copyrightable should be low, so that “sweat of the brow” databases qualify as copyrightable? What should the scope of copyright protection be?*

Yes. The criteria should be the same as that for any other work that is accorded protection under the copyright statute. Thus, “sweat of the brow” alone would not suffice to accord copyright protection to a database, additional protection *sui generis* is appropriate.

Where a database does qualify for copyright protection, however, its scope of protection should be determined by the same criteria as used for other copyrighted works.

### 2.4 *Sui generis Protection of Databases*

#### 2.4.1 *System of Protection and Subject Matter*

*Do you think that sui generis legislation should be enacted to protect databases? If so, should there be a registration system to secure sui generis protection? Should the sui generis system only cover un-original databases or should there be the possibility to obtain cumulative sui generis protection also for original databases protected by copyright?*

Yes, but a registration system should not be required. The Coble Bill would provide a private right of action; the Stearns bill would instead empower the Federal Trade Commission to take enforcement action against misappropriation as an unfair or deceptive act or practice. The Coble bill, but not the Stearns bill, provides explicitly that the *sui generis* system it would enact would not affect any rights or remedies that may be available under copyright law.

#### 2.4.2 *Criteria of Protection*

*If you think that sui generis legislation should be enacted to protect databases, what should be the criteria of protection? If you think “substantial investment” should be one of the criteria of protection what should be the level of investment required for an investment to be considered substantial?*

There is a disagreement on this issue. See, e.g. 1.4.2, above.

#### 2.4.3 *Rights granted and Scope of protection*

*What rights should be granted to the database maker? If you think that “extraction” and “re-utilisation” should be covered by the rights to be granted how should these notions be defined? If you think that “substantial part” should be relevant in determining the scope of protection, how should this concept be defined?*

There is disagreement on this issue also. See, e.g., 1.4.3, above.

While the U.S. Copyright Act has not demarcated the metes and bounds of the phrase “substantial part”, case law has made the concept sufficiently clear to be applicable as to protection for databases under copyright law. U.S. Courts have held that if the material copied from a copyrighted work is of an amount that would impair the copyright holder’s financial gain, in appropriate circumstances the copier should be enjoined on the ground that protectible elements of a database should not be copied to an extent that would inhibit the copyright holder’s ability to profit from his/her creation. The same body of case law should be brought to bear on the *sui generis* protection of databases if there is to be no statutory definition of the phrase for that purpose.

#### 2.4.4 Limitations and Exceptions

*Should limitations or exceptions be granted? If so, which ones (e.g. private use, scientific research, education, public security, government purposes)? Should there be any compulsory licensing provisions?*

See 1.4.4, above.

#### 2.4.5 Duration of Protection

*How long should the sui generis protection be?*

See 1.4.5, above.

#### 2.4.6 Assessment of existing sui generis systems

*If your country already provides for sui generis protection of databases, do you think the system should be revised? If so, why and in what ways?*

Not applicable.

#### 2.5 Possible Alternatives for a sui generis system

*If your country does not have unfair competition rules or if your country's unfair competition law does not have a role in the protection of databases do you think your law should be changed, so as to provide database protection on the basis of unfair competition law? Should there be any other means of protecting databases which your country does not offer or not fully take into account? If so, which ones?*

See 1.5.1 and 1.5.2, above.

### **Summary**

The response of the U.S. Group addresses the approach the United States of America has taken with respect to the protection of databases, presently based on its federal copyright statute and, in appropriate circumstances, other laws such as contract laws and those for protection of confidential information and trade secrets. Databases are protected under the Copyright Act if they are selected, coordinated or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. However, the 1991 *Feist* decision of the United States Supreme Court held that "sweat of the brow" alone does not suffice to provide the necessary originality for protection of databases under the Copyright Act or under the clause of the U.S. Constitution that authorizes Congress to enact copyright legislation.

Since many valuable databases have obtained their value primarily through investment that qualifies as "sweat of the brow" but does not provide sufficient originality for copyright protection, two alternative bills are now pending in Congress to provide *sui generis* protection. Although both bills rely for their Constitutional authority on the clause that authorizes Congress to regulate commerce (rather than on the copyright clause), the bills take differing approaches. The Coble bill would enact private rights against database misappropriation; the Stearns bill would not enact a private right but would make misappropriation an unfair or deceptive act or practice against which the Federal Trade Commission would be empowered to take regulatory action. There is controversy as to which bill would implement wiser policy, and the United States Group takes no position on the relative merits of the two bills.

### **Résumé**

La réponse du groupe américain traite de l'approche que les États-Unis ont pris en ce qui concerne la protection des bases de données, position présentement basée sur les lois fédérales régissant les droits d'auteur et, selon les cas, sur d'autres lois telles que le droit des contrats et

celles concernant la protection des informations confidentielles et des secrets commerciaux. Les bases de données sont protégées par la loi américaine sur le droit d'auteur (Copyright Act) si ces données sont sélectionnées, coordonnées et organisées de telle façon que le résultat final constitue un travail original de création. Cependant, avec l'arrêt *Feist* rendu en 1991, la Cour suprême des États-Unis a jugé que l'effort intellectuel ("sweat of the brow") ne constitue pas à lui seul une preuve d'originalité, condition nécessaire pour la protection des bases de données telle que garantie par la loi américaine sur le droit d'auteur ou les clauses de la Constitution des États-Unis autorisant le Congrès à légiférer en matière de droits d'auteur.

Comme beaucoup de précieuses bases de données ont acquis leur valeur principalement au prix de l'investissement incontestable d'un effort intellectuel, sans pour autant remplir totalement les conditions d'originalité requises pour bénéficier de la protection légale du droit d'auteur, deux projets de loi destinés à offrir une protection *sui generis* sont maintenant en instance devant le Congrès. Bien que les deux projets fondent leur validité constitutionnelle sur la clause autorisant le Congrès à réglementer le commerce (plutôt que sur la clause du droit d'auteur), ils diffèrent dans leurs approches. Le projet de loi Coble instaurerait des droits privés contre le détournement des bases de données. Le projet de loi Stearns ne promulguerait pas de droit privé mais qualifierait le détournement d'action ou pratique déloyale ou frauduleuse contre lesquels la Commission fédérale du commerce aurait le pouvoir d'agir réglementairement. La question de savoir quel projet de loi peut promouvoir une politique plus avisée est sujette à controverse, et le groupe américain s'abstient de prendre position sur les mérites relatifs de chacun d'eux.

### **Zusammenfassung**

Die Antwort der US-Group befasst sich mit der Vorgehensweise der Vereinigten Staaten von Amerika hinsichtlich des Schutzes von Datenbanken, der sich gegenwärtig auf deren Bundesdatenschutzgesetze und gegebenenfalls auf andere Gesetze, wie das Vertragsrecht und die Gesetze zum Schutz von vertraulichen Informationen und Handelsgeheimnissen stützt. Datenbanken sind nach dem Urheberrechtsgesetz geschützt, falls sie so ausgewählt, koordiniert oder auf eine Weise angeordnet werden, dass das resultierende Gesamtwerk ein originäres Geisteswerk begründet. Die *Feist*-Entscheidung des United States Supreme Court aus dem Jahre 1991 hält jedoch daran fest, dass "sweat of the brow" allein nicht ausreicht, um die notwendige Originalität zum Schutz von Datenbanken nach dem Urheberrechtsgesetz oder nach den Bestimmungen der US-Verfassung, die den Kongress zum Erlass von Urheberrechtsgesetzen ermächtigt, zu gewährleisten.

Da viele wichtige Datenbanken ihren Wert vor allem durch Investitionen, die als "sweat of the brow" anzusehen sind, erhalten haben, jedoch keine ausreichende Originalität für das Urheberrecht besitzen, liegen dem Kongress gegenwärtig zwei alternative Gesetzentwürfe vor, um einen *Sui-generis*-Schutz zu erreichen. Obwohl sich beide Gesetzentwürfe hinsichtlich ihrer verfassungsmässigen Ermächtigung auf die Bestimmung, die den Kongress dazu ermächtigt, den Handel zu regulieren (eher als auf die Bestimmungen zum Urheberrecht) stützen, haben die Gesetzentwürfe verschiedene Ansätze. Der Gesetzentwurf nach Coble würde persönliche Rechte an der widerrechtlichen Verwendung von Datenbanken schaffen. Der Gesetzentwurf nach Stearns würde kein persönliches Recht schaffen, sondern würde die widerrechtliche Verwendung zu einer unerlaubten oder betrügerischen Handlung oder Praxis machen, wobei das Bundeskartellamt ermächtigt wäre, gegen diese behördlich vorzugehen. Es ist umstritten, welcher der Gesetzentwürfe eine sinnvollere Verfahrensweise in Kraft setzen würde und die United-States-Group nimmt keine Stellung dazu, welcher der beiden den Vorzug zu geben ist.

## Resumen

La respuesta del Grupo de los Estados Unidos de América trata sobre el enfoque que en éste país se ha tomado con respecto a la protección de bases de datos, fundamentada en la actualidad en el estatuto federal de copyright y, bajo adecuadas circunstancias, en otras leyes como normas contractuales y aquellas para la protección de información confidencial y secretos de comercio. Las bases de datos están protegidas por el Acta de Copyright siempre y cuando estén seleccionadas, coordinadas u organizadas de tal modo que el trabajo resultante constituya una obra original de autoría. Sin embargo, la decisión *Feist* de 1991, dictada por la Corte Suprema de los Estados Unidos, determinó que la doctrina del “sweat of the brow” no brinda por si sola la originalidad necesaria para la protección de bases de datos por medio del Acta de Copyright o en aplicación de la cláusula de la Constitución de los Estados Unidos que autoriza al Congreso a promulgar legislación sobre copyright.

En virtud de que muchas bases de datos costosas han obtenido su valor primordialmente a través de inversiones que pueden calificarse de “sweat of the brow”, las mismas que no proveen suficiente originalidad para alcanzar protección bajo copyright, dos proyectos de ley se hallan pendientes en el Congreso buscando crear una protección sui generis. Aunque ambos proyectos fundan su autoridad constitucional en la cláusula que autoriza al Congreso a regular el comercio (en vez de la cláusula de copyright), cada uno mantiene un enfoque distinto sobre el tema. El proyecto de ley Coble busca promulgar derechos privados contra la apropiación no autorizada de una base de datos; El proyecto de ley Stearns no promueve la creación de un derecho privado sino que busca convertir la apropiación no autorizada en un acto desleal o práctica fraudulenta contra los que la Comisión Federal de Comercio estaría autorizada a tomar acción reguladora. Existe una controversia sobre qué proyecto de ley implementaría una política más acertada, y el Grupo de los Estados Unidos se abstiene de tomar una posición sobre los méritos relativos de esos proyectos de ley.