TMPDF
TRADE MARKS, PATENTS & DESIGNS FEDERATION

Advancing Industry's View On Intellectual Property Since 1920

DG Internal Market and Services Working paper

First evaluation of Directive 96/9/EC on the legal protection of databases

COMMENTS OF THE TRADE MARKS PATENTS AND DESIGNS FEDERATION

The Trade Marks Patents and Designs Federation represents the interests in the intellectual property field of British-based industry, including major innovative and high-technology companies.

The Commission asks for comments on the four policy options discussed in the paper. In sum, **the TMPDF would prefer option 3, that is, to amend the *sui generis* provisions of the Database Directive. The object should be to ensure that all databases receive the protection that was originally intended.**

As the paper makes clear, the original policy goal of the Community was to provide a level of protection for databases that was approximately equivalent to that subsisting in the United Kingdom, which had by far the most successful database industry in the Community. Because of differences between author's rights traditions and those of common-law countries, some of the protection previously available in the UK under copyright was removed from copyright and provided, instead, under a new *sui generis* right.

However, as the paper also makes clear, the ECJ decisions in the *William Hill* and football cases gave the *sui generis* right a different and much more restricted interpretation which was not that intended by the legislative institutions of the Community when they adopted the directive. This evaluation offers an ideal opportunity to restore the original intention.

In its evaluation the paper points out that the economic justification of the *sui generis* right remains unproven and that, after an initial rise, production of databases within the EU has fallen back in comparison to the US. It is notoriously difficult to provide conclusive evidence of the positive effects of intellectual property. On the usefulness of the right, the significant fact is that producers of databases favour it. We believe that database generators have been encouraged to invest in the belief that the *sui generis* right would help them to generate a return on their investment and that **without a right of the scope that had been originally envisaged, the number of databases produced in the EU would most likely have been less than it has been**. For example, one of our members who invested in generating an electronic database intended for consumers and giving access to historical data otherwise available only in paper form seriously doubts if it would have regarded the investment as justifiable if it had been faced with the *William Hill* decision before it had made its decision to invest.

Further, our members find that **the ECJ judgments have made the position uncertain**. Broadly, it seems likely that little is left protected by the *sui generis* right. However, when our members try to apply the decisions to individual databases they often find it hard to decide, on the basis of the judgments, whether or not the database is protected. We do not believe the uncertainty can be allowed to persist, which means that amendment is essential.

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Discussion of individual policy options

1. Repeal the whole directive

Whilst repeal would allow member states to revert to their previous positions, if they did so the result would be to reintroduce the disharmony that prompted the original proposal. We favoured the original scheme as a European-wide solution and would not want to see it abandoned. Repeal would also create uncertainty while member states pondered what course to take, exacerbated by doubts, in some member states at least, as to whether their implementing legislation remained in force.

2. Withdraw the sui generis right

Option 2 differs little in its effect from option 1, because all member states have copyright protection of at least the author's-right level (i.e. when the selection and/or arrangement of the contents of the database constitute intellectual creations). Indeed, under Article 5 of the WTO Copyright Treaty, they are required to. Therefore, under both options, it is only the fate of the *sui generis* slice of the protection that is in question. Hence we would not support this option any more than we would option 1, since we believe the European database sector deserves *sui generis* protection of the scope originally intended. Indeed, option 2 is even less desirable than option 1, because it would appear to send a stronger signal to member states that they should abolish the *sui generis* protection.

3. Amend the* sui generis *provisions

As we have explained, this would be our preferred option and is in any case necessary to restore legal certainty in the face of the uncertainties of interpretation introduced by the ECJ decisions.

We see the distinction made by the ECJ between "creating" and "obtaining" the contents of the database as entirely artificial. Never was it envisaged that investment in obtaining the contents was in some way more deserving of protection than investment in creating those contents in the first place. In general one might expect the creation phase to involve more innovation than mere "obtaining" and thus to warrant more protection. We believe the *sui generis* right should be recast to clarify that investment by the database producer in creating the contents of a database is as much an activity that deserves protection as investment in "obtaining" already-created contents.

The paper floats the possibility that a revised directive "might not stand scrutiny from the ECJ". It is the role of the ECJ to interpret the legislation, and of the legislative institutions to decide on the goals of the legislation. If the ECJ's interpretation does not match the original intention, as is acknowledged to be the case here, the redress is for the legislature to correct the situation by a suitable amendment, and not to throw its hands up in despair.

Problems stemming from the need for others to use single-source databases should be seen as aspects of competition law and dealt with under that head. Problems with such databases should not result in a loss of protection for all databases.

***4. Maintain the* status quo**

The fourth option is to do nothing, that is, leave the ECJ judgments in place. We do not believe that can be the right solution, for two reasons. First, the decisions have increased legal uncertainty and clarity needs to be re-established. Secondly, the outcome is not genuinely maintaining the *status quo.* Rather, it is endorsing a change to a new policy with a scope of protection for the *sui generis* right which will leave little protected and which has been subjected to no prior analysis or informed consent. We do not believe that it is the role of judges to develop new policy as to the extent of intellectual property. Hence their decision should not be left in place as the last word on the subject.

Scope of infringement

We also think the ECJ's finding on infringement of the *sui generis* right should be revisited. It held that infringement required the taking of an amount that was substantial in comparison to the whole database, or the investment in its creation. Hence the larger the database, the more that will need to be taken if infringement is to be found. The result will be that many uses of a database that previously would have been expected to be preventable will be exempted, reducing the incentive to invest in the creation of databases.

We are sure the original intention was simply to remove from infringement the taking of a part that, considered in isolation, was so small that it should not be caught. The introduction of the term "substantial", in other words, was intended to set the level as it is in UK law, where the test is well known. It was introduced at a late stage and was meant to avoid the dangers that were seen by some that single facts would be protected if the requirement was that the taking of "any part" would be an infringement. If the *sui generis* right, of whatever scope, is to offer useful protection, the definition of infringement needs to be clarified to avoid an interpretation which requires the taking of such an exaggeratedly large part of the database that most acts of taking would escape infringement.

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TMPDF represents the views of UK industry in matters concerning intellectual property. It has close links with the CBI. Its members include many of the major innovative UK companies, which are represented at meetings of the governing Council and Committees of the Federation by their professional IP managers. Before the Federation takes a position on any issue, official consultation documents and other relevant papers are submitted to the members for debate and dialogue. An appropriate Committee and/or the Council, depending on the issue, then determines the position, taking account of comments.
The published views/opinions/submissions of the Federation are normally approved by consensus. In cases where there is a substantial majority view falling short of consensus, any significant disagreement will be indicated.

A list of members of TMPF follows on page 4.

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