THE EU DIRECTIVE ON THE LEGAL PROTECTION OF DATABASES

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Introduction

On 26 February 1996 the Council of Ministers adopted the final text for a European Parliament and Council Directive on the legal protection of databases\(^1\) (hereinafter, the Directive). The Directive was originally intended to harmonise the protection of on-line information databases throughout the European Union\(^2\). In the meantime, however, the emergence and establishment of a new information infrastructure - “the Information Superhighway” - and the increasing interest in multimedia (whether on-line or on carriers such as CD-ROM) increased the importance of the Directive\(^3\). The Directive, therefore, is now seen as forming the basis for protecting multimedia rights in Europe\(^4\). This comment is intended to outline the contents of the Directive as adopted, and to provide an overview of the various changes made as it passed through the legislative process.

The Drafting History of the Directive

In its “Green Paper on Copyright and the Challenge of Technology”\(^5\) the European Commission considered for the first time the question of Community harmonisation of the legal protection of databases. In particular, the Commission concluded that there was a necessity to protect compilations of works within databases where those works were themselves the object of copyright protection. Furthermore, the Commission invited interested circles to comment on the issue of whether protection should extend to databases containing material not protected by copyright and whether this protection should be copyright or a *sui generis* right. Initially the European Commission seemed to accept the feedback from the “Green Paper” to the effect that an alternative form of protection (a *sui generis* right) was rejected by the vast majority of interested circles\(^6\). The Commission eventually decided not to pursue a “copyright only” approach and introduced a “two tier” level of protection, as discussed below.

On 13 May 1992 the European Commission issued its first proposal for a Directive, accompanied by a 60-page Explanatory Memorandum\(^7\). In its original version\(^8\), the

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\(^{3}\) Green Paper on Copyright and Related Rights in the Information Society, COM (95)382, final. This document addresses many of the issues and challenges which the onset of the digital age presents for traditional concepts of intellectual property rights.


\(^{5}\) Green Paper on Copyright and the Challenge of Technology - Problems in copyright calling for immediate action, COM (88)72, final; 205-216.


\(^{8}\) For comments on the original proposal see also VAN OVERBEEK, W., De ontwerp EEG Richtlijn betreffende de rechtsbescherming van databanken, *InfoRecht*, 1992, 123; KUNZLIK, P., Proposed EC Council Directive on the
The proposal was then considered by the Economic and Social Committee which delivered a largely favourable opinion on 24 November 1992 but expressed its concerns as regards the fact that the scope of the proposed Directive only covered electronic databases. The proposal was also presented to the European Parliament for its opinion at first reading, which was rendered on 23 June 1993. The European Parliament voted in support of the proposal, subject to some detailed amendments. Further to the Parliament’s opinion, the European Commission made a number of amendments and presented its amended proposal on 4 October 1993. Only one modification was of considerable significance and related to the sui generis right - now described as an unauthorised extraction right -, the term of which was extended from 10 to 15 years.

On 10 July 1995 the Council of Ministers formally adopted a Common Position on the amended proposal for a Directive, in response to the political agreement reached on 6 June 1995. The Common Position, however, was only achieved after political compromises were made on some of the more controversial issues that had arisen in relation to the European Commission’s amended proposal. The changes from the amended proposal which were incorporated into the Common Position simplified its provisions but pursued the concept of creating a new sui generis right. This new right now applied to all databases, including those which are accessible by other than electronic means, and databases of

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9 In this case the Supreme Court denied copyright protection to alphabetical listings in a telephone directory. The Supreme Court limited protection by copyright to those components of compilations exhibiting some originality on the part of the author in the selection and arrangement of the materials contained in the compilation and expressly rejected the “sweat of the brow” test (based on whether a compiler has put a lot of work into creating the compilation), USPQ, 27 March 1991, 113 L.Ed 2nd 358 ; Explanatory Memorandum 2.3.3. See also COHEN JEHORAM, H., Ontwerp EG-Richtlijn Databanken, IER, 1992, 129 ; MORTON, J., Draft EC Directive on the Protection of Electronic Databases: comfort after Feist, CLP, 1992/2, 38 and COOK, T., o.c., 29-30.


11 OJ 1993 C 194/144.


13 A more obvious, but less substantial, change was the restructuring of the proposed Directive.


15 For further comments on the Common Position see GASTNER, J., The EU Council Ministers’ Common Position concerning the Legal Protection of Databases : A First Comment, ENT.LR, 1995, 25. It is noteworthy that a number of delicate issues were resolved by adding a Recital. As much of the interpretation is set out in these Recitals, they will have great significance as an aid to the construction of the Directive.
materials which are themselves protected by copyright. The proposal was then considered for a second time by the European Parliament, which approved the Common Position on 14 December 1995, albeit with a few minor drafting amendments. In the Commission’s opinion the proposed amendments improved the wording of the text, clarified certain points and were fully compatible with the objectives of the proposal. The text of the Directive was finally adopted by the Council on 26 February 1996.

Scope and Definitions

As regards the scope of the Directive, the final text goes far beyond the initial proposal which dealt exclusively with the legal protection of electronic databases. The Directive now extends the scope of its application to all databases “in any form”, including those accessible by other than electronic means. The reference to “other means” is intended to include the human eye. The Directive, therefore, also applies to manual collections held, for example, in filing cabinets, provided that such collections fit within the Directive’s definition of “database”. To find otherwise would have meant that different legal regimes would apply to the same database if stored both electronically and non-electronically. The extension to coverage of non-electronic databases is also in accordance with Article 10(2) of the GATT-TRIPs Agreement and the ongoing discussions in the World Intellectual Property Organisation on a possible protocol to the Berne Convention.

The term “database” is defined in Article 1(2) of the Directive as “a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means”. This definition relates to both the copyright and the sui generis provisions of the Directive and must be read in light of Recital 17 which indicates that the term “database” is intended to have a wide meaning, and includes matters in which copyright does not normally subsist, such as sounds, images, numbers, facts and data. It should, however, be noted that this Directive is without prejudice to the freedom of authors to decide whether, or in what manner, they will allow their works to be included in a database. It is not clear what is meant by “systematic or methodical” arrangement which may lead to difficulties as some electronic databases are created in a free form, leaving access dependent upon a computer’s searching ability to find relevant information. “Independent” is apparently intended to exclude from the definition works such as films, books and musical works that comprise distinct elements which, though individually accessible, are interrelated. Compilations of several recordings of musical performances on a CD are

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17 Decision of the European Parliament of 14 December 1995, not yet published in the OJ.
18 Article 1(1).
19 Article 1(2).
20 CHALTON, S., o.c., 295-296.
23 Recital 18.
24 A collection of films (for example, as part of a video-on-demand service), however, may qualify as a database. See also KAYE, L., The proposed EU Directive for the legal protection of databases : A cornerstone of the Information Society ?, EIPR, 1995/12, 583.
25 See also Recital 17 “... The recording of an audio-visual, cinematografic, literary or musical work as such does
The Directive expressly excludes from its protection, computer programs used in the production or operation of databases accessible by electronic means but may comprise materials necessary for the operation or consultation of certain databases such as the thesaurus and indexation systems. In practice, this distinction will be difficult to draw and in the case of certain databases may, from a technical point of view, be unrealistic to make.

The Copyright Provisions of the Directive

Chapter II of the Directive (Articles 3 to 6) exclusively relates to the harmonisation of copyright protection of databases. Given the widely differing concepts of originality in the Member States of the European Union, the Directive seeks in particular to harmonise the standard of originality which must be satisfied in order to qualify for copyright protection. The Directive provides that copyright protection will be granted to databases which, by reason of the selection or arrangement of their contents, constitute the author’s own intellectual creation. No other criteria shall be applied to determine their eligibility for that protection, and in particular no aesthetic or qualitative criteria should be applied. This protection only covers the structure of the database and does not relate to its contents. Furthermore, copyright protection of a database is without prejudice to any rights subsisting in the contents of a database. Hence, works protected by copyright or other rights which are incorporated into a database, remain the object of the respective exclusive rights and may not be incorporated into, or reproduced from, the database without the permission of the rightholder.

The Directive sets forth two standards for the evaluation of originality in databases: selection and arrangement. It is however not clear what is meant by “selection” and “arrangement” and how these criteria are going to work in practice. Moreover, it is questionable whether these standards will be appropriate for application in the field of information technology. As regards selection, for example, most factual databases derive their value as a source of information purely from their comprehensive nature and not from any particular selection of the information they contain. The author will usually not be able to rely on originality of selection in order to attract copyright protection to such a database. As far as

not fall within the scope of this Directive’ (emphasis added) ; CHALTON, S., o.c., 296.
26 Article 1(3).
27 Recital 20.
28 In the UK, for example, databases currently enjoy copyright protection as compilations as long as a certain degree of skill and labour is involved in making the compilation, while under the laws of the “droit d’auteur” countries, works generally must bear the “personal mark” of the author for copyright to subsist in them.
29 The result of this uniform standard of originality, identical to that adopted in the Software Directive (OJ, L 122/42), is that the UK will have to raise their copyright criterion, whereas the “droit d’auteur countries” will have to reduce their criterion.
30 Article 3(2).
31 Recital 16.
32 Recital 15.
33 Article 3(2) ; Recital 26.
34 PATTISON, M., The European Commission’s Proposal on the Protection of Computer Databases, EIPR, 1992,
“arrangement” is concerned, the arrangement of a database in a computer storage medium (like a CD-ROM, diskette, or hard-disk) is mostly determined by the computer software which is designed to facilitate search and retrieval, rather than by the structural choices of the author of the database. Being thus dictated by the logic of a computer program, the originality of the arrangement becomes doubtful. Many databases, therefore, will probably not satisfy the originality requirement by reason of their selection or arrangement. There also remains significant scope for inconsistency as these criteria may be applied differently by the national courts of the various Member States.

The question of authorship of databases is dealt with in Article 4 of the Directive. In essence, this Article provides that the author of a database shall be the natural person or group of natural persons who created the database. However, rather than attempting to harmonise national rules relating to authorship by legal persons other than natural persons and of collective works, the Commission and the Council have merely recognised that different regimes of authorship still exist in the Member States and have provided that “where the legislation of the Member States permits”, the author of a database shall be the legal person designated as the rightholder by that legislation and “where collective works are recognised by the legislation of a Member State”, the economic rights shall be owned by the person holding the copyright. Finally, the Directive does not contain the presumption found in its earlier versions that the employer of an employee who creates the database in the execution of his duties is the first owner of copyright in the database. The matter of first ownership, therefore, also remains unharmonised and to be decided by national law.

Article 5 of the Directive details the exclusive rights of the author of a database, protected by copyright. These rights refer to the right to carry out or to authorise certain acts in relation to the (expressed) selection or arrangement of the contents of a database. Those acts include temporary or permanent reproduction in whole or in part, translation, adaptation, arrangement and any other alteration, as well as the reproduction, distribution, communication, display or performance to the public of the results of any of those acts. In addition, Article 5(c) of the Directive, which will be of particular relevance to off-line databases, also provides an exclusive distribution right. The first sale in the European Union of a copy of the database by the rightholder or with his consent shall exhaust the right to control the resale of that copy. This rule, however, does not apply in the case of on-line databases since they concern the freedom to provide services as opposed to goods, resulting in the non-applicability of the “first-sale-doctrine”. Every on-line service, therefore, constitutes an act which will have to be subject to authorisation. As real-time databases are increasingly used as a source of public display of information (such as stock market closing figures), Article 5(d) provides for some control over these activities by making communication, display or performance of the database to the public a restricted act. The Directive does not harmonise what constitute acts of infringement and gives Member States

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36 Expression in Article 6 refers to the general principle of copyright law, i.e. that the law of copyright protects the form in which an idea is expressed but does not provide a monopoly over the idea itself. Consequently, a second author may take an idea from an existing work and reformulate it using a different expression and acquire a new copyright in that new expression.
37 Articles 5(a), 5(b) and 5(e).
38 Recital 31, however, makes it clear that all forms of distribution are covered, including intangible (“on-line”) distribution.
39 Recital 33; See also Coditel v Cine Vog Films, ECJ, 18 March 1980, Case 62/79.
40 Explanatory Memorandum, 47.
the freedom to implement restricted acts as long as their national provisions are “at least materially equivalent” to those set out in Article 5 of the Directive. It is however clear that there will only be infringement if the selection or arrangement is copied, as copyright in a database only relates to its structure.

Since an infringement would technically speaking take place every time the database was accessed, Article 6(1) of the Directive includes permission for the lawful user of a database to perform any restricted act which is necessary for the purposes of access to the contents of the database and its normal use. Furthermore, the Directive gives Member States a wide discretion to include exceptions to the exclusive rights of the copyright holder. Article 6(2) provides for four optional exceptions: reproduction for private purposes of a non-electronic database, illustration for teaching or scientific research, public security and administrative or judicial procedural purposes and exceptions to copyright which are traditionally permitted by the Member State concerned. These exceptions, however, may not be interpreted in such a way as to allow their application to be used in a manner which unreasonably prejudices the rightholder’s legitimate interests or conflicts with a normal exploitation of the database.

The New Sui Generis Right

Chapter III (Articles 7 to 11) constitutes the core of the Directive and is exclusively concerned with the new sui generis right. This new right relates to the protection of substantial investment in either the obtaining, verification or presentation of the contents of a database, as opposed to the copyright protection of the structure of a database. Recital 40 defines investment very broadly as it “may consist in the deployment of financial resources and/or the expending of time, effort and energy”. The sui generis right entitles the maker of a database “to prevent acts of extraction and/or re-utilization of the whole or a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database”. Hence, insubstantial parts do not infringe the sui generis right, although the repeated and systematic extraction and/or re-utilization of insubstantial parts of the contents of a database may infringe the new right. Public lending also does not constitute an infringement.

“Extraction” is defined as “the permanent or temporary transfer of all, or a substantial part of the contents, of a database to another medium by any means or in any form”. The appropriateness of the word “transfer” is doubtful as it implies the removal of the original rather than the duplication. The draughtsmen of the Directive probably wished to avoid the word “copy” with the connotations that such expression would imply. Furthermore,

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41 Recital 32.
42 The Directive, therefore, does not allow exceptions for home copying of electronic databases. Recital 35 makes it clear that there is a difference between exceptions for private use and reproduction for private purposes, which concerns provisions under the national legislation of some Member States on levies on blank media or recording equipment. As the latter remains subject to the authorisation of the rightholder, this means that Member States will not be able to operate levy schemes for databases.
43 Article 6(3).
44 Article 7(1).
45 Recital 41 defines the maker of a database -as opposed to the author for copyright purposes-, and as such the person in whom the sui generis right will vest, as the person who takes the initiative and the risk of investing. The maker of a database may also be the author of the same database but it is quite possible that they are different natural or legal persons.
46 Article 7(5).
47 Article 7(2)a.
“extraction” includes the on-screen display of the contents of the database as such act necessarily involves the temporary transfer of all or a substantial part of such contents into machine memory (RAM). “Re-utilization” is defined as “any form of making available to the public all or a substantial part of the contents of a database by the distribution of copies, by renting, by on-line or other forms of transmission”. The re-utilization right clearly encompasses the further commercial exploitation following the act of extraction. The rightholder’s rights, however, are exhausted within the European Union on the first sale of a copy of the database in the Union by him or with his consent. As already discussed above, on-line databases constitute a service and, consequently, do not fall within the scope of the first-sale-doctrine.

The sui generis right may be transferred, assigned or granted under a contractual license. Furthermore, protection under this new right shall apply irrespective of the eligibility of the database or its contents for protection by copyright or other rights. Besides, the protection of databases by the sui generis right is without prejudice to existing rights over their contents. Consequently, if an author permits some of his works to be included in a database pursuant to a non-exclusive agreement, a third party may make use of those works subject to the consent of the author without the sui generis right of the maker of the database being invoked to prevent him doing so, on condition that those works are neither extracted from the database or re-utilized on the basis thereof.

As with the copyright aspects, the Directive also regulates the rights and obligations of lawful users of a database. It should be noted that these provisions are of a binding nature, as contractual provisions contrary to these articles shall be deemed null and void. By providing such compulsory rules, it is intended to prevent database makers or rightholders from imposing contractual terms extending the scope of the sui generis right. The maker of a database which is made available to the public, therefore, may not prevent a lawful user of that database from extracting and re-utilizing insubstantial parts of its contents for any purposes whatsoever. Such a lawful user, however, may not unreasonably prejudice either the legitimate interests of the holder of the sui generis right or the holder of copyright or a related right in respect of the works or subject matter contained in the database.

Article 9 of the Directive provides the exceptions to the sui generis right which will be at the option of the Member States and which will enable lawful users of a database to extract and/or to re-utilize substantial parts of its contents without any authorisation. These exceptions are by and large identical to the copyright exceptions as the Council and the Commission were concerned that the exceptions to the two rights should concur as far as possible. No corresponding exception to that laid down in Article 6(2)d. is found in Article 9 since no Member State currently has a national right including all the features of the sui generis right provided for in the Directive. However, Member States which have specific rules for a right comparable to the sui generis right, are permitted to retain, as far as the

1995/6, 202.
49 Recital 44.
50 These copies may either be printed or electronic.
51 Recital 43.
52 Article 7(3)-7(4); Recital 18.
53 Articles 6(1) and 8.
54 Article 15.
55 Recital 49; GASTNER, J., o.c., 261.
56 Articles 8(2) and 8(3).
The term of protection under the *sui generis* right expires 15 years from 1 January of the year following the date of completion of the database. The burden of proof regarding the date of completion of production of a database lies with the maker of the database. If the database is made available to the public in any manner whatsoever, the term of protection is extended so as to expire 15 years from the 1 January following the date on which the database was first made available to the public. Any substantial changes to the contents of a database, however, which result in the database being considered to be a substantial new investment, will result in the database being regarded as new, with a renewed term of protection in its own right. Accumulation of successive additions, deletions or alteration to the contents of a database, or a substantive verification of those contents would represent a “substantial change”. Once again the burden of proof that the criteria exist for concluding that a substantial modification to the contents of a database is to be regarded as a substantial new investment, lies with the maker of that database resulting from such investment.

Accordingly, dynamic databases like telephone directories may acquire perpetual protection as successive issues of an annually updated directory may attract successive 15 year terms.

Although the Directive recognises that rights in databases could result in the abuse of a dominant position, the highly controversial compulsory licensing provisions which were contained in both the original and amended proposal in relation to the *sui generis* right, have been abandoned. This problem, however, will be dealt with under the Community or national competition rules. The Directive also requires the Commission to report to the European Parliament and the Council every three years on the application of the Directive, and in particular on the issue of whether the application of the *sui generis* right has led to any abuse of a dominant position and whether compulsory licenses would in that case be an appropriate measure.

**Reciprocity and National Treatment**

As discussed above, databases which fulfil “the original selection or arrangement standard” will be protected by copyright under the Directive. Consequently, such databases fall within the scope of the Berne Convention and the GATT-TRIPs Agreement and are subject to the principle of national treatment expressed therein.

The *sui generis* right, principally, only applies to databases whose makers or rightholders are nationals of a Member State or who have their habitual residence in the territory of the

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57 Recital 52 (which refers to the so-called Nordic catalogue role in the Scandinavian Member States).
58 Article 10(1).
59 Recital 53.
60 Article 10(2).
61 Article 10(3); Recitals 53-55.
62 CHALTON, S., *o.c.*, 299.
63 Recital 47.
64 Article 16.
65 The national treatment provisions of the Berne Convention, the Universal Copyright Convention and the GATT-TRIPs Agreement generally provide that a country that has acceded to the relevant treaty must protect the works of nationals of other member countries to the same extent that it protects the works of its own nationals.
European Union. Since many databases will be the result of collective work undertaken within companies, Article 11(2) of the Directive extends this rule to companies and firms which operate within the European Union. Furthermore, the *sui generis* right may be extended to databases whose makers are nationals or habitual residents of third countries or to those produced by companies or firms not established in a Member State, only if such third countries offer comparable protection afforded under the Directive.

The Directive states this reciprocity requirement as the European Commission took the position that the *sui generis* right is a legal innovation and, therefore, does not fall within any of the intellectual property conventions. This is in accordance with GATT-TRIPs as the *sui generis* right is apparently not to be considered an intellectual property right under this Agreement. However, it is arguable that by placing the *sui generis* right outside the scope of the intellectual property treaties, the new right has become part of the area of industrial property, the subject of the Paris Convention, which also prescribes the national treatment rule. The lack of national treatment in the Directive may cause some tension between the European Union and the United States as US companies will not be able to avail themselves of the additional level of protection in the European Union as there is no comparable protection available in the United States.
Transitional Provisions

As regards application in time, databases already in existence before 1 January 1998, the date on which the Directive is due to be implemented, are to be protected by copyright under the Directive if they comply with the requirements laid down in the Directive for copyright protection\(^{72}\). Article 14(2) of the Directive settles the problem of databases already protected by national copyright laws on the date of publication of the Directive but which may no longer be protected by copyright once the Directive comes into effect because the eligibility criteria for such protection by such national laws are less exacting than the criteria of the Directive for copyright protection. Although most of such databases will be eligible for protection by the *sui generis* right, the Council introduced a rather generous derogation allowing the Member States involved (Ireland, the Netherlands and the United Kingdom) to continue to protect these databases until the term of protection remaining at the date of the publication of the Directive expires\(^ {73}\).

Since the term of protection of databases by the *sui generis* right is 15 years, Article 14(3) of the Directive provides that the protection of pre-1998 databases by this right only applies if their production has been completed in the 15 years preceding the implementation date. This means that a database made before 1 January 1983 will not obtain *sui generis* protection under the Directive. To avoid any uncertainty as to whether the 15 years of protection by the *sui generis* right of databases already in existence before the implementation date of the Directive is to run from that date or from the date of completion of their production, Article 14(4) of the Directive adopts the first option.

Miscellaneous

Moral rights are outside the scope of the Directive and Member States are therefore free to set their own laws for the application of moral rights to databases. The Directive also makes it clear that its provisions will be without prejudice to any other rights and methods of protection available (e.g. patent rights, trade marks, unfair competition rules, trade secrets, etc.)\(^ {74}\). Furthermore, remedies remain unharmonised under the Directive, as Article 12 states that "Member States shall provide appropriate remedies in respect of the rights provided for in this Directive".

Conclusion

The Directive is considered to be critical to the development of an appropriate legal framework for the European Information Society. By providing a rather comprehensive system of protection for databases, the Directive is definitely a step in the right direction and may encourage other countries to follow its approach, leading towards appropriate database protection in other parts of the world. It is however regrettable that the Directive will only achieve limited harmonisation within the European Union either because many parts of the Directive are so broadly drafted as to be uncertain in their impact or, because of its optional provisions and derogations in favour of certain Member States.

\(^{72}\) Article 14(1).
\(^{73}\) Recital 60.
\(^{74}\) Article 13.