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DATABASE PROTECTION: LESSONS FROM EUROPE, CONGRESS, AND WIPO

Mark Davison[†]

In 1996, the European Community (“the EC”) adopted a Directive on the legal protection of databases (“the Directive”),¹ ostensibly with the aim of increasing the production of databases within the EC.² Most members of the EC transposed the Directive into their domestic legislation in 1998 and all of them had done so by the end of 2000. In 2005, an evaluation of the Directive by the EC concluded that there was no proven impact of the Directive on the production of databases.³ So an entirely new intellectual property right was created with its attendant costs and the evidence suggests that no benefit was gained from its creation. It is difficult to draw any conclusion other than that the adoption of the Directive was a mistake.

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¹ Council Directive 96/9, On the Legal Protection of Databases 1996 O.J. (L77) 20 (EC).

² Recitals 11 and 12 of the Directive read as follows:

(11) Whereas there is at present a very great imbalance in the level of investment in the database sector both as between the Member States and between the Community and the world's largest database-producing third countries;

(12) Whereas such an investment in modern information storage and processing systems will not take place within the Community unless a stable and uniform legal protection regime is introduced for the protection of the rights of makers of databases.

Id.

³ Commission of the European Communities, *DG Internal Market and Services Working Paper: First Evaluation of Directive 96/9/EC on the Legal Protection of Databases* (Dec. 12, 2005) (unpublished working paper), available at http://ec.europa.eu/internal_market/copyright/doc/databases/evaluation_report_en.pdf.

In such circumstances, it is important that the legal community, broadly defined, reflects on the nature of the mistake and how to avoid similar mistakes in the future. It is also important to note that the United States of America ("the U.S.") and WIPO have managed to avoid repeating the EC's error despite considerable pressure to follow the EC's lead. In addition, even though it probably should not exist, the right does exist and practitioners have to deal with it. This paper addresses the following issues:

1. What the Directive does and how it has been applied, especially in the light of the decisions of the European Court of Justice ("the ECJ") on its interpretation;
2. The process by which the Directive was adopted;
3. American legislative proposals for database protection and the processes responsible for the opposition to new database legislation;
4. Attempts at WIPO to turn the essence of the Directive into an international treaty; and
5. Lessons to be learned from the database debate in the EC, the US, and at WIPO.

WHAT THE DIRECTIVE DOES

The Directive had two overarching objectives. The first was the objective of every regulation, edict, directive, or other document emerging from the EC and that is the harmonization of laws within the EC.⁴

⁴ For example, Recitals 2 and 3 of the Directive read as follows:

(2) Whereas such differences in the legal protection of databases offered by the legislation of the Member States have direct negative effects on the functioning of the internal market as regards databases and in particular on the freedom of natural and legal persons to provide on-line database goods and services on the basis of harmonized legal arrangements throughout the Community; whereas such differences could well become more pronounced as Member States introduce new legislation in this field, which is now taking on an increasingly international dimension;

(3) Whereas existing differences distorting the functioning of the internal market need to be removed and new ones prevented from arising, while differences not adversely affecting the functioning of the internal market or the development of an information market within the Community need not be removed or prevented from arising.

The second objective was to increase the protection for databases or at least European databases while simultaneously harmonizing the relevant level of protection.⁵ Prior to the Directive, protection for databases was conferred via different means in different Member States of the EC. Different forms of unfair competition laws applied in some countries while in others, sweat of the brow copyright provided significant protection to databases.⁶ The EC could have achieved the first objective of harmonization by decreasing the protection conferred in some countries. For example, it could have done away with “sweat of the brow” copyright for databases in some jurisdictions such as England and Ireland and simply replaced it with a higher, *Feist*⁷-like standard of originality. But it went further. It created a new right for database owners. So the Directive was about harmonization and increasing protection for databases with the latter intended to increase the production of databases in Europe by providing legal protection for the investment in their creation.

WHAT DID THE DIRECTIVE DO IN RELATION TO COPYRIGHT?

Article 3 of the Directive provides for a common standard of originality for copyright in databases.

1. In accordance with this Directive, databases which, by reason of the selection or arrangement of their contents, constitute the author's own intellectual creation shall be protected as such by copyright. No other criteria shall be applied to determine their eligibility for that protection.
2. The copyright protection of databases provided for by this Directive shall not extend to their contents and shall be without prejudice to any rights subsisting in those contents themselves.⁸

Council Directive 96/9, *supra* note 1, at 20.

⁵ See *id.* (recitals 11 and 12).

⁶ For a discussion of the details of the application of the various unfair competition regimes on database protection and the pre-existing copyright protection for databases, see MARK J. DAVISON, *THE LEGAL PROTECTION OF DATABASES* 103–59 (2003); see also ANSELM KAMPERMAN-SANDERS, *UNFAIR COMPETITION LAW: THE PROTECTION OF INTELLECTUAL AND INDUSTRIAL CREATIVITY* (1997).

⁷ *Feist Publ'ns Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 345 (1991) (“Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity.”).

⁸ Council Directive 96/9, *supra* note 1, at 25.

This standard is basically the same as that in Article 10.2 of the TRIPS agreement.⁹ It is also effectively the same as that determined for American copyright law purposes by the U.S. Supreme Court in *Feist*.¹⁰ The effect of transposing the Directive was to increase the standard in the common law countries and, arguably, to reduce it in some of the civil law countries.¹¹

There are other standards of originality. The most commonly referred to alternative standard is the sweat of the brow or industrious collection standard. Under this standard, the expenditure of a significant amount of labour in collecting and/or presenting and/or verifying information can lend originality to the work. The standard probably applied to databases under previous English legislation although there was never any unequivocal, definitive statement to that effect in English copyright decisions.¹²

⁹ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreements Establishing the World Trade Organization, Annex 1C, 33 I.L.M. 1125, 1201 (1994) (providing that “[c]ompilations 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 shall be protected as such. Such protection, which shall not extend to the data or material itself, shall be without prejudice to any copyright subsisting in the data or material itself.”).

¹⁰ *Feist*, 499 U.S. at 345.

¹¹ See DAVISON, *supra* note 6, at 103–59 (discussing the standards of originality in various EC nations).

¹² See *id.* at 13–24 (discussing various standards of originality); *Desktop Mktg. Party Ltd. v. Telstra*, (2002) 119 F.C.R. 491 (adopting a ‘sweat of the brow’ standard for Australia). The Canadian Supreme Court has adopted another standard of originality which requires the exercise of skill and judgment but not creativity. See *CCH Canadian Ltd. v. Law Soc’y of Upper Canada*, [2004] S.C.R. 339, 2004 Can Sup Ct Lexis 15, at *22–23. Chief Justice McLachin explained:

I conclude that the correct position falls between these extremes [sweat of the brow and the *Feist* standard]. For a work to be “original” within the meaning of the *Copyright Act*, it must be more than a mere copy of another work. At the same time, it need not be creative, in the sense of being novel or unique. What is required to attract copyright protection in the expression of an idea is an exercise of skill and judgment. By skill, I mean the use of one’s knowledge, developed aptitude or practised ability in producing the work. By judgment, I mean the use of one’s capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work. This exercise of skill and judgment will necessarily involve intellectual effort. This exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise. For example, any skill and judgment that might be involved in simply changing the font of a work to produce “another” works would be too trivial to merit copyright protection as an “original” work.

THE NEW DATABASE RIGHT

In addition to harmonizing the standard of copyright protection for databases, the Directive created a controversial new right in Article 7, which is set out below:

Article 7

1. Member States shall provide for a right for the maker of a database which shows that there has been qualitatively and/or quantitatively a substantial investment in either the obtaining, verification or presentation of the contents to prevent extraction and/or re-utilization of the whole or of a substantial part, evaluated qualitatively and/or quantitatively, of the contents of that database.¹³

While this is called a new database right, a common law copyright lawyer would have great difficulty in distinguishing between it and “sweat of the brow” copyright. For example, the test for protection under the database right is whether a substantial investment has been made in obtaining, verification or presentation of the contents. No creativity is required in this process. Similarly, sweat of the brow copyright confers protection on the labor invested in collecting, presenting or verifying data and does not require any creativity in relation to the selection and creativity of the information.¹⁴

The nature of the database right and the exclusive rights of a copyright owner are also quite similar. The Directive requires the granting of “a right of extraction and re-utilisation.” While the terms “extraction” and “re-utilisation” are not widely used in a copyright context, an examination of the definitions of those terms quickly reveals that the database right is in fact the bundle of rights conferred on copyright owners that is relevant in a database context.

For example, “Extraction” is defined as “the permanent or temporary transfer of all or a substantial part of the contents to another medium by any means or in any form.”¹⁵ This is effectively the right of reproduction.¹⁶

¹³ Council Directive 96/9, *supra* note 1, at 25.

¹⁴ See *Telstra Corp. v. Desktop Mktg. Sys. Party Ltd.* [2001] F.C.A. 612.

¹⁵ Council Directive 96/9, *supra* note 1, at 26 (Article 7).

¹⁶ This includes temporary reproduction as Recital 44 of the Directive reads: “Whereas, when on-screen display of the contents of a database necessitates the permanent or temporary transfer of all or a substantial part of such contents to another medium, that act should be subject to authorization by the rightholder.” *Id.* at 23.

“Re-utilisation” 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.”¹⁷ This encapsulates all the other rights of a copyright owner relevant to a database such as the rights of communication to the public, distribution, and display. The particular nomenclature of rights varies from jurisdiction to jurisdiction but, for the purposes of this discussion, those differences are not particularly material and the concept of re-utilisation in the database right provide no less or more protection than that conferred by those rights.

Similarly, in the context of infringement of the database right, the Directive adopts other copyright terminology such as the concept of a substantial part, evaluated qualitatively and/or quantitatively, to determine whether infringement has taken place.¹⁸

MORE THAN JUST COPYRIGHT

In some respects the database right goes beyond the protection provided to databases by sweat of the brow copyright. A few of those additional features of protection are listed below:

1. The duration of protection under the database right is, in theory, limited to fifteen years. In practice, it is potentially perpetual. Provided the database is periodically updated, and updating can include a substantial investment in reverifying the accuracy of the information contained in it, the period of protection can be continually renewed.¹⁹ The renewed period of protection applies to the entire contents of the database, including those contents that were part of the original database and that have been unchanged by the updating process. In other words, protection is for fifteen years or eternity, whichever is longer.
2. The test of infringement refers to the taking of a substantial part of the database, whether determined qualitatively or quantitatively.²⁰ The introduction of “qualitative” issues into the protection of “sweat” raises some alarming possibilities. Apart from the obvious lack of

¹⁷ *Id.* at 26 (Article 7).

¹⁸ *Id.* at 25 (Article 7).

¹⁹ *Id.* at 26 (Article 10). In addition, Recital 55 of the Directive provides that “a substantial new investment involving a new term of protection may include a substantial verification of the contents of the database.” *Id.* at 24.

²⁰ *Id.* at 26 (Article 8).

relevance of “qualitative” issues in protecting investment in this context, it raises the spectre of database owners seeking protection for one or a few items of information on the basis that they are “qualitatively” significant. This provision will undoubtedly be used to claim protection for quantitatively small pieces of information that are allegedly qualitatively significant.²¹

3. The exceptions are extremely limited and even more limited than those for copyright. The main exception is for extraction for illustration for teaching or scientific research as long as the source is indicated and the extraction is limited to the extent justified by the noncommercial purpose.²² There is no right of reutilization for these purposes, which means that while the information can be reproduced, it cannot be redistributed. In addition, transposing legislation is ambiguous as to whether the reference to scientific research should be read as “illustration for scientific research” or just “scientific research.” Further, defining the meaning of noncommercial purpose in a teaching or research environment is also fraught with difficulty. Even this exception is not compulsory and some EC countries, particularly Ireland, France and Italy, have not incorporated it into their transposing legislation.

4. There is no right of fair use or even fair dealing for news reporting.

The end result of these and other aspects of the Directive is that, in many respects, databases get more protection in Europe via the database right than copyright works, which must manifest greater intellectual input. In addition, in some respects, the database right confers greater protection than even sweat of the brow copyright protection would confer on a database.

CASE LAW RELATING TO THE DIRECTIVE

The initial case law in individual EU jurisdictions concerning the Directive was anything but “harmonizing” in its effect. Different courts went their different ways in interpreting the transposing legislation of their respective jurisdictions. These different

²¹ The latest American legislative proposal is restricted to the taking of a quantitatively substantial part of a database. See the discussion of the current proposals below.

²² Council Directive 96/9, *supra* note 1, at 26.

approaches to interpretation and application of the transposing legislation were informed by the pre-existing laws in those jurisdictions concerning the protection of databases.²³ For example, Scandinavian countries perceived the Directive as being based on their pre-existing catalogue laws. Their transposing legislation then made very minor amendments to those pre-existing laws.²⁴ Not surprisingly, case law in those countries applied the transposing legislation by reference to the pre-existing principles underpinning the catalogue laws.²⁵ For example, one Swedish decision involved the alleged extraction of a substantial part of a football fixture. The Swedish court took the view that no infringement of the database right would occur unless the data was taken as a whole in the same form that it appeared in the plaintiff's database.

In contrast, the initial English case law response was to take an approach very similar to sweat of the brow copyright.²⁶ For example, in *Mars UK Ltd. v. Teknowledge Ltd.*,²⁷ the defendant conceded that the plaintiff had a database right in a data table contained within the computer program that controlled a vending machine. The table consisted of information about the dimensions and weights of coins intended for the machine so that a comparison could be made between an inserted coin and the data in the table. The court held that the defendant's reproduction of the table constituted an infringement of the database right even though the reproduction involved reconfiguring the existing table to incorporate new data relating to new coins issued by the government. Obviously, the plaintiff's original table involved no creativity as it was a comprehensive list of the weight and dimensions of the relevant coins. In that sense, the decision was based very much on "sweat of the brow" copyright considerations applied in the context of the database right.

An even more relevant English decision was the first instance decision in *British Horseracing Board v William Hill*,²⁸ which was subsequently referred to the European Court of Justice by the Court of Appeal. The British Horseracing Board developed and maintained a comprehensive database of information about the horse races it

²³ See DAVISON, *supra* note 6, at 103–59 (discussing transposing legislation and related case law in a number of EC countries).

²⁴ See *id.* at 142–43.

²⁵ *Fixtures Mktg Ltd. v. AB Svenska, Spel*, T99-99, Apr. 11, 2001.

²⁶ See the decision at first instance in *British Horseracing Bd. Ltd. v William Hill Org.* [2001] EWHC 517 (Patents). This decision was later reversed by the Court of Appeal in the light of the ECJ decision in the same case. *British Horseracing Bd. Ltd. v. William Hill Org.* [2001] EWCA (Civ) 1268 (Eng.) (Case No A3/2001/0632).

²⁷ *Mars UK Ltd. v. Teknowledge Ltd.* [2000] FSR 138, [1999] All ER 600.

²⁸ *British Horseracing*, [2001] EWHC 517.

conducted. The defendant used a significant amount of that information in its business of betting with its customers on the outcome of races. In finding for the plaintiff at first instance, Justice Laddie rejected the argument that the data taken must be taken in the same form as it appears in the plaintiff's database.²⁹

Another decision that reveals the difficulties of interpretation of the Directive is a French decision that applied French unfair competition principles to the point where relief was denied under the transposing legislation but granted under existing unfair competition law principles.³⁰ The basis of this decision was that the relevant investment by the plaintiff was not sufficient to justify conferring the database right but the defendant's parasitical actions in copying the plaintiff's information contravened unfair competition principles. In contrast, in the British Horseracing Board case, the first instance judge found that the relevant threshold of investment was relatively low.³¹

THE ECJ DECISIONS

The end result of the early decisions was that the new right was not applied in a consistent manner and the goal of harmonization was therefore some distance away. Some harmony has now been introduced into the interpretation and application of the database right by four decisions of the ECJ. These decisions were probably influenced by some academic thinking on the proper interpretation of the Directive in light of its espoused purpose of promoting the creation of databases.

One of the early views about the Directive propounded by academics, especially on the Continent, was the "spin-off" theory.³² There is no actual provision in the Directive that refers to "spin-offs" as such, and the concept refers to a number of different means of interpreting the Directive. One of these interpretations is that if a database is simply an inevitable part or by-product of a commercial

²⁹ *Id.* ¶ 47.

³⁰ *Groupe Moniteur v. Observatoire des Marchés Publics*, Cour d'appel Paris, June 18, 1999.

³¹ *British Horseracing*, [2001] EWHC 517, [31]–[37].

³² Dirk Visser, *The Database Right and the Spin-off Theory*, in E-COMMERCE LAW, NATIONAL AND TRANSNATIONAL TOPICS AND PERSPECTIVES 105–10 (H. Snijders & S. Weatherill eds., 2003); Estelle Derclaye, *Databases Sui Generis Right: Should We Adopt the Spin-off Theory?* 26(9) EUR. INTEL. PROP. REV. 402 (2004); P. Bernt Hugenholtz, *Program Schedules, Event Data and Telephone Subscriber Listings under the Database Directive—The "Spin-Off" Doctrine in the Netherlands and Elsewhere in Europe*, paper presented at Eleventh Annual Conference on International IP Law & Policy, Fordham University School of Law, New York, Apr. 14–25 2003, available at <http://www.ivir.nl/publications/hughholtz/spinofffordham.html>.

activity, then the database in question does not qualify for protection. The investment of a considerable amount of time, energy, or money in the creation of data for the purposes of operating its business, cannot count as the necessary “substantial investment in either the obtaining, verification or presentation of the contents” required to obtain the benefit of the database right. Consequently, an extraction or reutilization of the data in such databases may not infringe the database right.

Without actually referring to the “spin-off theory,” the ECJ has essentially accepted the argument. It has done so by differentiating between an investment during the course of business activities in the creation of information that is subsequently incorporated into a database, and the investment in obtaining, verifying, or presenting that information. The former does not lead to the acquisition of the database right, whereas the latter will do so.

The four cases considered by the ECJ related to football fixtures and a database of British horse races operated by the British Horseracing Board (“the Board”). The defendants in each case were gambling organizations that extracted information to provide its gambling customers with information upon which the customers then made decisions about their respective bets. The various plaintiffs claimed a database right in the various football fixtures and the horseracing database. In relation to the football fixtures, the ECJ stated:

Finding and collecting the data which make up a football fixture list do not require any particular effort on the part of the professional leagues. Those activities are indivisibly linked to the creation of those data, in which the leagues participate directly as those responsible for the organisation of football league fixtures. Obtaining the contents of a football fixture list thus does not require any investment independent of that required for the creation of the data contained in that list.³³

It also held that:

The preparation of those fixture lists requires a number of factors to be taken into account such as the need to ensure the alternation of home and away matches, the need to ensure that several clubs from the same town are not playing at home on the same day, the constraints arising in connection with

³³ *Fixtures Mktg. Ltd. v. Oy Veikkaus Ab* [2005] ECDR 2, [44] (ECJ) (Case C-46/02).

international fixtures, whether other public events are taking place and the availability of policing.

Work on the preparation of the fixture lists begins a year before the start of the season concerned. It is entrusted to a working group consisting, *inter alia*, of representatives of the professional leagues and football clubs and necessitates a certain number of meetings between those representatives and representatives of supporters' associations and the police authorities.

* * *

[S]uch resources represent an investment in the creation of the fixture list. Such an investment, which relates to the organization as such of the leagues, is linked to the creation of the data contained in the database at issue, in other words those relating to each match in the various leagues. It cannot, therefore, be taken into account under Article 7(1) of the directive.³⁴

The ECJ took an equally uncompromising approach to the claims of the Board: "The resources deployed by BHB to establish, for the purposes of organizing horse races, the date, the time, the place and/or name of the race, and the horses running in it, represent an investment in the creation of materials contained in the BHB database."³⁵

In addition, the ECJ rejected an argument that investment in verification during the process of creating the relevant data could constitute the relevant substantial investment. Hence, it stated that:

[T]he process of entering a horse on a list for a race requires a number of prior checks as to the identity of the person making the entry, the characteristics of the horse and the classification of the horse, its owner and the jockey.

However, such prior checks are made at the stage of creating the list for the race in question. They thus constitute investment in the creation of data and not in the verification of the contents of the database.

³⁴ *Id.* at [10], [11], [42].

³⁵ British Horseracing Bd. Ltd. v. William Hill Org. (BHB decision) [2005] E.C.R. I, [80] (ECJ 2004).

It follows that the resources used to draw up a list of horses in a race and to carry out checks in that connection do not represent investment in the obtaining and verification of the contents of the database in which that list appears.³⁶

EFFECTS OF THE ECJ DECISIONS

The effect of the decision may be to restrict the degree of protection over what has been referred to as “synthetic” information, information created by the database owner rather than collected by it.³⁷ There are two possible benefits of such restriction. The first is to facilitate access to information that is only available from one source. By definition, such synthetic information is not available to any other source without the permission of the database creator if there is an exclusive right over its extraction and reutilization.

The second benefit is that it has the effect of providing less protection for the creation of databases that would come into existence in any event. For example, no football league can exist without a fixture. The denial of a database right over the fixture will not lead to the creation of fewer football fixtures while granting the right in such circumstances could actually restrict the distribution of the information that would have come into existence without the incentive provided by the Directive.

However, this approach of the ECJ provides these benefits in a manner that generates some difficulties in the application of the ECJ’s decision and that does not necessarily specifically target database owners with exclusive access to information. For example, the actual application of the distinction between creating data on the one hand and obtaining, presenting, and verifying it as required in order to obtain the database right, may be difficult.³⁸ Does ascertaining the DNA sequence of an organism constitute the creation of information or the obtaining of it? The DNA already exists but the literary

³⁶ *Id.* [39]–[41].

³⁷ See Stephen M. Maurer, P. Bernt Hugenholtz, & Harlan J. Onsrud, *Europe’s Database Experiment*, 2001 SCIENCE 789 (defining “synthetic” information); Stephen M. Maurer, *Across two Worlds: Database Protection in the US and Europe* 55 (May 23, 2001) (unpublished paper prepared for Industry Canada’s Conference on Intellectual Property and Innovation in the Knowledge-Based Economy).

³⁸ See Bundesgerichtshof [BGH] [Federal Supreme Court] July 21, 2005 *Hit Bilanz* available at <http://www.ivir.nl/files/databases/index.html> (holding that the investment in collecting and verifying the weekly German “Top 10” of music hits was held to constitute a substantial investment and republication of the list constituted a breach of the database right); see also Landgericht Berlin [LC] [Berlin District Court] Oct. 27, 2005 *eBay Int’l AG v. [X]* available at <http://www.ivir.nl/files/databases/index.html> (holding that copying information in the eBay databases was a breach of the right).

representation of the sequence of the DNA does not. In other words, the actual information as opposed to the actual DNA identified by the information is yet to be created.

In addition, the base material from which the information can be created is available to all, and anybody with the requisite scientific skills could determine the sequence. Consequently, in those circumstances, the ECJ's decision would actually affect the incentive to create the database in question as the database thus created would not receive protection.

Other activities that may be affected might be real estate agents putting together information about their real estate listings or journals that create and publish advertisements.³⁹ Again, those organizations are not necessarily the single source of the information that they create, as others are equally able to generate the same information.

In addition, database owners will presumably alter their conduct to increase their prospects of acquiring protection. If they can segregate the investment in creation from the investment in presenting and verifying, they may still be able to acquire the database right. The fact that they have made a substantial investment in creating as opposed to obtaining data does not obviate the possibility that they have also made a substantial investment in presenting or verifying it. This possibility was acknowledged by the ECJ itself.

[A]lthough the search for data and the verification of their accuracy at the time a database is created do not require the maker of that database to use particular resources because the data are those he created and are available to him, the fact remains that the collection of those data, their systematic or methodical arrangement in the database, the organization of their individual accessibility and the verification of their accuracy throughout the operation of the database may require substantial investment in quantitative and/or qualitative terms within the meaning of Article 7(1) of the directive.⁴⁰

³⁹ *Groupe Moniteur v. Observatoire des Marchés Publics*, Cour d'appel Paris, June 18, 1999, available at <http://www.ivir.nl/files/databases/index.html>; *NVM/De Telegraaf, Hoge Road der Nederlanden* [HR] [Supreme Court of the Netherlands], Mar. 22, 2002, NRC01/070HR (Neth.), available at <http://www.ivir.nl/files/databases/index.html>; *Zoekallehuizen.nl/NVM Arrondissementsrechtbank* [Amhem District Court] Mar. 16, 2006, AV5236 (LJN) (Neth.), available at <http://www.ivir.nl/files/databases/index.html> (holding that a database of real estate listings involved the necessary substantial investment); see also *Bolig.ofir.dk v. Home.dk, Danish Maritime and Commercial Court*, Feb. 24, 2006 (Denmark), available at <http://www.ivir.nl/files/databases/index.html>.

⁴⁰ *British Horseracing*, [2005] E.C.R. I, [36].

The experience with sweat of the brow common law decisions is that common law courts have had great difficulty in distinguishing between different forms of investment in creating, obtaining, verifying and presenting information. Their response has been to take a global approach to the issue of whether the plaintiff has made a sufficient investment to justify copyright protection.⁴¹ European courts may experience similar difficulties.

Presumably, database owners will be examining their business and information systems to clearly delineate between acts of creation and acts of presentation and verification. Yet, even if they do so, there will be ongoing confusion in identifying the precise degree of protection flowing from the particular investment in presentation and verification of the contents of the database.

The Directive itself has an unusual and unhelpful dissonance between the acts leading to protection and the nature of the protection itself. The act leading to protection is a substantial investment in obtaining, presenting or verifying the contents of the database. The protection is then conferred on the contents of the database by preventing the extraction or reutilization of a substantial part of the contents, not by preventing free-riding in the investment in obtaining, presenting, and verifying the data. As discussed above, the majority of the investment of the database owner may be in the supposedly unprotected creation of data. Yet if the plaintiff can also establish a substantial investment in presenting and verification the entire contents of the database, the data created by the database owner, are protected from extraction or reutilization. In other words, protection for the created data may be obtained via the backdoor of investment in presenting and verifying it. Once the latter is demonstrated, the former is obtained, despite the intention of the ECJ.

Alternatively, the act of creation and obtaining data could be divided between different entities. For example, if Company A creates the data, Company B could pay for the data, thus obtaining it, and claim that its investment meets the relevant requirement. The British Horseracing Board could create a separate legal entity to which it transfers all its data. The Board could continue to create its database, keep its contents secret, and then sell or transfer for free the information to that separate legal entity. Once this is done, it is arguable that the separate company has obtained the information in question via a substantial monetary investment and, by doing so, acquired a database right. That separate entity could, in theory, then assign its database right back to the Board.

⁴¹ See, e.g., *Desktop Mktg. Sys. Party Ltd. v. Telstra Corp.* (2002) 119 F.C.R. 491.

While such attempts to segregate the investment in creation of data from investment in obtaining, verifying and presenting data may be ultimately unsuccessful, the costs involved in the attempts and the uncertainty of database owners and users about their legal rights are sufficient in themselves to add to the difficulties associated with the Directive.

THE PROCESS FOR ITS ADOPTION

The 2005 evaluation of the Directive concluded that: "Introduced to stimulate the production of databases in Europe, the 'sui generis' protection has had no proven impact on the production of databases."⁴² The evaluation based its conclusions to a significant extent on statistics in the Gale Directory of Databases ("GDD"). The GDD indicates that American production of databases has increased since the Directive was transposed into European jurisdictions while European database production is at the same level as it was prior to the Directive coming into effect.⁴³

As the evaluation itself acknowledges, it is difficult to get accurate figures on the production of databases, partly because of the broad definition of a database within the Directive and partly because of the logistical difficulty of then identifying those databases. On the other hand, a survey conducted by the EC Commission expressed support for the Directive with fifty-five percent stating that they believed that the introduction of the database right had helped Europe to catch up with U.S. database production and various submissions from the European publishing industry to the effect that the database right is crucial to the continued success of their activities. Of course, one should take with more than a grain of salt the suggestion from an industry that gets legal protection that the continuation of the protection is critical for its survival. In any event, at the very best, the evidence is equivocal as whether the Directive has achieved its intended result. At worst, the Directive has been a waste of time.

Given that the Directive appears to have been a mistake, it is worthwhile considering the processes that led up to its adoption by the EC. The initial drafts of the Directive provided for a much "milder" approach to providing *sui generis* protection for databases. They were based on unfair competition principles. The first draft of the Directive, published in May 1992, provided for a right against unfair extraction which was defined as meaning extraction and reutilization for commercial purposes. The right was also restricted to

⁴² Commission of the European Communities, *supra* note 3, ¶ 4.2.3.

⁴³ *Id.* ¶ 4.4.

electronic databases where the contents themselves did not qualify for copyright protection. In addition, there was provision for compulsory licensing if "the works or materials contained in a database which is made publicly available cannot be independently created, collected or obtained from any other source." The period of protection was ten years, the period then applying under the Scandinavian catalogue laws. A subsequent version with some amendments was adopted by the European Parliament in 1993.⁴⁴ The amendments were not particularly significant.

The next major version of the Directive was proposed in a common position of the Council of the EC in July 1995⁴⁵ and this common position, with relatively minor amendments, was adopted in March 1996. The differences between the common position and the final version of the Directive and the previous drafts considered by the European Parliament were very significant. In particular, all reference to commercial uses was dropped in the definition of a database owner's rights. References to compulsory licences were also deleted.

So the EC started with a relatively minimalist model for protection and ended with a new exclusive property right that, until the ECJ's decisions, appeared to confer considerable protection on database owners. The process by which the version that was adopted by the European Parliament in 1993 was transformed into the version that was finally adopted by the Council is somewhat opaque.

In any event, it does seem clear that those in favour of the stronger rights contained in the final version were well organized via pan-European lobby organizations, particularly the Federation of European Publishers. In contrast, there was no pan-European scientific lobby group in existence at the time that was responsible for representing the views of the European science academy.

AMERICAN LEGISLATIVE PROPOSALS

In stark contrast to the European situation, the American scientific community was ready and waiting for proposals for database protection. For example, in 1994, the National Research Council established the Committee on Data for Science and Technology (CODATA). The Committee received advice from legal academics such as Pamela Samuelson and Jerome Reichman, with Pamela Samuelson providing a briefing to the committee in 1995.⁴⁶ A Report

⁴⁴ A3-0183/93 OJ 1993 No C194, 23rd June 1993 at 144.

⁴⁵ EU Bal. 7/8, ¶ 1.3.25, 1995 O.J. (C288).

⁴⁶ See NATIONAL RESEARCH COUNCIL, BITS OF POWER: ISSUES IN GLOBAL ACCESS TO

of the Committee's findings was published in 1997, which included a detailed discussion of the proposals for legal protection of databases.⁴⁷

Perhaps even more relevant was the status of the National Research Council in its dealings with Congress. The NRC was established in 1916 and is the principal operating agency of the National Academy of Sciences, the National Academy of Engineering, and the Institute of Medicine. Each of these three organizations, in turn, has a charter from Congress to provide advice to the federal government on matters relating to science, technology, engineering and public health issues. For example, the National Academy of Sciences was established in 1863 by legislation signed into force by Abraham Lincoln. So it was not surprising that the scientific lobby had an influence over the American debate on database protection that was not matched in the European debate.

The history of the American legislative proposals for database protection looks a little like the European history run backwards in time. It started where the Europeans finished, with a proposal for an exclusive property right that would have been very similar to the right of extraction and reutilization under the Directive. It seems destined to finish where the Europeans started, namely, with no special legislation on the topic but various approaches to unfair competition within different jurisdictions, in this case, American states, that may provide limited protection to unoriginal databases in some limited circumstances.

The proponents and opponents of legislation on the topic "captured" a Congressional committee each which then went into bat for their respective teams. The Subcommittee on Courts and Intellectual Property of the Judicial Committee has put up a series of drafts designed to give greater protection to database owners. The Energy and Commerce Committee routinely opposed the proposals of the subcommittee of the Judicial Committee and from time to time proposed its own legislation.⁴⁸ The 1997 legislation was actually passed by the House of Representatives in 1998, but subsequently deleted from other intellectual property legislation that was passed by the Senate, again largely due to lobbying from educational and scientific organizations just prior to an anticipated Senate vote.

SCIENTIFIC DATA ix (1997).

⁴⁷ See *id.* at 132-71.

⁴⁸ See, e.g., Consumer and Investor Access to Information Bill, H.R. 1858, 106th Cong. (1999); Consumer Access to Information Act, H.R. 3872, 108th Cong. (2004).

The first U.S. legislative proposal was put forward in 1996.⁴⁹ The proposed legislation was very similar to the Directive. Unlike the Directive, it was heavily criticized by well-organized educational and scientific organizations.⁵⁰ Subsequent drafts of the legislation purportedly drew on unfair competition principles. Each subsequent draft was justified on the basis that it was really a legislative enactment of principles established in the case law of various states relating to unfair competition, particularly a decision of the Second Circuit in *National Basketball Association v Motorola*, which lay down the following test for misappropriation of information under New York law:⁵¹

(i) a plaintiff generates or gathers information at a cost or expense;⁵²

(ii) the information is time-sensitive;⁵³

(iii) a defendant's use of the information constitutes free riding on the plaintiff's efforts;⁵⁴

(iv) the defendant is in direct competition with a product or service offered by the plaintiff;⁵⁵

(v) the ability of other parties to free-ride on the efforts of the plaintiff would so reduce the incentive to produce the product or service that its existence or quality would be substantially threatened.⁵⁶

⁴⁹ Database Investment and Intellectual Property Antipiracy Bill of 1996, H.R. 3531, 104th Cong. (1996).

⁵⁰ NATIONAL RESEARCH COUNCIL, *supra* note 46, at 157–60.

⁵¹ 105 F.3d 841 (2nd Cir. 1997). It is worth noting that the plaintiff was unsuccessful in that case and there are very few cases since in which a plaintiff has been able to rely on the doctrine. See *Pollstar v. Gigmania Ltd.*, 170 F. Supp.2d 974 (E.D. Cal. 2000) for a rare example of the successful use of the doctrine, although even there it was used to resist a defendant's application for summary judgment.

⁵² *Nat'l Basketball Ass'n*, 105 F.3d at 845; *see Fin. Info. Inc. v. Moody's Investors Serv., Inc.*, 808 F.2d 204, 206 (2nd Cir. 1986); *Int'l News Serv. v. Assoc'd Press*, 248 U.S. 215, 240 (1918).

⁵³ *Nat'l Basketball Ass'n*, 105 F.3d at 845; *see Fin. Info.*, 808 F.2d at 209; *Int'l News*, 248 U.S. at 231; RESTATEMENT (THIRD) OF UNFAIR COMPETITION §38 cmt. c (1995).

⁵⁴ *Nat'l Basketball Ass'n*, 105 F.3d at 845; *see Fin. Info.*, 808 F.2d at 207; *Int'l News*, 248 U.S. at 239–40; RESTATEMENT (THIRD) OF UNFAIR COMPETITION §38 cmt. c.

⁵⁵ *Nat'l Basketball Ass'n*, 105 F.3d at 845; *see Fin. Info.*, 808 F.2d at 209; *Int'l News*, 248 U.S. at 240.

⁵⁶ *Nat'l Basketball Ass'n*, 105 F.3d at 845; *see Fin. Info.*, 808 F.2d at 209; *Int'l News*, 248 U.S. at 240.

In fact, the bills were really attempts to create a hybrid of the exclusive property right created by the Directive and the unfair competition principles referred to in the *Motorola* decision. For example, the 1997 bill⁵⁷ conferred protection when a substantive investment of monetary or other resources was invested in gathering, organizing, or maintaining a collection of information. The protection conferred was to prevent extracting or using in commerce a substantial part of the collection of information where doing so would cause harm to the actual or potential markets of the owner of the collection.

While the form of the bill drew upon unfair competition principles, its actual operation, if passed, may well have been similar to conferring the exclusive property right granted under the Directive. For example, unlicensed use of a database may well have caused harm by denying the owner a licence fee, thus causing harm to the owner's market. In addition, a broad definition of "potential" would have prevented almost any commercial re-use of the information contained in the collection. A potential market was defined in the bill as "any market that a person claiming protection under Section 1202 has current and demonstrable plans to exploit or that is commonly exploited by persons offering similar products or services incorporating collections of information."⁵⁸ A cautious owner of a collection of information would have developed and documented numerous business plans about potential uses of their information in order to expand the protection obtained under the bill.

Certainly, the concept of harm to actual or potential markets was considerably broader than the fifth criteria laid down in the *Motorola* decision that the defendant's actions would have to so substantially affect "the incentive to produce the product or service that its existence or quality would be substantially threatened."⁵⁹ Harm, in the sense of loss of potential licence fees, was a fair broader concept than a loss of such magnitude as to affect the incentive to produce the product. An obvious example would be the football fixtures considered in the ECJ decisions. Unlicensed use by others would cause harm in the form of loss of licence fees, but would not cause such harm as to threaten the quality or existence of the fixtures.

The end result of the 1997 bill may well have been legislation that paid lip service to unfair competition principles while, in effect, delivering protection very similar to the exclusive right of extraction

⁵⁷ Collections of Information Antipiracy Act, H.R. 2652, 105th Cong. (1997).

⁵⁸ *Id.*

⁵⁹ *Nat'l Basketball Ass'n*, 105 F.3d at 845.

and reutilization provided by the Directive. It certainly would have provided considerably greater protection than the tort of misappropriation outlined in the *Motorola* decision.

The latest proposals were considered in the 108th session of Congress in H.R. 3261, which was reported on by the Subcommittee on Courts and Intellectual Property and adversely reported on by the Energy and Commerce Committee. The Energy and Commerce Committee favored H.R. 3871 although both bills lapsed at the end of the Congressional session.

A brief analysis of H.R. 3261 reveals the differences between the Directive and the proposals being supported by publishers today in the U.S. For example, Section 3 of that bill provides for civil liability in the event of a person making “available in commerce to others a quantitatively substantial part of the information in a database generated, gathered, or maintained by another person” if:

- (1) the database was generated, gathered, or maintained through a substantial expenditure of financial resources or time;
- (2) the unauthorized making available in commerce occurs in a time sensitive manner and inflicts injury on the database or a product or service offering access to multiple databases; and
- (3) the ability of other parties to free ride on the efforts of the plaintiff would so reduce the incentive to produce or make available the database or the product or service that its existence or quality would be substantially threatened.⁶⁰

Some of the most important differences between this bill and the Directive are as follows:

1. Personal use is not prohibited. Nor is extraction of information. It is only the re-use of the data by making it available in commerce to others that is prohibited.
2. A quantitatively substantial part of the information in the database must be made available in commerce. It is not sufficient that a qualitatively substantial part of the database has been made available in commerce.

⁶⁰ H.R. 3261, 108th Cong. (2003).

3. The making available must have occurred in a time sensitive manner and cause injury which is defined in Section 3(b) as “serving as a functional equivalent in the same market as the database in a manner that causes the displacement, or the disruption of the sources, of sales, licenses, advertising, or other revenue.” The time sensitivity requirement would significantly reduce the period of protection, depending on how a court interpreted time sensitivity.

4. The plaintiff would have to demonstrate a substantial impact on its capacity or willingness to continue to make the database available.⁶¹

In addition, there were a number of defenses contained in the bill that would have even further diluted the operation of the legislation, if passed. For example, Section 4 of the bill would have permitted the making available by nonprofit science or research institutions if it was reasonable to do so in the circumstances taking into consideration the customary practices associated with such uses by such institutions. Hyperlinking was permitted, as was making available for the purposes of news reporting. Other exclusions related to government information and protection were not extended to computer programs or any element of a computer program necessary to its operation.⁶² The legislation preempts any other state law or common law doctrine that prohibits or regulates conduct that is prohibited or regulated under this Act.

The only aspect in which this bill goes beyond the Directive is that it would clearly protect the generation of information as well as its collection, suggesting that football fixtures and the like may be protected although it would be difficult to meet the other criteria.

Even this watered down version of protection was rejected by the Committee for Energy and Commerce, which reported on it adversely. The Energy and Commerce Committee favoured H.R. 3872 of the 108th Congress, which repeats verbatim the words used in the *Motorola* decision. For example, it refers to the information being highly time sensitive whereas, H.R. 3261 simply required that the information be time sensitive without indicating how time sensitivity could be defined or the degree of time sensitivity.

⁶¹ See COMMITTEE ON ENERGY AND COMMERCE, ADVERSE REPORT ON DATABASE AND COLLECTIONS OF INFORMATION MISAPPROPRIATION ACT, H.R. Rep. No. 108-421 (2004) and H.R. 3872, 108th Cong. (2004), which would impose a requirement that the value of the information is *highly* time-sensitive as stated in the *Motorola* decision.

⁶² *Mars UK Ltd. v. Teknowledge Ltd.* [2000] FSR 138, [1999] All ER 600.

Both bills lapsed at the end of the 108th Congress. The combination of the failure of successively weaker versions of database protection and the adverse evaluation of the Directive suggests that the prospects of any legislation being passed on the topic are small and diminishing further with the passage of time.

ATTEMPTS AT WIPO TO TURN THE DIRECTIVE INTO AN INTERNATIONAL TREATY

One of the most disturbing aspects of the saga of the Directive was the EC's willingness to not only embrace it internally but to proclaim its success in international fora and advocate the adoption of its model on a world wide basis. Within a very short time of the adoption of the Directive, a proposal for an international database treaty was put to the 1996 WIPO Diplomatic Conference by the EU.⁶³ The draft treaty was basically a copy of the Directive except that it provided for national treatment whereas the Directive does not. The proposal was made before any EU nations had transposed the Directive.

Consideration of the treaty was deferred at the Diplomatic Conference and the matter referred to the Standing Committee on Copyright and Related Rights (SCCR) where it was considered on a number of occasions. Soon after the transposition of the Directive by most member states, delegates from the EC and EC nations made positive comments about the Directive and its impact at meetings of the SCCR.

For example, at the first session of the SCCR in Geneva from November 10, 1998:

The Delegation of Germany mentioned that its country had been one of the first Member States of the European Community to implement the Databases Directive and to include related changes in its copyright law in January 1998. It informed that up to now the new norms had not had negative reactions; on the contrary there had been a very good support, for the reasons expressed by the Delegation of the European Community. It suggested that the proposal should be further considered by the Standing Committee in

⁶³ World Intellectual Property Organization, *Basic Proposal for the Substantive Provisions of the Treaty on Intellectual Property in Respect of Databases Considered by the Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions*, Geneva CRNR/DC/6 (Dec. 1996).

1999 in order to adopt a new treaty on databases in a *sui generis* way.⁶⁴

Then at the second session of the SCCR in Geneva from May 4-11, 1999,

1. The Delegation of the European Community recalled that the European Community and its Member States had submitted an explanatory paper on the protection of databases in January 1998, which explained why there was a need for protection beyond copyright, and further explanation had also been given during the first session of the Standing Committee. The European Community Directive, dealing with both copyright and *sui generis* protection of databases, had been adopted in March 1996, and nine of the 15 Member States had so far implemented the obligations under this Directive in their national legislation. The six remaining Member States would have concluded this process by the end of the year. The experience with the *sui generis* right had so far been very positive, and the Delegation would continue to share it with all participants.⁶⁵

The evidence upon which these comments were based is not apparent from the records of the meetings. The recent review of the operation of the Directive would seem to contradict the suggestion that there was any empirically sound evidence on which to base the comments. Yet with its limited experience of the Directive, the EC was prepared to proclaim its success and drove discussion at WIPO with the clear intention of forming a multilateral treaty to provide database protection.

Ultimately, the issue fell largely into abeyance at WIPO⁶⁶ but not before regional meetings of WIPO countries considered the issues in some depth and a range of countries indicated their support for a treaty on the issue. In particular, almost every European country supported the proposal, including those countries that are present candidates or potential candidates to join the EC in the foreseeable

⁶⁴ World Intellectual Property Organization, SCCR/1/9, ¶ 133 (Nov. 2-10, 1998), available at www.wipo.int/edocs/mdocs/copyright/en/sccr_1/sccr_1_9.doc.

⁶⁵ World Intellectual Property Organization, SCCR/2/11, ¶ 101 (May 4-11, 1999), available at http://www.wipo.int/edocs/mdocs/copyright/en/sccr_2/sccr_2_11.html.

⁶⁶ The matter was last addressed at the 11th session of the SCCR in 2004 where different views were expressed about the value of retaining the issue on the agenda. See World Intellectual Property Organization, SCCR/11/4 (Sept. 16, 2004).

future.⁶⁷ The absence of unconditional American support for any proposal, driven in turn by the domestic controversy and lack of success in Congress of any of the various proposals, presumably led to the issue being downgraded in importance at WIPO.

The position may well have been very different if the United States had adopted legislation on the topic in the late 1990s. If the U.S. domino had fallen, the world would today have far more widespread database rights for non-original databases via either multilateral or bilateral agreements. And then, after it was too late, the world would have discovered what the EC has now discovered, namely, that there is no need for such a right.

LESSONS TO BE LEARNED FROM THE DATABASE DEBATE

What are the lessons to be learned from all this? First, the blindingly obvious lesson is that the U.S. does not need *sui generis* database protection. Nor does anyone else. Any proposal for it should go in the bin. Not even the recycling bin because the last thing you need is the proposal coming back. Put it in the trash and empty the trash. The U.S. and the EC have provided a world laboratory for the value and effectiveness of database protection. The U.S. legal position has operated as the control test and the Directive has constituted the innovative experiment. The U.S. has not suffered as a consequence of the lack of a database right and the EU has not made any demonstrable gain from having it.

Yet the EC has incurred enormous transaction costs. At a government level, each government of the EC members has had to consider how to transpose the Directive into its domestic laws, a significant cost in itself. In the process of doing so, the differences in approach, both at the legislative and case law level, have introduced both uncertainty and a lack of harmony in the approach to protection of databases. The former is a cost in itself and the latter is the precise opposite of what the Directive was intended to achieve. The lack of harmony is reflected in conflicting case law decisions and different approaches to the adoption of defenses allowed under the Directive. While the difficulties of conflicting case decisions may be partially resolved by the ECJ decisions, in the interim, there have been considerable differences in approach both within and between individual European jurisdictions.

At the private level, any party dealing with a database, as broadly defined in the Directive, has had to consider their new legal position

⁶⁷ See World Intellectual Property Organization, SCCR/2/10 Rev, at 2 (May 5, 1999) for details of support from central European and Baltic states.

and respond accordingly. Assignments and licences relating to information products had to be written or rewritten to deal with the database right as well as any copyright. Users of information had to become aware of potential liability for acts that were previously lawful. An additional layer of complexity was introduced into legal dealings as two rights were created in original databases, the copyright and the database right. The potential to have different owners of the two rights and the difficulties that would create was in itself sufficient to generate a mass of legal documentation. Added to that has been the cost of extensive litigation. Settlement of that litigation was difficult because of a lack of information about the likely final result in the event of litigation going its full course. The cost of the changes has been distributed between database owners and users. The benefits for the EC overall have not been realized.

In the meantime, it has been business as usual in the U.S. At most, there have been difficulties associated with the application of the *Feist* standard of originality and some decisions at the margins that generate uncertainty as to what is protected and what is the nature of the protection to be conferred on what is protected. The costs have been few and the benefits the same as for the EU with no discernible impact on the production or distribution of databases.

Second, legislative gridlock is a friend of the United States. The democratic processes of the United States have delivered the appropriate non-result, the non-adoption of legislation on the topic. In retrospect, the EC's processes appear less rigorous. The final version of the Directive was adopted with speed and little consultation on that final version although there was significant opportunity for input prior to the final version. However, even that opportunity was restricted as a consequence of the lack of input from user groups for reasons already explained.

Third, a key part of that democratic process and the outcome to date was the presence or lack of presence of important lobby groups that could balance the debate. In the United States, the lack of database protection and, in particular, its defeat in the Senate in 1998 was the direct product of the input of pre-existing, institutionalized, funded, and Congressionally recognized scientific and educational lobby groups such as the National Research Council. Without them, the U.S. would have passed legislation that was very similar to the Directive and then such protection would have been spread world wide via multilateral or bilateral agreements. The need for peak user bodies that will provide input into such debates is clearly demonstrated by the database protection debate.

In contrast, the relative youth of the political and cultural institutions of the EC (as opposed to those of the member nations themselves) may well have worked to the detriment of the EC. The EC is a relatively young institution. For example, it only established the Scientific Council of the European Research Council in October 2005.⁶⁸ Such social and cultural institutions often take longer to establish than commercially oriented lobby groups that have the more immediate impetus of being financially driven. The database debate demonstrates the need for and role of not for profit organizations such as the National Research Council.

Fourth, related to the proposition that legislative gridlock is a friend of the United States is the proposition that doing nothing is often a very good idea, especially when it comes to intellectual property legislation. Undoing legislation, once passed, is virtually impossible. Once created, rights cannot be done away with easily. The EC is in a position where it is almost impossible to do away with a right that should never have been created and which has been in place for less than a decade. Its evaluation of the Directive concludes by describing the conundrum it now faces in responding to the difficulties with the Directive. Repeal is difficult, amendment will create further uncertainty and is probably impossible because there would be no consensus about the nature of the amendment in any event, and the status quo is unsatisfactory in a number of respects.⁶⁹ The EC is now caught between a rock and a hard place as a consequence of its own processes. The clear lesson is that a very heavy onus must be placed on those claiming the need for new legislation to demonstrate its absolute necessity. This is a lesson that should be learned, heeded, and implemented in relation to a whole raft of issues such as moves for greater protection of geographical indications and greater restraints on peer to peer software.

Fifth, the experience demonstrates the need for extreme care when international treaties are proposed. The EC all too readily proclaimed the success of its model for database protection and vigorously pursued that model. If the U.S. had adopted legislation on the topic, as it so nearly did in 1998 when H.R. 2652 was passed by the House of Representatives, the whole world may well have quickly followed. As it is, bilateral arrangements between the EC and its candidate countries have resulted in the adoption of the Directive throughout almost all of Europe.

⁶⁸ Press Release, European Research Council, ERC Scientific Council (Oct. 19, 2005), available at http://erc.europa.eu/pdf/press_statement_en.pdf.

⁶⁹ Commission of the European Communities, *supra* note 3, at 6.