
GOWERS REVIEW OF INTELLECTUAL PROPERTY – CALL FOR EVIDENCE

SUBMISSION BY WEDLAKE BELL

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1. INTRODUCTION

- 1.1 This submission has been prepared by the Media, Intellectual Property and Commercial team of Wedlake Bell, following the team leader, Jonathan Cornthwaite, speaking at the conference on the Gowers Review organised by the Social Market Foundation at the DTI on 2 March 2006.
- 1.2 Wedlake Bell is a 43–partner law firm headquartered in Central London. Its core practice covers IT, intellectual property and media, corporate finance, employment and pensions, commercial and residential property, investment funds, banking, tax and trusts, construction and litigation. Internationally it is a founder member of the Trans European Law Firms Alliance (TELFA) and is associated with the US law firm Fredrikson & Byron.
- 1.3 For further information or queries regarding this submission, please contact Aisha Ghani (email: aghani@wedlakebell.com; tel: 020 7395 3161).

2. COPYRIGHT EXCEPTIONS – FAIR DEALING AND MEDIA SHIFTING

We wish to comment on two aspects of the law relating to fair dealing and "fair use". The first relates to the current exception which permits fair dealing in respect of copyright works for the purposes of criticism or review, and the second relates to the concept of "media shifting".

2.1 Fair dealing for the purposes of criticism and review

2.1.1 Section 30 (1) of the Copyright, Designs and Patents Act 1988 ("**CDPA**") permits fair dealing with a copyright work for the purposes of criticism or review provided that it is accompanied by sufficient acknowledgement. In considering whether any particular dealing with a work has been fair, consideration is given by the court to the amount of the work which has been reproduced. It is never clear from one case to the next where the boundary lies with regard to the proportion of a work that can be reproduced without losing the benefit of the fair dealing defence. Consequently those who wish to reproduce extracts from a work in order to criticise or review that work may often be tempted to approach the copyright owner for consent (which may result in a fee being requested), which the exception was clearly intended to avoid.

2.1.2 The concern relating to the amount of a work that is capable of reproduction whilst still being regarded as fair dealing is probably at its most acute in the context of artistic works such as photographs and drawings or paintings. If someone wishes to review or criticise a photograph, for example, he will invariably wish to reproduce the entirety of the relevant photograph, since without being able to do this it may be impossible to make a point about, say, the composition of the photograph. A recent case (*Fraser-Woodward Limited v British Broadcasting Corporation and another* [2005] EWHC 472) appears to have clarified that in the case of photographs it may be justifiable to use more than would be permissible in respect of other types of work. In our view this does not go far enough and it is time for statute to clarify that in the context of the criticism or review of any artistic work it is permissible to reproduce the entirety of the work in question. Clearly there may still be disputes as to whether the use of the reproduction does amount to criticism or review, but the availability of the defence should not be denied simply because the relevant work has been reproduced in its entirety.

2.1.3 As regards other works, such as poems, it may be that consideration should be given to setting percentages of the work in question that can be reproduced with impunity without necessarily acknowledging that usage in excess of those percentages would automatically be regarded as unfair. This would have the benefit of introducing some clarity so that those who engage in criticism or review are clear as to what proportion of a particular category of work can be reproduced without any element of doubt.

2.2 Media shifting

2.2.1 It is our view that the time has probably come for the CDPA to be amended to permit "media shifting" (e.g. from CD to an MP3 player) in the same way that time-shifting in respect of the recording of radio and TV broadcasts is permitted by s70 of the CDPA . The intention would be to permit the owner of a copyright work in one medium, such as a CD, to reproduce that work in another medium

for his personal use. An example of where this would operate is where the purchaser of a CD wishes to store a copy of the CD on his iPod or other portable MP3 player. As the law currently stands this would amount to an infringement of copyright. This is something that takes place every day across the nation. As Lord Templeman observed in 1988 in the case of *CBS Songs Ltd v Amstrad Consumer Electronics Plc* [1988] AC 1013 when commenting on home taping, “a law which is treated with such contempt should be amended or repealed”. In order to cater for the possibility that the owner of the CD will give it away to a third party or will lend it to others to enable them to copy the CD to their own iPods, the law could be phrased in such a way that infringement is only avoided if the copier retains ownership of a copy of the CD from which the MP3 version was copied. Similarly the exception should not apply where there is any commercial gain resulting from the copying or intended to result from the copying.

2.2.2 If the suggestion set out above is adopted we see no reason why the content owner should be further compensated over and above the purchase of the original CD, which has provided compensation to the content owner. Having purchased the CD it should not matter to the content owner whether that CD is played over a home CD player, a CD walkman or over an iPod (having been stored on a computer hard drive and loaded onto the iPod).

3. COPYRIGHT – DIGITAL RIGHTS MANAGEMENT (“DRM”)

- 3.1 The Copyright and Related Rights Regulations 2003 (SI2003/2498) (“the **Regulations**”) implemented in the UK the EU’s Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society.
- 3.2 The Regulations (amongst other things) amended the CDPA to take account in the UK of the legal protection required for DRM technologies used by holders of copyright to protect their works against unauthorised reproduction and other copyright infringements. They also introduced new provisions for the protection of DRM information used by holders of copyright to identify, track and assist utilisation of copyright works and against dealings with works from which such DRM information has been removed or altered without authority.
- 3.3 It is our view that the CDPA (as amended by the Regulations) provides a fairly comprehensive basis to meet the challenges of new technology to copyright law, but a number of anomalies and inconsistencies exist which we believe should be reviewed and clarified where appropriate. These include the following:
- 3.3.1 Civil remedies were introduced by the Regulations against both the acts and preparatory acts of circumvention of effective technological measures which have been applied to a copyright works. However, pursuant to s296ZA of the CDPA, these remedies do not apply where a party does anything which circumvents effective technological measures for the purposes of research into cryptography. Although the exception is limited and does not apply if the person carrying out such research prejudicially affects the rights of the copyright owner, no guidance is given as to the meaning of the term “*research into cryptography*” or as to how the exception is to be applied.
- 3.3.2 Criminal sanctions against preparatory acts of circumvention were also introduced by the Regulations and appear at s296ZB of the CDPA. However, the prohibition contained in s296ZB(2) on the promotion, advertising or marketing of services, the purpose of which are to enable or facilitate the circumvention of effective technological measures, does not extend to the promotion, advertising or marketing of devices, products and components themselves (although advertising for sale or hire is covered by s296ZB(1)).
- 3.3.3 The “*commercial purposes*” test which applies in relation to civil remedies relating to the act of circumvention does not apply in relation to the criminal sanctions against preparatory acts of circumvention set out in s296ZB, and only applies in relation to the civil remedies for preparatory acts of circumvention set out in s296ZD, in cases of possession.
- 3.3.4 Section 296ZE of the CDPA already provides for an intervention mechanism where DRM technologies prevent permitted acts relating to copyright, and the list of copyright exceptions to which such mechanism applies is set out in Schedule 5A and is extensive (and indeed arguably extends to exceptions which are not implemented in the UK). This mechanism gives the Secretary of State powers to give a rightholder such directions as it appears necessary, on receipt of a notice of complaint to it, to ensure that beneficiaries of copyright exceptions can benefit from such exceptions. The obligation on the rightholder to comply with the Secretary of State’s powers in this regard gives rise to a “*duty owed to the complainant*”, and the rightholder immediately acquires civil liability to the complainant if he does not comply with the Minister’s order. Although DRM

technologies are in development and there is no reason why they could not provide solutions for the accommodation of copyright exceptions to the extent that they become necessary, this provision goes beyond mere enabling legislation and the powers given to the Secretary of State in this regard effectively establish a ministerial power to tell rightholders how to accommodate exceptions and exposes them to civil liability for failure to do so.

3.3.5 The term “*technological measures*” is defined by s296ZF of the CDPA which also sets out when they are deemed to be “*effective*” for the purposes of civil and criminal sanctions against the acts and preparatory acts of circumvention. Although s296ZF(3) provides some guidance as to the scope of protection, it is open itself to interpretation. One such interpretation could render the legal protection of technological measures toothless by linking circumvention to copyright infringement, because under s296ZF(3)(a) circumvention for non-infringing use (e.g. pursuant to a permitted act) may not be prohibited, and under s296ZF(3)(b), there is only protection for technological measures which protect copyright, and thus no protection for access controls on physical media that prevent viewing or hearing.

3.3.6 Section 296ZG of the CDPA provides for a civil remedy against a person who knowingly and without authority, in relation to rights management information associated with a copy of the copyright work or appearing in connection with the communication to the public of the work, removes or alters such information, or distributes copies from which such information has been removed or altered. No criminal sanctions have been imposed in this regard given that protection in this regard is a new area of copyright law. It is anomalous that interference with rights management information is still a civil offence only, and the time has come to review whether deliberate abuse of rights management information should now qualify for criminal sanctions.

3.3.7 A significant procedural problem arises in s296ZA(4) and s296ZD(3) as a result of the incorporation by reference of s102(1) of the CDPA. The circumvention provisions correctly allow both the publisher of copyright works which are protected by technological measures and the owner of the technology affected, to bring proceedings against prohibited circumvention activities. Section 102(1) requires claimants of copyright infringement who have interests in the same work, all to be joined into the action. As applied to the circumvention provisions, this arguably requires the technology owner to join everyone with any copyright interest in the work protected (and vice versa). This is a pointless fetter on potential claims, particularly given that under Rule 19(2) of the Civil Procedure Rules (“**CPR**”), the court can, at its discretion, join any party whose participation in the action seems desirable.

4. COPYRIGHT – ORPHAN WORKS

- 4.1 It is not easy to gauge the true extent to which failure to identify authors of so-called orphan works prevents exploitation of those works, but it is believed that difficulties of identification have a chilling effect on many creative projects.
- 4.2 Certainly it is not unusual in our experience for those who have attempted but failed to contact the author (or his successors) of a copyright work to decide that they will not use the work because of the risks involved. In circumstances where attempts have been made to trace the author of a relevant work but those attempts have failed, the person seeking permission to use a work is essentially left with two alternatives: namely,
- 4.2.1 to use the work without permission in the knowledge that copyright is being infringed but in the hope that it may be possible to come to a commercially sensible accommodation if the owner (or his successors) of the copyright comes forward; or
- 4.2.2 to abandon the creative project and/or use alternative materials instead.
- 4.3 It is submitted that the state of affairs described in paragraph 4.2 is unsatisfactory, both to copyright owners and those keen to obtain licences to use copyright works. This problem is likely to increase as a result of the relatively recent extension of copyright in the absence of some positive action to ameliorate the position.
- 4.4 There seems to us great merit in introducing a system of licensing as of right where someone seeking permission to use an orphan work has made good faith efforts to trace the author of the work but has failed to do so. We suggest that such a system could be introduced by setting up an "Orphan Works Collecting Society" ("**OWCS**"), the administering of which might well be undertaken by an already established Collecting Society. The basic structure of such system of licensing as of right could work as follows:
- 4.4.1 A person seeking a licence to exploit an orphan work who has tried but failed to trace the author could apply (through a simple form – preferably online) to the OWCS providing brief details as follows:
- 4.4.1.1 his full name and address;
- 4.4.1.2 the work which he seeks to exploit;
- 4.4.1.3 known details of the author of that work;
- 4.4.1.4 brief details of his unsuccessful efforts to trace the author of the work; and
- 4.4.1.5 a formal declaration that he has made reasonable efforts in good faith to trace the author of the work but failed to do so.
- 4.4.2 Upon receipt of the details described at paragraph 4.4.1, the OWCS would place details of the work and its author on a publicly accessible website (searchable by author and work) inviting the owner of copyright to come forward and provide (preferably online) the following details to the OWCS:

- 4.4.2.1 his full name and address;
 - 4.4.2.2 brief details of his title to copyright; and
 - 4.4.2.3 a formal declaration that to the best of his knowledge, information and belief he is the true owner of the relevant copyright.
- 4.4.3 Upon receipt of the details described at paragraph 4.4.2, the OWCS would forward details of the copyright owner to the person seeking to exploit copyright with a view to the parties reaching mutually acceptable terms in this regard.
- 4.4.4 If, as might frequently occur, no copyright owner comes forward within a short period of the work being posted on the OWCS website (say a period of 28 or 56 days) then the person seeking to exploit the work would receive an automatic non-exclusive licence as of right to exploit the relevant copyright work for an initial period of 6 years provided that he accounts for royalties. Such royalties could be set at a fixed percentage of the average retail sale price of commercial products incorporating the relevant work. If the fixed royalty percentage was felt to be unfair in particular circumstances, an appeal on quantum might lie to the Copyright Tribunal. Accounting for royalties would be undertaken regularly (e.g. quarterly) and the licence revenue remitted to the OWCS.
- 4.4.5 The OWCS would maintain all licence revenue for a period of 6 years from receipt of funds in case the owner of copyright comes forward to claim such revenue.
- 4.4.6 If the owner of copyright does not come forward within a period of 6 years from the date when details of the work were posted on the website, the person exploiting the work would have his licence as of right extended from the initial 6-year period until the end of the copyright period, provided that royalties continue to be accounted for to the OWCS.
- 4.5 The principal practical difficulties to be anticipated by such a scheme are as follows:
- 4.5.1 The handling and accounting of unclaimed revenue. It is submitted that the correct approach would be to utilise revenues which have been unclaimed for more than 6 years either to make donations to appropriate charities or to put back into the costs of administering of the OWCS.
 - 4.5.2 The scope for false claims to copyright (whether fraudulent, negligent or innocent). To counter this risk, the OWCS would need powers to remove claims to ownership from the database which it believed to be false and/or to direct that a dispute as to ownership between a prospective exploiter and a person claiming ownership should be resolved through the courts.
- 4.6 It is submitted that a scheme based broadly on the above lines would be in the public interest and would be of value both to copyright owners and to those seeking to exploit less well-known works commercially.
- 4.7 It is believed that the cost of running such a scheme could be relatively modest. There is scope for such a scheme being self-financing, either from a levy on royalty payments or from unclaimed revenue.

5. GROUNDLESS THREATS LEGISLATION

5.1 Groundless threats provisions

5.1.1 One of the features of English law relating to intellectual property ("IP") rights, are what are known as the "groundless threats" provisions in various pieces of IP legislation. These enable a party who is threatened with proceedings for infringement of certain IP rights (or another party "aggrieved by them") to strike back by bringing a claim or counterclaim against the party that has issued the threat.

5.1.2 These so called "groundless threats" provisions apply to the following types of IP rights:

5.1.2.1 registered trade marks¹;

5.1.2.2 UK registered and unregistered designs² ;

5.1.2.3 Community registered and unregistered designs³; and

5.1.2.4 patents⁴.

In each case, they are subject to various exceptions and rules under which certain categories of threats are excluded.

5.1.3 In addition to the statutory groundless threats provisions, the English court has an inherent jurisdiction to grant declaratory relief in cases where one party is asserting a legal right in conflict with another party. A party subjected to threats of legal action of any kind can apply to invoke this jurisdiction. However, the most that the Court can do in such a situation is to issue a declaration.

5.1.4 The groundless threats provisions go much further than the court's inherent jurisdiction, by granting a statutory right on the part of any aggrieved person to seek a declaration, a permanent injunction and damages for losses caused by the threats. This means that a person who is not even known to the person making the threat at the time it is made may come forward and make a claim.

5.2 Public policy considerations

5.2.1 IP rights are valuable and powerful rights which if abused, can have a detrimental effect on trade and commerce. The purpose of the groundless threats provisions is to act as a deterrent to rightholders against making spurious infringement claims to frighten off competitors or to disrupt their business.

5.2.2 This public policy justification for the groundless threats rules is compelling. However, it comes into direct conflict with another public policy consideration, namely that parties should, wherever possible, resolve their disputes without recourse to litigation.

¹ s21 Trade Marks Act 1994.

² s26 Registered Designs Act 1949 (registered designs) and s253 Copyright Designs & Patents Act 1988 (unregistered designs).

³ s2 Community Designs Regulations 2005.

⁴ s70 Patents Act 1977.

5.2.3 Since it is the *threat* of proceedings rather than the actual issue of proceedings that is actionable under the groundless threats provisions, there is often a motivation for rightholders to issue proceedings without sending a warning letter first. They may do this in order to avoid being sued for groundless threats.

5.3 **Groundless threats provisions in conflict with the CPR**

5.3.1 The whole ethos behind modern dispute resolution practice in the CPR is that, wherever possible, parties should resolve their differences without recourse to litigation. There is therefore an obvious tension between this requirement on the one hand (i.e. to try to resolve differences via correspondence first) and the groundless threats provisions on the other hand. As a result of the way the groundless threats provisions work, rightholders are almost encouraged to sue rather than to try to resolve matters through prior correspondence. In addition, it is very difficult in correspondence to avoid making a threat because the court has accepted that, to be actionable, a threat need not be express: it can be implied, contingent or indirect.

5.3.2 This apparent conflict between the groundless threats provisions and the CPR has not been resolved. It is not easy to see how it can be. If a truly groundless threat is made, then it is bound to have an impact on the person receiving the threat or someone who, for example, supplies the party threatened. If any kind of immunity from a threats action is granted to a claimant, this will remove the whole *raison d'être* for the legislation.

5.3.3 Before his recent retirement, these issues were commented on by IP judge Laddie J in the High Court case of *Reckitt Benkiser UK v Home Pairfum Ltd* [2004] FSR 37. Attention should be given in the Gowers Review to seeing whether or not there can be any progress on resolving this situation.

5.4 **Time to remove professional advisers from the firing line**

5.4.1 One aspect of the groundless threats legislation which does, in our view, create an anomaly which is simply not justified on any public policy grounds and may work against the interests of justice relates to the potential liability of professional advisers under the groundless threats provisions. When an actionable threat is made, it will very often be made not by the party on whose complaint the threat is based, but by a professional adviser acting for that party (i.e. a lawyer, trade mark attorney or other similar professional adviser).

5.4.2 Surprisingly, under the law as it works currently, if a letter is sent on behalf of a client by a professional adviser, such an adviser can also be sued for groundless threats. It is submitted, for the following reasons, that it is illogical for professional advisers to be held liable to the same extent as their clients when they are following their clients' instructions and acting in good faith:

5.4.2.1 IP disputes are sometimes far from clear-cut, so just because a party threatens to sue another party but loses their case does not mean that they or their advisers should be punished for raising the claim in the first place, especially if a genuine attempt is made to resolve the dispute before litigation is commenced. Yet that is potentially how the system currently works.

5.4.2.2 Although it is common practice for professional advisers to take indemnities from their clients against the consequences of

groundless threats actions, if for example, a lawyer is acting for a party of limited means, such an indemnity will be worthless. In IP cases which are not clear-cut, this could lead to a lawyer being unwilling or unable to act in the best interests of their client and so denying it access to justice. Very often, the IP rights of small businesses or inventors may be abused by larger, more well - established companies. Groundless threats actions against professional advisers (or the fear of them) could therefore work against the interests of justice and make it harder for small businesses to defend their rights. This cannot be in the public interest.

- 5.4.2.3 There is a minimal chance of professional advisers sending a threat without instructions from their clients or without at least first advising their clients as to the risks involved. If an adviser did act in that way negligently with the result that a groundless threats action was launched against a client, that client's remedy would be a claim for breach of contract and/ or negligence against such adviser who will have professional indemnity insurance in place. Deterring professional advisers from sending out reckless threats is not a justification for making them potentially liable under the legislation.
- 5.4.2.4 To avoid the obvious scope for circumventing the groundless threats provisions by having, for example, a third party based out of the jurisdiction or a worthless company making the actual threat, the exemption of liability should apply only to solicitors, patent and trade mark attorneys acting on instructions from their clients.
- 5.4.2.5 At the very least, even if there is no blanket immunity, by analogy with the law of defamation, there ought to be something akin to qualified privilege in place so that a professional adviser issuing a threat is not liable if he did so as a result of his client's instructions. Such a defence would probably deter a lot of groundless threats actions from being launched against professional advisers as it would make the prospects of success more difficult and expose the claimant to adverse costs penalties. The temptation to join advisers as defendants – in addition to their client – would thus be reduced.
- 5.4.2.6 The existing system can be abused as was held by Laddie in the *Reckitt Benkiser* case cited above.

6. DATABASE RIGHTS

6.1 The Database Right

6.1.1 The Copyright and Rights in Databases Regulations 1997 (“**CRDR**”) implemented the EU’s Database Directive 96/9/EC (“the **Directive**”) into UK law. The Directive created a higher level of protection for databases which were the author’s own intellectual creation (“*original databases*”) and a new form of “*sui generis*” protection for “*non-original*” databases containing factual information where the database was created by the “*sweat of the brow*” (“the **Database Right**”).

6.1.2 Article 7 of the Directive set out the terms on which Member States should provide a Database Right, stating that:

"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 reutilisation of the whole or a substantial part, evaluated qualitatively and/or quantitatively, of the contents of the database."

6.1.3 The CRDR use the wording of Article 7 and state at section 13(1) that a Database Right subsists in a database if there has been a substantial investment in obtaining, verifying or presenting the contents of the database. Section 13(1) also states that it is an infringement of the Database Right to extract or re-utilise all or a substantial part of the contents of the database without the consent of the database owner. The repeated and systematic extraction or re-utilisation of insubstantial parts of the contents of a database may also amount to infringement pursuant to section 16 of the CRDR. The term “*substantial*” in relation to investment, extraction or re-utilisation is defined as meaning substantial in terms of quantity or quality or a combination of both.

6.2 Inconsistent application of the Directive

6.2.1 The application of the Directive by national courts and authorities has been inconsistent because of textual ambiguities of the Database Right. For example, the meaning of the term “*substantial investment*” has been interpreted differently by courts within the same jurisdictions. In its First Evaluation of the Directive (dated 12 December 2005) the European Commission commented that none of the terms in Article 7 of the Directive has a precise legal meaning.

6.2.2 Although the English courts may find it easier to apply qualitative and quantitative tests because of similar tests that have applied in relation to the infringement of copyright in the UK, there is no guarantee that the approach is one that will be accepted by the European Court of Justice (“**ECJ**”). The lack of certainty as to the meaning of any of the terms in Article 7 of the Directive therefore makes it difficult for legal advisers and database creators and users to evaluate whether a database qualifies for Database Right protection, whether the use made of the database is permitted, or whether rights in the database have been infringed.

6.3 Uncertainty of the scope of the Database Right

6.3.1 The scope of the Database Right also seems to be uncertain, and it is submitted that certain databases that should have been covered by the right have been

excluded. We refer to the judgements of the ECJ in the joint cases of *The British Horse Racing Board Ltd et al. v William Hill Organisation Ltd* and the *Fixtures Marketing Limited* cases (C-338/02 and C-444/02) 9 November 2004. In these cases, the ECJ was asked to consider the meaning of the phrase “*investment in the obtaining of the contents*” of the database. The ECJ said that this referred to the resources used to seek out existing independent materials and collect them in the database. It did not cover the resources used for the creation of materials which made up the contents of the database. Although the ECJ did not preclude the creator of the materials from claiming the protection of the Database Right, he could only claim the right if he could establish that the obtaining of the materials, or their verification or presentation, required substantial investment in quantitative or qualitative terms which was independent of the resources used to create the materials themselves. While companies may be able to separate the functions of collecting the materials and importing them into a database, it is unlikely that they would wish to make further substantial investment independent of the original collection and verification of the data in order for the database to qualify for Database Right protection.

6.3.2 This is particularly important in respect of the compilation of data for sports governing bodies and other not-for-profit organisations which rely on revenue from information they create and place in databases. While they may be able to rely upon current licences to generate revenue from their databases, it is unlikely that the licensees will wish to renew licences for the data on similar terms and may decide that a licence to use the data in the future is unnecessary.

6.3.3 We do not know what the intention is in relation to the collation of data for the Olympic events, but this may be an important issue for the Olympic governing body if it intends to obtain revenue from data collected for Olympic events and is an issue that should be reviewed in respect of the Olympic Games to be held in the UK in 2012.

6.3.4 We believe that the decisions referred to above will also affect the protection afforded to other companies’ databases including, for example, database publishers and information suppliers. There is also a danger that in other cases, the court will conclude that only a small proportion of the investment for establishing or updating a database was used for the collecting and verifying of the data and that therefore Database Right protection is not available. The scope of the right has therefore been limited beyond the original intention of the European Commission.

6.3.5 Although the narrow construction of the Database Right has been accepted in some circles as dealing with the potential problem of the abuse of a dominant market position by the creators and operators of “*single-source*” databases (ie those who create the data from information only available to them and then license its use), it is submitted that this protection is unnecessary as Article 82 of the EC Treaty and the jurisprudence relating to competition law adequately covers this situation.

6.4 **Duration of the Database Right**

6.4.1 A further concern is the duration of Database Rights. A database is protected by Database Right for 15 years. Any substantial change to the contents of a database, including a substantial change resulting from the accumulation of successive additions, deletions or alterations, which would result in the database being considered to be a substantial new investment, shall qualify the database

resulting from that investment for its own term of protection (pursuant to section 17(3) of the CRDR). None of the terms used in this provision have a precise legal definition and there is therefore uncertainty as to what will be termed a “*substantial change*”. Some that it would seem should be entitled to this protection may be denied it. There is also a danger that some databases may be able to obtain indefinite protection (longer even than the protection given to “*original databases*”) through this provision.

6.5 Review of the Database Right required

6.5.1 In its review of the Directive, the European Commission considered whether the Database Right should be repealed but concluded that there were significant numbers of database owners who were in favour of the right remaining. We agree that the Database Right should remain in force but submit that clarification of its terms and effects are required. We further submit that such clarification should take place preferably without multiple references to the ECJ for clarification on the meaning of the wording of the provisions of the Directive, as such references are costly and take many years to resolve, and in the meantime, there is extensive uncertainty in the marketplace.

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