A BRIEF NOTE ON DATABASE PROTECTION AND THE UNITED STATES

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The worldwide push for legal protection for databases has made it imperative to address the permissibility of such legislation. Nowhere is it more in question than it is in the United States, where not only the statutory copyright scheme casts doubt on the proposition, but, more importantly, the Constitution. The European Union issued its Database Directive without so much as a murmur of concern about the impropriety of such legislation.[2] The same is true for New Zealand legislation on the topic.[3]

Predictably, its questionable constitutionality has not deterred the industries that would benefit–the computer software industry, the media industry, and the stock price information industry–from proposing such legislation. Indeed, the various industries have urged passage in the United States Congress with all due speed. But its doubtful constitutional pedigree should give pause to the Congress.

The following letter to the Senate, laying out the chief constitutional difficulties with providing property rights in databases, was written at the behest of the National Academy of Sciences, which has lobbied heavily in opposition to such legislation. This letter, along with the concerns of scientists and librarians, prompted the

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[2]Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the Legal Protection of Databases, 1996 O.J. (L 77) 20.

[3]L Longdin, "Copyright Protection for Computerized Compilations: A Cautionary Tale from New Zealand", (1999) 5 *International Journal of Law and Information and Technology* 249.

Department of Justice to express serious reservations about such legislation.[4]

Since writing the letter, I have distilled the constitutional problems with database protection into a series of propositions that ought to guide the enactment of such legislation in the United States.[5] They elaborate on and clarify its premises. The criteria for constitutional database protection in the United States are the following:

(1) *Data vs. Database.* It is considered that the extent to which database legislation protects data itself rather than the data*base*, will face constitutional difficulties. Under entrenched Supreme Court doctrine, data and information may not be made the subject of copyright and must be as free as possible for the general public.[6] Thus, the database proposals that would protect the database creator from borrowing as few as two pieces of information raise serious constitutional concerns.[7] The line of protection must be moved significantly closer to the entirety of the database. At the very least, a majority of the database should have to be taken before database rights arise in order to ensure that information *per se* is free.

(2) *Industry Protectionism vs. Fostering Competition.* The most persuasive argument for database protection lies in the theory of misappropriation.[8] Under the Constitution's Copyright Clause, databases may not be protected as copyrightable works.[9] Rather, such

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[4]*Consumer and Investor Access to Information Act of 1999: Hearings on H.R. 1858 Before the Subcomm. on Telecommunications, Trade, and Consumer Protection of the House Comm. on Commerce*, 106th Cong. (1999) (statement of Andrew J. Pincus, General Counsel, U.S. Department of Commerce) (available at <http://www.uspto.gov/web/offices/dcom/olia/hr1858 .htm>).

[5]See "Database Protection and the Circuitous Route Around the United States Constitution" in C Rickett (ed) *International Intellectual Property and the Common Law World*, Oxford, Hart Publishing, (forthcoming 1999).

[6]See, e.g., *Feist Publications, Inc. v. Rural Telephone Service Co*, (1991) 499 U.S. 344 at 340; *Harper & Row, Publishers, Inc. v. Nation Enters* (1985) 471 U.S. 539 at 556 ("No author may copyright his ideas or the facts he narrates.").

[7]See generally, Rickett, n5 (discussing various database legislative proposals in the EU, the United Kingdom, the World Intellectual Property Organization, and the United States).

[8]Rickett, n5

[9]*Feist Publications, Inc. v. Rural Telephone Service Co*, (1991) 499 U.S. 344 at 340.

protection most likely must arise under the Commerce Clause and it should foster competition, not serve as a form of industry protectionism.

(3) *Clarity in Drafting to Avoid Chilling Expression.* The First Amendment requires Congress to enact database legislation that is sufficiently clear so as to chill as little expression as possible. The end of preventing free-riding on the piracy of a database may be constitutionally permissible, but the legislation should not contain such vague language that a wide range of expression is chilled for fear of violating the database law. The legislation needs to be tailored narrowly to a legitimate end, a constitutional requirement that limits its sweep, both in terms of substantive coverage and duration.[10]

(4) *The Factual Premises for Database Protection Need to Be Investigated.* Both of the pending bills before the U.S. House of Representatives require a report on the effects of such legislation if it is passed.[11] The reason for such a reporting requirement is plain: there is precious little reliable information on the vitality of the database industry and the need for legislation protecting the industry from free-riders. The time is ripe for economists, sociologists, historians, and others to analyze this remarkable legislative initiative and its potential to place power over a gathering of facts in the hands of already quite powerful industries. The United States Constitution is premised on the presumption that all concentrations of power should be feared for their potential for tyranny.[12] The empirical case has yet to be made that database protection is necessary, efficacious or a contribution to the public good.

As database proposals have wound their way through the thicket of legislative consideration in the U.S., several troubling features

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[10]Rickett, n5

[11]*Database Investment and Intellectual Property Antipiracy Act* (1996) H.R. 3531, 104th Cong. (1996); Consumer *and Investor Access to Information Act*, H.R. 1858, 106th Cong. (1999) (The Antipiracy Bill and the Access Bill contain a reporting requirement, which reflects the tentativeness with which the United States is approaching such legislation. They call for a reporting requirement whereby the Federal Trade Commission to Congress within thirty-six months of enactment to ascertain the state of the database market, including the availability of databases and information, the extent of competition between producers, and the amount of investment in the industry. See Rickett, n5 at 108).

[12]MA Hamilton, "Power, the Establishment Clause, and Vouchers", (1999) 31 *Conn. Law Review* 807; MA Hamilton, "*A Reply*", (1999) 31 *Conn. Law Review* 1001.

appear to have become fixtures. The newest version of H.R. 354, The Collections of Information Antipiracy Act, continues to protect information *per se* rather than collections of information, or databases.[13] While individual items of information may not be protected under the bill, more than one piece, even two pieces, of information could be if two form a "substantial" part of the collection. That is a very low bar for the database owner, which permits him to threaten users even when they take small amounts of data. Thus, the chilling effect of the bill, with its civil and criminal penalties, is enormous even when the database owner is unlikely to win.

The new bill also employs the vague terminology that will open such bills to constitutional challenge. To elaborate on the point just made, the new version of H.R. 354 protects "substantial" parts of a database but does not offer a definition of the term. Rather, it only states that individual elements "shall *not* itself be considered a substantial part of a collection of information."[14] If H.R. 354 passes, Congress will be handing courts a broad spectrum of options for determining what is "substantial."

Indeed, the term "substantial" may well have impacts on how databases are packaged by the industry. The smaller the database, the less information that can be counted in considering whether there is a "substantial" taking.

Each iteration of the bill has tried to address new problems identified, but with each iteration, the intent to provide expansive rights in information for database owners becomes more apparent. In the new H.R. 354, there is a provision that appears to provide on its surface that "transformative uses" of information may not be trumped by the database owner. The fine print, though, disproves this thesis. Transformative uses of information are protected against attack by database owners only if the information employed is determined to be "necessary" and only when employed through "investment of substantial monetary and other resources."[15] Once again, the bill is being drafted in a way that will meaningful chill the use of information, even when that use is for transformative works.

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[13]H.R. 354, sec. 1403(d), 106th Cong., 1st Sess. (1999).

[14]*Id.* (emphasis added).

[15]*Id.* at sec. 1403(c).

Suffice it to say that the road to finding a constitutional database bill is winding. The proposals in the Congress are only a first step in a long journey that will culminate in the courts and on the international intellectual property arena.

LETTER TO THE U.S. SENATE FROM MARCI A. HAMILTON

September 4, 1998

The Honorable Orrin G. Hatch
Chairman
Committee on the Judiciary
United States Senate
Washington, DC 20510

RE: Collections of Information Antipiracy Act (H.R. 2281, Title V)

Dear Senator Hatch:

I am writing in my personal capacity as a constitutional law and an intellectual property law scholar to express my view that the Collections of Information Antipiracy Act violates the United States Constitution. I am Professor of Law and Director of the Intellectual Property Law Program at Benjamin N. Cardozo School of Law, Yeshiva University, and teach and write extensively in both fields. In addition, I frequently advise individuals and governments on issues involving constitutional and copyright issues, especially at the Supreme Court level. Please distribute this letter to members of the Judiciary Committee and include it in the public record.

As drafted, this bill is likely to be invalidated as an unconstitutional exercise of congressional power. It attempts to create expansive property-like protection in data and information in contravention of the Copyright Clause and the First Amendment.

Few matters go to the heart of the United States' political foundation more directly than this one. Congressional transfer of the marketplace of ideas from the people to the hands of a few is an affront to the long tradition of liberty on which this country rests.

1. **The Copyright Clause.** Congress may not create property rights in information under the Copyright Clause.

Congress is limited to the exercise of its enumerated powers in Article I and various amendments to the Constitution. Thus, if there is any power over information, it must be located in a particular power listed in the Constitution. The Copyright/Patent Clause states:

> The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

U.S. Const., art. I, sec. 8, cl. 8.

Speaking unanimously, the United States Supreme Court has made it clear that the Copyright Clause protects original works of authorship and prohibits copyright protection of data and information. See Feist Publications, Inc. v. Rural Telephone Service Co., 499 U.S. 340, 346-47 (1991).

As a constitutional matter, only works of "originality" are eligible for copyright protection. Feist, 499 U.S. at 340. Because data and information do not exhibit a mark of originality, they are categorically excluded from copyright protection. See Feist, 499 U.S. at 344-48; Harper & Row, Publishers, Inc. v. Nation Enterprises, 471 U.S. 539, 556 (1985) ("No author may copyright his ideas or the facts he narrates.").[1]

The mere act of independent creation of a work, a fact, or an idea is never sufficient to justify copyright protection under the Copyright Clause. The Court made clear in Feist that the "sine qua non of copyright is originality" and that the "originality" requirement is a two-part test:

> To qualify for copyright protection, a work must be original to the author. Harper & Row, [471 U.S.] at 547-549. Original, as the term is used in copyright, means only that the work

[1] While Congress has great latitude to make policy decisions within the bounds of its enumerated powers, it must give deference to the Court's interpretation of the Constitution. See generally Boerne v. Flores, 117 S. Ct. 2157 (1997) (citing Marbury v. Madison).

> was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity.

499 U.S. at 345 (emphasis added).

The reason data, facts, and ideas are categorically excluded from copyright protection is that they are the "building blocks" necessary for the creation of new works. See, e.g., Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 54 (1936). When combined with those original works that have entered the public domain, authors and scientists have the raw materials to achieve the constitutional goal set by the Copyright Clause, to "promote the progress of science and useful arts" through the production of new works. Harper & Row, 471 U.S. at 548 ("[C]opyright does not prevent subsequent users from copying from a prior author's work those constituent elements that are not original . . . [including] works, facts, or materials in the public domain.").

By limiting copyright protection to the "limited times" denominated in the Copyright Clause and keeping facts, data, and ideas free, the Constitution ensures a plentiful public domain from which new works can be created and an "uninhibited, robust, and wide-open" marketplace of expression. New York Times v. Sullivan, 376 U.S. 254, 270 (1964). In this way, the Copyright Clause and the First Amendment are essential partners in the preservation of liberty. The extensive database protection proposed in the Information Antipiracy Act threatens that liberty.

In sum, the Court has interpreted the Copyright Clause to permit copyright in only those works which are original and to prohibit copyright in that which lacks originality. The two requirements mutually presuppose each other. If Congress were to attempt to provide property protection for information, it would violate the Copyright Clause's prohibition on such protection.[2]

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[2] The same reasoning, in the patent context, was employed in Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141 (1989), where the Court held that a state could not provide patent-like protection supplementing federal patent law, because the law, by indicating that which was to be protected, also implicitly indicated that which could not be protected and must be free. Bonito Boats, 489 U.S. at 156-57.

The bill attempts to sidestep this problem through the label "misappropriation," as though Congress has created a tort rather than a property right. The label, however, does not gainsay the fact that the bill plainly attempts to create property rights in information by excluding others from using substantial portions of a database without permission and providing both civil and criminal penalties for those who trespass on such data. In the context of Feist, the "misappropriation" label rings as a pretext.

2. **The First Amendment.** The First Amendment places severe limits on Congress's ability to place property rights on information in a way that would impede the flow of ideas in the marketplace of ideas. Harper & Row, 471 U.S. at 560, 569. Copyright law has been upheld in the face of First Amendment challenge on the presupposition that it protects expression only, while the ideas and facts contained in any expression remain free. This bill's exception for "news reporting" does not begin to address the vast scope of the marketplace of ideas that would be adversely affected by the bill and that would invite litigation challenging the constitutionality of the bill. What about artistic use of data? Or the use of data in political speech? Or its use in classrooms? If the bill is enacted as currently drafted, one can expect the courts to carve out large areas of application to protection First Amendment values.

The potential harm posed by this bill to the marketplace of expression is difficult to overstate. Even if it does not completely prohibit all uses of data collections, it certainly chills the marketplace of expression by creating barriers to data use and by employing draconian remedies to enforce such barriers. Its chilling effect is more than sufficient to justify invalidation as an ultra vires action by Congress well beyond the power enumerated in the Copyright Clause and as a violation of the First Amendment.

3. **The Commerce Clause.** Some have argued that if the Copyright Clause does not provide the power to protect data, then the Commerce Clause should. This analysis mixes constitutional apples with oranges. The Commerce Clause (as well as every other enumerated power) only empowers Congress to act to the extent that such laws do not conflict with other constitutional prohibitions. Commerce Clause protection of data would necessarily enervate the marketplace of ideas and public domain materials, and therefore come into conflict with the Copyright Clause's directive to keep the building

blocks of expression free and available. It also conflicts with the First Amendment.

The question, thus, is which Clause would trump: the Commerce Clause's arguably implied permission to enact such a law or the Copyright Clause's prohibition on such property protection. I have little doubt that the Copyright Clause's prohibition would trump. Cf. New York v. United States, 505 U.S. 144, 167, 173 (1992); Philadelphia v. New Jersey, 437 U.S. 617, 622-23 (1978) (stating that the exercise of enumerated powers are subject to other constitutional constraints).

4. Noncopyright Protection of Information. The only hope for congressional power to provide protection for information lies in dictum in Feist, where the Court states that "[p]rotection for the fruits of [data] research . . . may in certain circumstances be available under a theory of unfair competition." Feist, 499 U.S. at 354. The question raised by this statement is: what "circumstance" would justify protection of information? From the Court's intellectual property and First Amendment decisions, the circumstances must be exceedingly narrow.

The Court has held that information could be protected for very short periods of time (24 hours) in certain, narrow circumstances, such as news reporting. See International News Service v. Associated Press, 248 U.S. 215, 241 (1918). The guiding constitutional principle is that information should be as free as possible. In other words, any law impeding the flow of information must be narrowly tailored to an existing market evil.

This bill is neither narrowly tailored nor does it rest on a factual base that indicates there is a market evil in need of federal legislative action. It permits individuals to horde information for up to 15 years, and it rests on no factfinding by Congress that would indicate the necessity for such an invasion of the marketplace of ideas.

It is informative to compare the reference to unfair competition in the Court's unanimous decision in Feist with the discussion of unfair competition law in the Court's unanimous decision in Bonito Boats, both of which were written by Justice Sandra Day O'Connor. In Bonito Boats, the Court stated that unfair competition law is concerned "with protecting consumers from confusion as to source. While that concern may result in the creation

of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation." Bonito Boats, 489 U.S. at 157. H.R. 2281 does not fare well under this reasoning, because it is not a narrowly drafted unfair competition law intended to protect consumers, but rather on its face is an attempt to protect producers who have invested in databases.

In addition, competition law is not supposed to provide a tool for some competitors to wield against others, but rather a means of furthering competition. See Northwest Power Products, Inc. v. Omark Indus., Inc., 576 F.2d 83, 89 (5th Cir. 1978); Manufacturing Research Corp. v. Greenleetool Co., 693 F.2d 1037, 1043 (11th Cir. 1982). This bill is anticompetitive because it would reduce dramatically the storehouse of raw materials available to authors and inventors.

Thank you for permitting me to share my concerns about H.R. 2281 with you. I would be happy to discuss the bill, and the constitutionality of database protection, with you at your convenience.

Sincerely,

Marci A. Hamilton
Professor of Law
Director, Intellectual Property Law Program

cc: Mr. Edward Damich
Ms. Marla Grossman
United States Senate
Senate Committee on Judiciary