

Briefing Note: Database Rights

Introduction

In today's society, much of the employer's business information will be contained electronically, often in some form of database. For many businesses, the database is their only asset. The information contained in a database may or may not be capable of protection on the grounds of confidentiality. Whilst individual items of information do not necessarily attract property rights, compilations of data may be protected under intellectual property law.

The main source of protection for owners of databases is to be found in the Database Directive¹. The Database Directive is implemented in English law by the Database Regulations².

The Database Regulations create two rights. Firstly, Database Copyright where the database itself is a literary work of the author's own intellectual creation. The second right, known as the Database Right, does not depend upon the employer establishing either the existence of copyright or the existence of confidentiality. It is the right most likely to be of use to employers in the protection of their business information.

This Briefing Note should not be relied upon as legal advice and you should contact us for advice on your specific circumstances.

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What is a "Database" under the Database Regulations?

A database is a collection of independent works, data or other materials which are:

1. Arranged in a systematic or methodical way; and
2. Individually accessible by electronic or other means³

It follows from the reference to "other means" that a database could be a manual paper-based system, such as a card index.

A database will qualify for protection as a Database Right if "there has been a substantial investment in obtaining, verifying or presenting the contents of the database"⁴. Investment for these purposes means "any investment whether in financial, human or technical resources"⁵.

It follows that what is important is the way in which the information has been assimilated and maintained rather than the nature of the information itself. It is immaterial whether the information comprising the database is confidential. To this extent, it has proved an effective alternative means of securing protection against wrongdoing in circumstances where the information taken may fall short of confidential information⁶.

Establishing that there has been a substantial investment is not always straightforward. The investment in question is the investment in the creation of the database and not the investment in the creation of the contents of the database itself⁷. In the employment context this may mean that documents created and stored in a haphazard way by an employee during the course of his employment in a particular folder will not

¹ Directive on the Legal Protection of Databases 96/9/EC

² Copyright and Rights in Database Regulations 1997 (SI 1997/3032)

³ Regulation 12(1) of the Database Regulations

⁴ Regulation 13(1)

⁵ Regulations 12(1)

⁶ See for example *Crowson Fabrics Ltd v Rider* [2008] IRLR 288

⁷ *British Horse Racing Board Ltd v William Hill Organisation Ltd* [2004] ECR I-10415

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qualify for protection because the investment concerned, is not the original investment in the employee obtaining or creating the source material but the investment of the employer in assembling that material in the form of a database.

Who Owns the Database Right?

To qualify for the Database Right the maker of the database must be either a natural person, who is a national of or habitually resident in the European Economic Area ("EEA") or an incorporated legal entity under the laws of an EEA state with its central administration or principal place of business or its registered office in an EEA state and its operations linked on an ongoing basis with the economy of an EEA state or alternatively a partnership or other unincorporated body formed under the laws of an EEA state,

This may mean that even if a database is created in the UK by UK employees for a US company, the database will not be protected if the company did not have a registered office in the UK⁸.

Assuming the territorial limitation can be overcome the person who takes the initiative in obtaining, verifying or presenting the contents of a database and assumes the risk of investing in that obtaining, verification or presentation will be the maker and therefore the owner of the database⁹.

Importantly where the work to obtain, verify or present the database is carried out by an employee in the course of his employment then the owner of the database is the employer, in the absence of any agreement to the contrary¹⁰. Despite this default position it is still wise to make it clear in the contract of employment that the ownership of any database that the employee may create or help to create vests in the employer.

In assessing whether the work was done "in the course of employment" the court will ask itself two questions:

- Was the work which was done, the kind of work which the employee was engaged to do?
- Was the work in fact done in the course of employment?¹¹

The courts have held that where an address list is maintained in Microsoft Outlook, or a similar program which is part of an employee's email system and backed up by the employer, the database will belong to the employer¹². The fact that some of the material may have been derived from information which the employee possessed before he started employment was immaterial. Despite this, the courts have stated that it is highly desirable that employers should devise and publish an email policy, dealing with the ownership of such information¹³. By analogy the same guidance and approach will apply to contacts created on social media networking sites such as LinkedIn.

It should be noted that the default rules of database ownership apply only to the employer-employee relationship. Where, for example, commercial agents, rather than employees, compiled and maintained a database of customer contact details, it was decided that the Database Regulations did not apply¹⁴.

⁸ Regulation 18

⁹ Regulation 14(1)

¹⁰ Regulation 14(2)

¹¹ Section 11(2) Copyright, Designs and Patents Act 1988

¹² *Pennwell Publishing (UK) Ltd v Ornstien* [2007] IRLR 700 (QB)

¹³ *ibid*

¹⁴ *Cureton v Mark Insulations Ltd* [2006] EWHC 2279 (QB)

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How Long Does the Database Right Last for

The Database Right lasts for 15 years from the end of the calendar year in which the making of the database was completed¹⁵. However, where a substantial change to the contents of a database is made, resulting in a substantial new investment, the change shall qualify the database to a fresh period of 15 years protection¹⁶.

How is the Database Right Infringed?

A Database Right is infringed if, without the consent of the owner, a person extracts or re-utilises all or a substantial part of the contents of the database¹⁷.

Extraction means the permanent or temporary transfer of the contents to another medium by any means or in any form¹⁸. This would include copying the contents on to another electronic storage device or printing off a hardcopy.

Re-utilisation means making those contents available to the public by any means¹⁹. This will include distribution of copies, renting or transmitting on line²⁰.

The extraction or re-utilisation has to be substantial in relation to quantity or quality or a combination of both²¹. It follows that if the most valuable part of the database is copied, even though this reflects a small percentage of the overall data, the right will still have been infringed.

What Remedies are Available?

The remedies available for infringement of the Database Right are identical to those available for infringement of copyright generally including all such relief by way of damages, injunctions, orders for delivery up, accounts or otherwise²².

It is a defence to a claim for damages (but not an injunction) that the defendant did not know and had no reason to know that a database right subsisted in the database²³.

Damages may be awarded in order to compensate the claimant but additional damages are also available if the court is satisfied that justice requires it having regard to the flagrancy of the infringement and any benefit accruing to the defendant by reason of the infringement²⁴.

“Flagrancy” requires scandalous conduct, deceit, a couldn’t care less attitude²⁵ or infringement in breach of a court order²⁶. Flagrancy damages will usually be awarded where the infringement was deliberate and calculated to enable the defendant to secure a financial reward exceeding the amount of damages he would otherwise have to pay.

¹⁵ Regulation 17(1)

¹⁶ Regulation 17(3)

¹⁷ Regulation 16(1)

¹⁸ Regulation 12(1)

¹⁹ Regulation 12(1)

²⁰ Article 7(2)(b) of the Database Directive

²¹ Regulation 12(1) of the Database Regulations

²² Section 96 Copyright, Designs and Patents Act 1988

²³ Section 97(1)

²⁴ Section 97(2)

²⁵ *Nottinghamshire Health Care v News Group* [2002] RPC 49

²⁶ *Sony Computer Entertainment Inc v Owen* [2002] EWHC 45

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If you would like to know more about this topic or our other legal services, please contact Paul Maynard pcm@gabyhardwicke.co.uk

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