BCLP. Client Intelligent

Insights

PROTECTING YOUR INVESTMENT IN DATABASES CREATED IN THE UK OR THE EU DURING THE TRANSITION PERIOD (AND AFTERWARDS)

17 December 2020

The UK introduced the free-standing ('sui generis') EU database right in 1997. This right gives protection to a maker of a database, where a substantial investment has been made in either obtaining, verifying or presenting the content of a database. It gives the maker of the database a right to protect that content from extraction and/or re-utilization in whole or part, which lasts for 15 years (unless substantially changed because of a 'substantial new investment', when the amended database will qualify for a new 15 year term). All trends suggest that the value of databases will only increase as companies drive new value from their holdings of data (e.g. by applying machine learning technologies to data sets) and increasingly rely on data-driven sources of revenue. A neat illustration of the relevant principles can be seen a recent case,[1] where the *transfer* of data from a database constituted an 'extraction' and was a breach of the database right. And protection of data displayed on websites is a perennial concern (particularly for those in the travel industry) with a slew of cases being brought across Europe to prevent data being 'scraped' from websites (in breach both of the website terms and conditions and the website owner's rights in the data).

This sui generis database right is a separate right to the copyright protection afforded to the *content, layout or structure* of a database, although in some circumstances a database may be protected by both database rights and the law of copyright.

However, after 31 December 2020, how will databases be protected in the UK and what rights will UK makers of databases enjoy in the EU?

- The withdrawal agreement has guaranteed that database rights that come into existence in the UK or EEA prior to 31 December 2020 (irrespective of whether the holder is based in the UK or EEA) will subsist in the UK and the EEA for the remainder of their term of protection. For this reason, it is advantageous for those who have been creating and exploiting databases during the transition period to ensure that those development works have been (where possible) undertaken via a European entity, which is not located in the UK. This ensures that any database developed during the transition will qualify for the database right and will be recognised in both the EU and the UK after 31 December 2020.

- To the extent any substantial changes are subsequently made to a database which is in existence as at the end of 2020 (so that the database could be considered the subject of a substantial new investment) this may qualify the resulting database for a further 15 year term of protection. This can be achieved on a rolling basis where the database is substantially updated at regular intervals. It is an open question whether, depending on the identity of the person undertaking the development, this further term of protection applies in the UK only (if a UK person or entity makes the changes) or in the EEA only (if an EU27 person or entity makes the changes). This obviously creates complexities for multinational companies operating shared databases held on a single server and which are used and/or developed by employees in both the UK and the EEA, in both determining subsistence of any database right (whether UK or EU) and how to enforce rights in the database, when it is infringed. Another related question is how to determine ownership of the right where it has been worked on jointly, with this likely to be determined by the national law of the place where the work has been undertaken. To reduce some of the complexity, companies may wish to review and update their intra-company licensing arrangements to ensure the creation, ownership and use of the database is clearly documented.

- After 31 December 2020, UK based businesses and individuals will not be eligible to receive or hold any **new** *sui generis* database rights in the EEA. At this point, it will be important to check whether any UK-based databases you want to exploit in the EEA will be protectable in copyright. Can they be licensed to entities in the EEA from the UK subject to contractual safeguards about how the database content can be used (to prevent extraction and dissemination of the content)? Where the contract does not specifically cover extraction, it may be difficult to enforce any rights where content that is not subject to copyright protection has been extracted and any potential copyright protection in the layout of the database has not been reproduced. It will not likely be possible to bring an infringement action to prevent such extraction and use. Those wishing to continue licensing use of such databases in the EEA should consider if any further development activity in relation to newly created databases should be undertaken by a maker based in the EEA, so that the database will benefit from the EU right, and then licensed for use to any UK businesses.

- The UK is to introduce its own sui generis database right.[2] After 31 December 2020, UK legislation protecting databases made in the UK will only apply to UK based businesses and individuals. There will be no protection for UK owners for the use of UK database rights in the EEA, unless otherwise agreed as part of the overall trade deal.

- What about access from the UK to EEA databases created in the EEA after 31 December 2020? These databases may not be protected by the UK database right, so there is a risk that EEA-based database owners will control use of the database by UK users (for example, by introducing licensing arrangements), to enable them to rely on contractual remedies if unauthorised use is made of the database. From an internal management perspective,

companies should audit their databases, to establish where these are held and which entities are making substantial changes to the databases as this may affect the ownership position (and the ability to enforce rights in a database against an unauthorised user). Intra-group licensing arrangements should therefore be reviewed.

Whilst the precise terms of the UK's departure from the EU at the end of the transition period are still not known and exit is imminent, there are some practical steps which can be taken now to limit the uncertainty for commercialisation and use of databases:

- To ensure you will continue to benefit from the European *sui generis* right, ensure that the maker of your database is located or based in an EU27 country, if the EEA is a significant market for that database content.
- Consider if any of your UK business activities depend on access to EEA-based databases and if there are contingency plans you can activate now to allow for continued access after 31 December 2020.
- Check if the layout, ordering, structure and any content in the database is or will be significantly original to merit copyright protection under English law which will still be available (without the need to seek registration).

Ash von Schwan is a senior IP associate in the London Technology & Commercial team at Bryan Cave Leighton Paisner.

Anna Blest is a knowledge development lawyer in the London Technology & Commercial team at Bryan Cave Leighton Paisner.

[1] 77M v Ordnance Survey [2019] EWHC 3007 (Ch)

[2] By means of the Intellectual Property (Copyright and Related Rights) (Amendment) (EU Exit) Regulations 2019 (SI 2019/605).

RELATED PRACTICE AREAS

- Intellectual Property and Technology
- Brexit

MEET THE TEAM

Anna Blest

London

anna.blest@bclplaw.com
+44 (0) 20 3400 4475
