

# Protection of information databases: Telstra Corporation Limited v Desktop Marketing Systems Pty Ltd

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## Overview

Databases are valuable assets in the information age. However, it has not been clear in Australia whether compilers of databases are able to protect their databases from copying by third parties.

A recent decision of the Federal Court clarifies the scope of copyright protection for databases and this is likely to have a significant impact on the use of electronic databases and compilations. It confirms that database users may need to obtain permission from copyright owners before they copy, adapt or transmit the contents of a database.

The Court decided that Telstra's white and yellow pages telephone directories are protected by copyright and that this copyright was infringed by a company which issued CD-ROM products based on those directories.

The primary issue in this case was the standard of originality required for a compilation of data to qualify as a copyright work. Is the effort and expense in gathering and listing of data sufficient to qualify the work as original, or is intellectual input in the selection and arrangement of that data required?

The Court reviewed the approach taken in other countries, particularly the US' decision in *Feist Publications v Rural Telephone Services Co, Inc*<sup>1</sup>. This decision held that white pages do not satisfy the requirement of originality and are therefore not protected by copyright. In *Telstra v Desktop Marketing*<sup>2</sup>, the Court found that the law which applies in Australia involves a low threshold of originality – effort in gathering and

listing of data is sufficient for copyright protection.

It is not clear whether future cases will take the same approach. The Court did not consider Australia's international obligations in this area<sup>3</sup> and the decision appears to be out of step with the international approach to the protection of databases. In addition, certain assumptions about authorship were made in the case, which may be challenged in future decisions.

Other countries, including the UK, have introduced legislation to address the protection of databases. It remains to be seen whether Australia will follow suit.

## Facts

Telstra published white and yellow pages directories. Telstra also produced 'heading books' which contain the categories for yellow pages directories.

Desktop Marketing Systems produced three different CD-ROM computer software products. Each product used data from Telstra's white and yellow pages directories and contained headings similar to those used by Telstra.

## Telstra's argument

Telstra claimed that Desktop Marketing Systems' products infringed Telstra's copyright in the white and yellow page directories and its headings books.

Telstra claimed that considerable effort is required to produce these directories and headings books. For example, for the white pages, this includes the selection of areas covered, the publication date, development of rules for the

arrangement of the listings and checking of listings.

Telstra claimed that the effort expended in producing the works is sufficient to attract copyright, but regardless, the selection and arrangement of the works attracts copyright.

## What is the standard of originality?

The Court reviewed the United Kingdom decisions on originality in the context of compilations of information. Those decisions held that copyright will subsist if there has been either sufficient intellectual effort in the selection or arrangement of the facts or if the author has engaged in sufficient effort in gathering the facts. For example, a dictionary, street directory, stock catalogue and train timetable have been protected as original copyright works. Copyright protects only a particular selection or arrangement of facts – it does not protect the facts themselves.

Desktop argued that the UK cases should not be followed. It claimed that the standard of originality requires the application of effort and ingenuity in the arrangement of the data, that Telstra's works do not meet this standard, and therefore are not protected by copyright. Desktop contended that the Court should follow the approach taken in the United States and Canada.

The US case of *Feist* is of particular relevance. The US Supreme Court decided that *Feist's* white pages directory was not sufficiently original to be a copyright work. Mere effort in collecting the facts was not sufficient. Originality required a minimum degree of creativity in the

selection and arrangement of the data. The white pages were "devoid of even the slightest trace of creativity".

A similar result was achieved in Canada in *Tele-Direct Publications v American Business Information*<sup>4</sup>. The Federal Court of Appeal decided that copyright did not subsist in the yellow pages directory because there was insufficient skill or judgement in the overall arrangement, regardless of the industrious collection of the information.

In *Telstra v Desktop Marketing*, the Court also reviewed the Australian cases, which support the approach of the UK courts to originality. Justice Finklestein considered that - especially sitting as a judge at first instance - it was not possible to jettison the existing Australian law and replace it with the principles of the US and Canadian cases.

The Court therefore found that Telstra's white pages, yellow pages and the heading books are sufficiently original and protected by copyright.

### **International obligations**

In the course of reviewing the Canadian authorities, Justice Finklestein referred to the North American Free Trade Agreement. This Treaty includes a requirement that compilations which constitute intellectual creations by reason of the selection or arrangement of contents should be protected.

However, Justice Finklestein did not refer to the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) - to which Australia is a signatory - which contains a similar requirement. Article 10 of the TRIPS Agreement states:

"Compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitutes 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."<sup>5</sup>

The World Intellectual Property Organisation WIPO Copyright Treaty 1996<sup>6</sup> also refers to the protection of compilations which constitute intellectual creations by reason of the selection or arrangement of contents.<sup>7</sup> WIPO has also proposed an international treaty on the protection of databases, however this has not been progressed.

While the international conventions do not prevent Australia protecting compilations which have a lower standard of originality, they display the emerging international standard of protection.

### **Approach in the UK and US**

The UK has introduced new legislation for the protection of databases<sup>8</sup>. This provides a more limited form of protection than copyright. This legislation was introduced following the European Union Database Directive<sup>9</sup>. The first case under this legislation has recently been heard and appealed<sup>10</sup>.

The US introduced the Collection of Information Antipiracy Bill which has since lapsed. If enacted, it would have protected those who collect, gather and maintain information through the investment of substantial resources.

The Court in *Telstra v Desktop Marketing* referred to a number of policies involved in the scope of protection of databases. Copyright protection of databases may inhibit the ability of later authors to build on earlier works. On the other hand, denial of copyright protection may inhibit the investment required to produce such databases and threaten the progress of information.

There is also a real question whether copyright is the most appropriate form of protection for databases. Other means of protection include separate legislation (similar to the recent UK approach) or possibly a regime of access for a fee. Another suggestion is copyright protection for databases coupled with a compulsory licensing regime.

### **The issue of authorship**

The parties in *Telstra v Desktop Marketing* proceeded on the assumption that it was unnecessary for Telstra to establish that a telephone directory had an author or that those involved in the preparation were joint authors. The Court noted, however, that these assumptions may not be correct. However, this issue was left for another day.

### **Implications of *Telstra v Desktop Marketing***

The decision clarifies that for databases to be protected by copyright in Australia, a low level of originality and creativity is required. It significantly enhances the rights of those who compile databases and confirms that database users may need to obtain permission from the owner of copyright in the database if they want to copy, adapt or transmit a database.

It remains to be seen whether Federal Parliament or future Australian courts will take a different approach to the protection of information databases.

<sup>1</sup> 499 US 340 (1991).

<sup>2</sup> (2001) 181 ALR 134.

<sup>3</sup> For example, Australia is a member of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). Under Article 10 of TRIPS, member states must protect compilations of data or other material which "by reason of the selection or arrangement of their contents constitute intellectual creations." However, an argument can be made that these obligations do not prevent a country from protecting databases which have a lower originality threshold.

<sup>4</sup> (1997) 154 DLR (4th) 328.

<sup>5</sup> See also footnote number 3 *supra*.

<sup>6</sup> *World Intellectual Property Organization Copyright Treaty* adopted by the Diplomatic Conference on Certain Copyright and Neighboring Rights Questions Geneva, December 2 to 20, 1996.

<sup>7</sup> As at the date of writing, Australia is not signatory to this Treaty and the Treaty is not yet in force.

<sup>8</sup> Copyright and Rights in Databases Regulations 1997 (UK).

<sup>9</sup> Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases.

<sup>10</sup> *British Horseracing Board Ltd. and Others v William Hill Organization Ltd.* [2001] EWCA Civ 1268 (31st July, 2001)