

CASE NOTES

Database Protection under Australian Copyright Law: *Desktop Marketing Systems Pty Ltd v Telstra Corporation* [2002] FCAFC 112

Professor Brian Fitzgerald¹ and Cheranne Bartlett²

The decision of the Full Federal Court in *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited*³ has raised the problem of how, and to what extent, copyright law should be used to protect factual compilations or databases under Australian law.⁴

The rise of the Internet and digital technology has seen a growth in the creation of databases. Generally, it is acknowledged that the creators of databases should be able to protect their investment in the creation and marketing of databases from free-riders who can quickly reproduce them. The challenge for the courts and legislatures has been to determine how and to what extent that investment should be protected. Should copyright law, a *sui generis* database law, or existing common law or statutory doctrine such as unfair competition or unjust enrichment be utilised?

One of the most fundamental principles of copyright law is that copyright does not protect ideas or facts but instead protects the form in which those ideas or facts are expressed. In order to attract copyright protection the work must satisfy the criterion of “originality”. Debate has surrounded the appropriate standard of

¹ Head of the School of Law, Queensland University of Technology, BA (Griff) LLB (Hons) (QUT) BCL (Oxon.) LLM (Harv) PhD (Griff).

² Legal Practitioner, BBus (SCU), LLB (Hons) (SCU), Grad Dip Legal Practice (QUT).

³ [2002] FCAFC 112 (15 May 2002).

⁴ On the notion and scope of “compilation” under Australian copyright law see: Davison M, *The Legal Protection of Databases*, Cambridge Studies in Intellectual Property Rights, Cambridge, pp 11-13, 2003.

originality required for factual compilations to attract copyright protection.

It is also important to distinguish between the selection and arrangement of the data and the data itself. The selection and arrangement of data will generally be protected by copyright although a standard alphabetical arrangement may not be protected. The question is whether the selection and arrangement requires a modicum of creativity or intellectual spark to be protected under copyright law or whether sweat of the brow or industrious collection/hard work is sufficient.

The context for the *Telstra* decision is the American case of *Feist Publications Inc v Rural Telephone Service Co Inc. (Feist)*⁵ In *Feist*, the US Supreme Court held that Rural's white page telephone directories did not satisfy the minimum standards for originality for copyright protection in the United States. The court held that for a compilation to be considered original, it must possess at least a minimal degree of creativity in the selection or arrangement of data.

In part as a consequence of the *Feist* decision the European Union (EU), World Intellectual Property Organisation (WIPO) and US Congress all contemplated the introduction of a *sui generis* legal regime for databases. The EU was the only one of the three to successfully implement such a regime. The EU Directive 96/9/EC on *Legal Protection of Databases* (1996) obliges the member states to legislate for the protection of database rights through a legal regime that is significantly different to copyright law.⁶

An important question in the *Telstra* case was whether the *Feist* standard of originality should be adopted in Australia.

(i) Facts

The primary issue in the case was whether copyright subsisted in Telstra's White and Yellow Pages telephone directories. Desktop had produced CD versions of the directories with a number of value-added features such as allowing people to search for names through postcode, address or reverse phone number searching. Telstra claimed

⁵ 499 US 340 (1991).

⁶ See further Davison M, note 4, at Chapters 3 and 4.

that, in doing this, Desktop had infringed the copyright in its telephone directories. Desktop responded by arguing that there was no copyright in the directories because the directories did not meet the requirement under s 32 of the *Copyright Act 1968* (Cth) that the work be original.

The deeper issue raised by the case was whether Australian copyright law would protect a compilation of data merely on the basis of sweat of the brow or industrious collection. The dilemma for the Federal Court was that if it did not recognise that copyright law could protect industrious collection or sweat of the brow, allow a second entrant to the market to copy the database and thereby free-ride on and profit from the significant investment put into the initial compilation of the data.

(ii) The Decision at First Instance

At first instance, Finkelstein J, relying on a series of English and Australian decisions, held that in the case of compilations it was not necessary for there to be originality in the sense of intellectual input or creativity. Sweat of the brow or industriousness was sufficient.⁷ Finkelstein J found that the case law established the principle that copyright will subsist in a compilation if there has been either sufficient intellectual effort in the selection or arrangement of the data or if the author has engaged in sufficient work or sufficient expense in gathering the data. Telstra's considerable effort in gathering and listing the data, although unimaginative and routine, was sufficient to attract copyright protection. On this basis, Finkelstein J held that copyright subsisted in Telstra's White and Yellow pages and that the respondent had infringed copyright.

His Honour explained:

In this case, the substance of the information that has been taken from Telstra's works (the directory portion of the directories and the headings that appear in the yellow pages directories and headings books) has been reproduced in the CD-ROMs. It must be remembered that copyright is not claimed for each particular entry, because copyright does not subsist in each individual recorded fact. It is claimed in the whole of the collected data,

⁷ *Telstra Corporation Limited v Desktop Marketing Systems Pty Ltd* [2001] FCA 612 at [84]-[85] per Finkelstein J.

ordered in a particular way. As regards the directories, the significant recorded facts (name, address, telephone number, and the relevant type of business) are the same, or substantially the same, as they appear in Telstra's works. While there are differences, they are in the detail. For example, when displayed on a screen, the information from the CD-rom does not appear as columns on a page. But the information can be retrieved in alphabetical order (by postcode rather than region) and can be examined in much the same way as one would read a column on a page. The fact that the alphabetical listings are by postcode and not region, is not a material difference. Nor is the fact that portions of the advertisements are not reproduced. As regards the headings, it is true that they appear once only in each yellow pages directory and that the heading appears with each business entry in the CD-roms. This difference is immaterial. All the headings have been taken, as have all the listings beneath those headings. The appearance of the headings and the listings in the CD-roms is sufficiently similar to constitute a reproduction.⁸

Finkelstein J's judgment was appealed to the Full Federal Court. The issue on appeal was whether Australian copyright law would protect a compilation of data, even though that data was arranged in an obvious (alphabetical) manner. The court considered whether copyright protection in Australian law requires independent creation and a modicum of creativity, or whether it simply requires that the work be independently produced and not copied.

⁸ *Telstra Corporation Limited v Desktop Marketing Systems Pty Ltd* [2001] FCA 612 at [104], [109]. On the notion of infringement see Davison M, note 4, pp 24ff.

(iii) The Appellate Decision

In a unanimous decision, the Full Court of the Federal Court (comprised of Black CJ, Lindgren and Sackville JJ) held that there was originality in the directories, created through Telstra obtaining and listing the data. Each justice delivered a separate judgment. Black CJ agreed in large part with the reasons for the decision given by Lindgren and Sackville JJ, adding only a few observations.

Lindgren J

After reviewing a long list of English and Australian cases on the protection of compilations, Lindgren J listed ten concluding points on the subsistence of copyright in compilations of factual information. In particular, he made the point that:

1. The concept of originality is correlative with that of authorship.
2. Authorship (likewise originality) does not require novelty, inventiveness or creativity, whether of thought or expression, or any form of literary merit.
- ...
5. One must apply the test of originality to the literary work, including a compilation, in which copyright is claimed to exist, as a whole, rather than dissecting it and applying the test to the individual parts.
6. The test of originality is whether the work was not copied but originated from the putative author.
- ...
9. It is not the law that where there is one way of expressing and arranging a whole of universe factual compilation, the compilation cannot attract copyright protection
10. There is no principle that the labour and expense of collecting, verifying, recording and assembling (albeit routinely) data to be compiled are irrelevant to, or are incapable of themselves establishing, origination, and

therefore originality. On the contrary the authorities strongly suggest that labour of that kind may do so.⁹

Justice Lindgren held that the principles that emerged from the “industrious collection” cases established that compilations of data can be protected even though they are not very creative in their selection and arrangement. Therefore, originality in relation to a compilation which is a sub-category of a literary work protected under Australian copyright law can be established, even though there is not a modicum of creativity in the way that it is arranged.

After finding that copyright subsisted in the White Pages and Yellow Pages telephone directories, Lindgren J then went on to look at whether infringement had occurred. In his view, in order to determine whether an infringement of a factual compilation has occurred, it is necessary to look at the interest which copyright is intended to protect in the particular case. He stated:

In the present case, that interest was the labour and expense of gathering together in the one place the details of all the members of a given universe – all the telephone subscribers in a region.¹⁰

He explained that the visual dissimilarity between Telstra’s and Desktop’s products regarded as a whole should not prevent a finding of infringement of copyright in the directories.

Justice Lindgren concluded that Desktop had reproduced a substantial part of the White Pages Directories¹¹ and that they had reproduced a substantial part of the Yellow Pages Directories.¹² He also made the point that part of the benefit that Desktop had received was the fact of being able to use a whole of universe certification of names and

⁹ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [160] (citations omitted).

¹⁰ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [223].

¹¹ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [244].

¹² *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [246].

numbers which could be used as a checklist for building an accurate database.¹³

Sackville J

Justice Sackville analysed a number of English and Australian authorities that dealt with the question of originality in compilations and produced the following summary of propositions as supported by the authorities:

1. A compilation will ordinarily be an **original** literary work for copyright purposes if the compiler has exercised skill, judgment or knowledge in selecting the material for inclusion in the compilation (as with a collection of commentaries) or in presenting or arranging the material (as with the births and deaths column in *John Fairfax v ACP*).
2. In addition, a compilation of factual information will ordinarily be an **original** literary work for copyright purposes if the compiler has undertaken substantial labour or incurred substantial expense in collecting the information recorded in the compilation.
3. In order for copyright to subsist in a factual compilation, on the basis of the labour or expense required to collect the information, the compiler must show that the labour or expense exceeds a minimum threshold. Various formulations have been advanced to describe the threshold requirement, but it is not necessary to pursue the issue further in this case. In this sense, the question of whether a factual compilation is original is a matter of fact and degree.
4. In assessing whether a factual compilation is an original work, the labour or expense required to collect the information can be taken

¹³ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [243]. The notion of “whole of universe” was explained by Lindgren J as follows: “There was reference in argument to Telstra claiming copyright in a ‘whole of universe’ compilation. The ‘universe’ was identified as all residential and business telephone subscribers (other than those with silent numbers), as recorded in each of Telstra’s directories. In theory, anyone independently compiling a list of all such subscribers would produce (doubtless after a very great deal of work and effort) an identical list to that published by Telstra in its directories. Moreover, there would be little option but to present the information in alphabetical order according to the names of subscribers. It was in this sense that the compilation was of the whole universe.” [274].

into account regardless of whether the labour or expense was directly related to the preparation or presentation of the compilation in material form, provided it was for the purpose of producing the compilations.

5. Copyright in a factual compilation will be infringed only where the alleged infringer takes a substantial part of the copyright work. Substantiality is to be determined by reference to the originality of that part of the work taken by the alleged infringer. Where originality in a factual compilation is found, in whole or in part, in the compiler's labour or expense required to collect the information, infringement depends on the extent to which the collected information has been appropriated by the alleged infringer. To this extent, too, the issue of infringement may involve matters of fact and degree.
6. These principles apply to "whole of universe" compilations.¹⁴

His Honour went on to hold that, given that copyright can subsist in a factual compilation on the basis of labour undertaken or expense incurred, copyright subsists in Telstra's White and Yellow Pages telephone directories.

Justice Sackville then turned to consider whether Desktop had infringed copyright in the directories. He noted that the information stored on Desktop's CDs contained virtually all the listing data published in Telstra's directories. He explained that, once it was accepted that the originality in the directories lies in the labour and expense involved in compiling the listing information, it followed that a substantial part of the information had been taken.

(iv) Policy Considerations

The judgments clearly evidenced a desire by the justices to protect the investment, sweat of the brow and labour resources put into the compilation by the Telstra Corporation. Concerns were raised about the potential monopoly over facts that this may give Telstra and Sackville J, in particular, looked at these policy considerations.

¹⁴ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [409] (citations omitted).

Justice Sackville pointed out that the policy considerations that permeate the law of copyright were especially apparent in the area of factual compilations.¹⁵ He referred to the judgment in *Skybase Nominees Pty Ltd v Fortuity Pty Ltd*¹⁶ of Hill J (with whom French J agreed) which observed that:

[T]ension in policy between the monopoly rights which are conferred upon the owner of copyright in a literary, dramatic or artistic work on the one hand, and the freedom to express ideas or discuss the facts on the other. While there will be an infringement of the copyright of an owner in a literary, dramatic, musical or artistic work where there is a reproduction of that work or a substantial part of it, the fact that another work deals with the same ideas or discusses matters of fact also raised in the work in respect of which copyright is said to subsist will not, of itself, constitute an infringement. Were it otherwise, the copyright laws would be an impediment to free speech, rather than an encouragement of original expression.¹⁷

His Honour noted that:

It is this tension between “incentive and dissemination” ... that underlies the difficulties raised by the present case. It underlies the difficulty of distinguishing between expressions of ideas (which are the subject matter of copyright) and the ideas themselves (which, generally speaking, are not).¹⁸

Justice Sackville held that copyright did subsist in the telephone directories and went on to hold that infringement had occurred. However, he made the point that:

This is not to say that affording copyright protection to the compiler of a factual compilation, who happens to enjoy monopoly privileges that facilitate the making of the

¹⁵ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* at [2002] FCAFC 112 at [339].

¹⁶ (1996) 36 IPR 529.

¹⁷ *Skybase Nominees Pty Ltd v Fortuity Pty Ltd* (1996) 36 IPR 529 at [531].

¹⁸ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [339]

compilation, is necessarily a satisfactory state of affairs. This was an issue raised, but not pursued in depth, in the course of argument. It is striking that Telstra in the present case, like Rural in *Feist*, was able, for at least part of the relevant period, to compile the information incorporated into its White Pages by virtue of monopoly powers granted to it by law. ... There may be powerful reason, in such circumstances, for requiring the owner of copyright in the compilation to submit to a compulsory licensing regime. ... A compulsory licensing regime might appropriately reward the monopolist's labour and expense, yet leave room for innovative competitors who cannot gain access to the basic information required to establish databases of potential commercial value.¹⁹

However, at the end of the day, Sackville J held in favour of Telstra having copyright protection for the telephone directories. He concluded:

A court is ill-equipped to undertake the inquiries and make the policy assessments necessary to resolve these issues. The questions are for Parliament to consider. In the meantime, Australian law recognises copyright in so-called industrious compilations, even in the case of whole of universe compilations prepared by monopolists.²⁰

(v) Is *Feist* in Point?

Their Honours carefully considered the US Supreme Court decision in *Feist Publications Inc v Rural Telephone Service Co Inc*.²¹ In *Feist* the United States Supreme Court held that facts as such were not copyrightable under the *US Copyright Act 1976* and to hold them so would be unconstitutional as Article 1 s 8 cl 8 of the *Constitution* provides that the power to enact copyright laws is given for the purpose of promoting “the Progress of Science and useful Arts, by

¹⁹ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [428].

²⁰ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [429].

²¹ 499 US 340 (1991).

securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”

The Supreme Court explained:

The *sine qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author... Original, as the term is used in copyright, means only that the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, “no matter how crude, humble or obvious” it might be... Originality does not signify novelty; a work may be original even though it closely resembles other works, so long as the similarity is fortuitous, not the result of copying. To illustrate, assume that two poets, each ignorant of the other, compose identical poems. Neither work is novel, yet both are original and, hence, copyrightable.

Originality is a constitutional requirement... In *The Trade-Mark Cases*, the Court addressed the constitutional scope of “writings.” For a particular work to be classified “under the head of writings of authors,” the Court determined, “originality is required.” The Court explained that originality requires independent creation plus a modicum of creativity... In *Burrow-Giles*, the Court distilled the same requirement from the Constitution’s use of the word “authors.” The Court defined “author” in a constitutional sense, to mean “he to whom anything owes its origin; originator; maker”... “No one may claim originality as to facts.” This is because facts do not owe their origin to an act of authorship. The distinction is one between creation and discovery: the first person to find and report a particular fact has not created the fact; he or she has merely discovered its existence. To borrow from *Burrow-Giles*, one who discovers a fact is not its “maker” or “originator.”²²

²² *Feist* 499 US 340 (1991) at [345-47] (citations omitted).

Building upon this reasoning, the court held that the copying of 1309 entries in the white pages of the telephone directory was not a copyright infringement nor was the selection or arrangement of the entries in basic alphabetical order creative enough to give a thin layer of copyright protection to the arrangement of the entries.²³

Justice Lindgren explained that simply because the reasoning in *Feist* had strong links to the content of Article 1 s 8 cl 8 of the United States Constitution, the copyright and patent's legislative power, did not necessarily make the reasoning in *Feist* distinguishable. He explained:

But it is commonplace that an objective of the grant of copyright, including that given in Australia, is to encourage the production of, relevantly, literary works in the public interest. It is true that the Australian constitutional head of power... is not confined as the American one is: accordingly, it is open to the Australian Parliament to make a law which does not have the purpose identified in Article 1 s 8 cl 8 of the United States Constitution, provided it is nonetheless a law with respect to copyright: *Grain Pool of Western Australia v Commonwealth* (2002) 202 CLR 479 at 498. But a careful reading of *Feist* does not persuade me that the result would have been different if the empowering constitutional head of power had been the Australian one rather than the American. The US constitutional notion of the "writings" of "authors" is found in the Australian legislation's notion of the "literary works" of "authors".²⁴

Justice Lindgren went on to say:

Feist is, however, distinguishable [because the statutory context ss 101, 102 and 103 of the *US Copyright Act*] put it beyond question that in the United States the requirement of originality in relation to a factual compilation is not satisfied by mere independent creation coupled with the labour and expense of

²³ See also *BellSouth Advertising & Pub Co v Donnelley Info Pub Inc* 999 F.2d 1436 (11th Cir. 1993).

²⁴ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [202]. See also Fitzgerald B, "(Australian) Constitutional Limits on Intellectual Property" [2001] *EIPR* 103; Fitzgerald B, "Digital Property: The Ultimate Boundary?" (2001) 7 *Roger Williams University Law Review* 47.

collecting and verifying the data to be compiled. Rather, it requires independent creation coupled with intellectual effort or a spark of creativity.²⁵

His Honour stated that the real question for the court in this case was whether the word “original” in s 32 of the *Australian Copyright Act* requires the intellectual effort or creative spark on which Feist insists, and he held that Anglo-Australian authority shows that it does not.²⁶

Justice Sackville also held that the Feist decision reflected considerations peculiar to the United States. He explained:

Desktop argued that the reasoning of the Supreme Court in Feist, although not binding on Australian courts, applied directly to the circumstances of the present case and, accordingly, should be followed. This submission, in my view, underestimates the extent to which the opinion in Feist reflects considerations peculiar to the United States. The conception of originality endorsed by the Supreme Court owes much both to its construction of the “Writings and Discoveries” power in Art I, § 8, cl 8 and to the terms of the *Copyright Act 1976 (US)*.

Mr Nettle acknowledged, as he had to, that constitutional issues played a part in the reasoning of the Supreme Court. But, so he argued, the Writings and Discoveries power, to the extent that it incorporates a minimum constitutional requirement for copyright protection of a “modicum of creativity” has an effect no different than s 51(xviii) of the *Constitution*. This argument encounters the difficulty that in *Grain Pools of Western Australia v Commonwealth* (2000) 202 CLR 479, at 498, the joint judgment pointed out that there were important textual differences between the two constitutional provisions. Their Honours noted, especially, the absence of the “purposive element” to be found in the introductory words of Art I, § 8, cl 8 (“To promote the progress of Science and useful Arts”) and said that s 51(xviii), unlike its counterpart, is not to be “constricted” by this purposive element. Perhaps more

²⁵ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [203].

²⁶ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [204].

importantly, their Honours were at pains to give s 51(xviii) of the *Constitution* a broad construction, specifically rejecting an argument that the boundaries of the power are to be ascertained by identifying the content of “copyright” in 1900. Nor does the reference in the joint judgment in *Nintendo Co Ltd v Centronics Systems Pty Ltd* (1994) 181 CLR 134, at 160, to “products of intellectual effort” being the subject matter of s 51(xviii) suggest that the scope of the power conferred by s 51(xviii) is confined in the same manner as Art I, § 8, cl 8. The comment in *Nintendo* was made in support of a broad construction of the constitutional power, sufficient to uphold the validity of the new rights conferred by the *Circuit Layouts Act 1989* (Cth).²⁷

Justice Sackville also held that the Supreme Court’s decision was informed by the language of the *Copyright Act 1976*.²⁸ Section 101 of the Act provides a definition of “compilation” as follows:

[A] work formed by the collection and assembling of pre-existing materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship.²⁹

His Honour held that this language had instructed the Supreme Court to adopt an approach requiring the existence of some minimal degree of creativity in the manner in which the factual material has been selected, co-ordinated and arranged.

(vi) The Appeal to the High Court

Desktop Marketing Systems Pty Ltd applied for special leave to appeal the decision to the High Court of Australia. The application was

²⁷ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [420-1].

²⁸ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [422].

²⁹ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [422] (emphasis added).

heard on 20 June 2003.³⁰ Desktop argued that the Full Federal Court erred in applying the industrious collection test which states that copyright can subsist in a factual compilation on the basis of labour undertaken or expense incurred. They argued that for a work to be considered original under Australian copyright law, an element of creativity is necessary.

Special leave to appeal the decision of the Full Federal Court was refused.

(vii) Canada

In the case of *CCH Canadian Limited v The Law Society of Upper Canada*,³¹ the Full Federal Court of Canada adopted the same approach as its Australian counterpart in *Telstra*. The question in this case was whether copyright subsisted in published law reports, and whether the Law Society of Upper Canada had infringed those copyrights through its custom photocopying service and by making free-standing copiers available in its library.

After a review of the authorities, the court held that Anglo-Canadian authority establishes that the test of originality under Canadian law does not require a minimum level of creativity. The court distinguished the Canadian standard from the American threshold for copyright protection established in *Feist* which the trial judge had mistakenly adopted. The court held that industriousness as opposed to creativity is enough to give a work sufficient originality to make it copyrightable. The work must merely be independently created and display at least a minimal degree of skill, judgment and labour in its overall selection or arrangement.

The court went on to find that copyright subsisted in the headnotes, case summary, reported judicial decisions and topical index and that the Law Society had infringed the publishers' right to authorise reproductions of those works.

³⁰ *Desktop Marketing Systems Pty Ltd v Telstra Corporation Ltd* M85/2002 (20 June 2003). A transcript of the application proceedings is available at: <http://www.austlii.edu.au/au/other/hca/transcripts/2002/M85/1.html>

³¹ 2002 FCA 187 (14 May 2002) *cf* *Tele-Direct Publications Inc v American Business Information Inc.* (1997) 3D 296 (FCA). See also Gervais D "Feist Goes Global: A Comparative Analysis of the Notion of Originality in Copyright Law" (2002) *Journal of the Copyright Society of the USA* 949.

Like the Australian Federal Court in *Telstra*, the Canadian judges did address policy concerns about the overprotection of works.³² However, the court considered that the fair dealing provisions of the Canadian Copyright Act were a more appropriate mechanism to consider user rights and counter any potential imbalance generated by a low threshold of originality. The court found that there was insufficient evidence to make a definitive conclusion on the fairness of the dealings by the Law Society.³³

The Supreme Court of Canada granted leave to appeal the decision of the Full Federal Court. The court heard the appeal in November 2003 and has yet to hand down its decision. The appeal involved arguments about the originality requirement and the defence of fair dealing.

Conclusion

Telstra is a significant decision in the sense that it will see copyright law being used as the vehicle (in Australia) for protecting databases with no creativity in terms of the selection and arrangement of data.³⁴ In the United States one would have to use unfair competition law, a contractual arrangement or possibly a technological protection measure. In Europe the EU Directive on Legal Protection of Databases (1996) and its implementation through national law would be invoked. Interestingly, this directive has been adopted in the United Kingdom through the Copyright and Rights in Databases Regulations (1997). The irony of this was pointed out by the Full Federal Court in relation to the fact that so many English decisions were used as the basis for arguing and accepting the principle that the *Telstra* compilation could be protected through copyright law.

³² See, for example, *CCH Canadian Limited v The Law Society of Upper Canada* 2002 FCA 187 at [59] per Linden JA.

³³ *CCH Canadian Limited v The Law Society of Upper Canada* 2002 FCA 187 at [123] per Linden JA and [292]-[296] per Rothstein J.

³⁴ Consider the impact this may have in the area of bioinformatics: McBride M Scott, "Bioinformatics and Intellectual Property Protection" 17 *Berkeley Tech L. J.* 1331; European Commission, *Managing IPR in a Knowledge-based economy – Bioinformatics and the influence of public policy* (2001); Reichmann J and Uhlir P, "A Contractually Reconstructed Research Commons for Scientific Data In A Highly Protectionist Intellectual Property Environment" (2003) 66 *Law and Contemporary Problems* 315.

The concern raised by Telstra is that copyright law is being used in essence to protect facts and sweat of the brow. A sui generis scheme such as that adopted in Europe, or some revitalised scheme of unjust enrichment³⁵ or unfair competition, may be a preferable way to reconcile the competing interests.³⁶

The major difficulty with the decision is that it will be unlawful to innovate on top of or, by using the Telstra database, to create a new improved yet similar database. Extracting facts from all the books in the world is allowable if my book is differently expressed, but extracting facts from all of the Telstra databases to innovate on top of them in a similar (yet standard) alphabetised way is not allowable for life of the author plus 50 years. This is tantamount to facts becoming the subject of copyright protection.

According to Lindgren J, the only way to avoid copyright infringement is to gather the facts through your own labour. As Lindgren J intimates you can innovate around the copyright database by compiling the data yourself and not simply extracting it from the original.³⁷ If this is the case then we have a doctrine of independent creation for compilations based on being able to avoid copyright infringement, not by not copying, but by expending your own labour. This is just one aspect that highlights the awkward application copyright will have in this area. Ultimately, we must ask whether copyright is the best vehicle, in social and economic terms, to protect databases. If the Full Federal Court and the High Court will not engage in this dialogue, which has stimulated much debate throughout the world then the government must move to address the situation. It

35 Fitzgerald B and Gamertsfelder L, "Protecting Informational Products through Unjust Enrichment Law" [1998] *EIPR* 244; *Matarese v Moore-McCormack Lines Inc* 158 F. 2d 631 (2nd Cir. 1946); *Bristol v Equitable Life Insurance Society of US* 132 N.Y. 264, 30 N.E. 506. (N.Y.C.A.).

36 Reichman J & Samuelson P, "Intellectual Property Rights in Data?" (1997) 50 *Vand L Rev* 51; Davison M, note 4, pp 272ff.

37 "It is at law, if not in practice, open to a person to ascertain all the facts recorded in a Telstra directory by independent inquiry and to compile his or her own directory containing the results. So long as the second compiler did not copy Telstra's product, there would be no infringement of any copyright in the (identical) Telstra directory, any more than the existence of copyright in a photograph of a scene signifies that there is copyright in the scene itself, which, therefore, a later photographer is not at liberty to photograph from the same viewpoint (cf *Creation Records v News Group Newspapers Ltd* (1997) 39 IPR!1)": *Desktop Marketing Systems Pty Ltd v Telstra Corporation Limited* [2002] FCAFC 112 at [26] per Lindgren J.

seems once again that we are threatening to stymie the innovations of digital technology by adopting the approaches of a bygone era. The two sides of the debate - investment and innovation/access - must be reconciled, without delay, in light of international developments and the growing significance of bioinformatics.

Postscript

The Supreme Court of Canada delivered its decision in the CCH appeal on 4 March 2004.³⁸ The court allowed the appeal.

The court agreed with the findings of the Full Federal Court on the issue of the subsistence of copyright in the headnotes, case summary, reported judicial decisions and topical index. However, they disagreed with the Full Federal Court's findings in relation to authorisation of copyright infringement and fair dealing.

The court considered the competing views on the meaning of "originality" in copyright law and held that the standard of originality under the Canadian Copyright Act is somewhere between the sweat of the brow or industrious collection standard and the Feist standard of originality.³⁹ It held that, to be considered "original", a work must be something more than a mere copy of another work. That something more was described as the exercise of skill and judgment. The court held that the exercise of skill and judgment must not be so trivial that it could be characterised as a purely mechanical exercise.⁴⁰ However, on the other hand, it held that it need not be creative, in the sense of being novel or unique.⁴¹

38 *CCH Canadian Limited v The Law Society of Upper Canada* (2004) SCC 13. The judgment of the Supreme Court was delivered by McLachin CJ.

39 *CCH Canadian Limited v The Law Society of Upper Canada* (2004) SCC 13 at [15].

40 *CCH Canadian Limited v The Law Society of Upper Canada* (2004) SCC 13 at [16].

41 *CCH Canadian Limited v The Law Society of Upper Canada* (2004) SCC 13 at [16].