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IP and Competition Law Newsletter Switzerland

Database protection and right enforcement: A spotlight on the differences between the EU and Switzerland

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In October 2012 the Court of Justice of the European Union ("ECJ") clarified in its decision **Football Dataco v Sportradar**[1] that **database infringement** not only occurs at the location of the server where the data is sent from, but also **in the place where an internet user accesses the data**.

This newsletter shall provide an insight to the ECJ's decision and an assessment of how a Swiss Court could have ruled on the matter.

1. The decision of the ECJ

Football Dataco is the owner of the database "Football Live" containing match information on the English football league. Sportradar, a Swiss company, provides results and other statistics relating *inter alia* to the English league via its website betradar.com. Betradar.com is hosted on servers in Germany and Austria, but was made available to UK internet users through links on the websites of Sportradar's customers providing betting services aimed at the UK market.

Football Dataco claimed at the UK Court of Appeal that Sportradar had copied match information from its database to its own competing website betradar.com.

The *sui generis* right under the EC Council Directive on the legal protection of databases (the "Database Directive"[2]), which has been transposed into UK law[3], provides protection to a database owner against extraction and/or re-utilisation of the contents of a database. In cases which concern tortious liability, the applicable conflict-of-laws rule establishes special jurisdiction on the part of the courts for "the place where the harmful event occurred or may occur"[4].

In order to assess whether Sportradar had infringed Football Dataco's database rights in the UK, the Court of Appeal had to establish whether the tortious act has taken place in the UK. With regard to this question, the Court of Appeal sought a preliminary ruling

1 Football Dataco v Sportradar (C-173/11)

2 Directive 96/9/EC.

3 UK Copyright and Rights in Database Regulations 1997 which amended the Copyright Design and Patents Act 1988.

4 Article 5(3) of the Council Regulation (EC) 44/2001 on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters.

from the ECJ requesting clarification whether the act of re-utilisation occurs

- where the data is stored (i.e. Germany/Austria),
- from where it is accessed (i.e. UK) or
- both of the above.

The ECJ held that the fact that data may be accessed via the internet from a particular location "is not in itself a sufficient basis for concluding that the act of re-utilisation" has taken place in that territory. According to the ECJ, **additional evidence for the existence of an intention to target the public within that territory** was required. As Sportradar targeted the UK users, the ECJ held that the infringement of the database took place in the UK.

However the ECJ did not answer the questions whether an infringement also took place at the location of the servers storing the data. The wording of the ruling of the court however implies that an infringement may also occur at that place.

2. Database protection in Switzerland

Even though there have been several attempts to do so, Switzerland has never implemented a database right similar to the one introduced by the Database Directive in 1996. Accordingly, there is no *sui generis* protection of databases in Switzerland. Swiss law only provides to database owners very limited protection under the Copyright Act and the Act against Unfair Competition.

Copyright protection

According to Swiss copyright law, databases only qualify for protection if they qualify as **original databases**.

The requirement of originality demands that a database must constitute an intellectual creation by reason of the selection or arrangement of its contents in order to enjoy copyright protection. As soon as a database serves its true purpose, i.e. is comprehensive, it fails to meet the criteria of originality. Consequently, **the majority of the databases are not protected under copyright law** even if substantial investments have been made to produce them.

Protection against unfair competition

The other approach to protect databases in Switzerland is based on the laws against unfair competition. However the practice of the Swiss courts has shown that also the Act against Unfair Competition is rarely a sufficient basis for the protection of database owners.

According to Art 5(c) of the Swiss Act against Unfair Competition, it is unfair to take over and exploit someone else's market-ready work results by means of technical reproduction and without an adequate effort.

While some authors plead for a broad interpretation of this provision, the Swiss Federal Court emphasized on several occasions that it was not the purpose of the Act against Unfair Competition to give additional protection to work results which fail to qualify for protection under IP laws[5]. Principally, if a work result was not protected by IP rights, it may be used and exploited by a third party. Unfair Competition Law only becomes applicable in cases where a work result was misappropriated by unfair methods. In those cases Unfair Competition Law does not protect the

[5] BGE 131 III 384; BGE 134 III 166.

work result as such, but the underlying investment.

Consequently the Federal Court interprets Art. 5(c) of the Act against Unfair Competition narrowly. In its past decisions with regard to databases, the Federal Court strongly focused on the question **whether the party making use of an existing database has made - compared to the one of the database owner - an adequate effort of its own**.

In this regard, the Federal Court argued in a decision issued in 2006, that the installation, maintenance and adaption of a search spider to browse the Internet in order to copy real estate advertisements on its own website was a sufficient effort compared to the effort generating the data.[6] In a more recent decision, the Federal Court held that the re-utilisation of the contents of a database is never to be considered as unfair within the meaning of the Act if the owner of the original database has amortised its investment to create the database.[7]

Accordingly, database owners have a difficult time when it comes to seek protection for their investment. It seems at least doubtful whether Football Dataco would have been granted protection for its database under Swiss law.

3. Jurisdictional issue

With regard to the jurisdictional question at hand, the applicable conflict of laws provision under Swiss law is Article 5(3) of the Lugano Convention[8], which corresponds to Article 5(3) of Council Regulation (EC) 44/2001. Accordingly, Swiss law also provides for a jurisdiction of the courts at the place a tortious act has occurred.

If such act has taken place via the Internet, it has - according to the Swiss Federal Court - at **least taken place where a website is intended to be accessed**[9], i.e. where a particular public is targeted. Whether the mere accessibility of a website is sufficient to establish jurisdiction under Article 5(3) of the Lugano Convention has not yet been decided by the Swiss Federal Court.

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6 BGE 131 III 384 "Real-Estate Advertisement"; in this case, however, the Claimant had failed to substantiate the costs incurred in generating the data why the Claimant's argument that the defendant's costs were marginal compared to the once generating the data was not taken into account.

7 BGE 134 II 166 "Pharmaceutical Compendium II".

8 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

9 BG 6.3.2007, 4C.341/2005.