WILMERHALE

US Supreme Court Foreshadows the Constitutional Analysis of Database Protections

2003-12-19

A case recently decided by the US Supreme Court adds fuel to the debate over whether, and how, databases may be protected under US law. The Court's unwillingness in that case to permit rights granted under the commerce clause to morph into a form of copyright or patent protection may foreshadow its reasoning, if and when the Court is asked whether statutes meant to protect databases are constitutional.

The Case

The issue raised in *Dastar Corp. v. Twentieth Century Fox Film Corp., et al*, 123 S. Ct. 2041 (2003) concerned the recent distribution of an older television series. After the publication of General Dwight D. Eisenhower's 1948 book, Crusade in Europe, Twentieth Century Fox Film Corporation (Fox) produced a television series based on the book under an exclusive license from Doubleday, which held the book's copyright. Although Doubleday renewed its copyright in the book in the late 1970s, Fox permitted its copyright in the TV series to lapse. In 1988, Fox reacquired an exclusive license to the television adaptations based on the book, including the right to distribute the 1940s television series on video.

Starting in 1995, Dastar Corporation (Dastar) sold a revised video version of the television series. Although Dastar added some new elements, such as a new opening sequence and credits, the bulk of the work consisted of unaltered footage copied directly from the original series, which due to the lapse of Fox's original copyright was then in the public domain. Dastar did not attribute the work to Fox in any way and labeled the product as having been "produced" by an affiliate of Dastar.

Fox and its licensed distributors of the video version of the original Fox television series sued Dastar, claiming copyright infringement and "reverse passing off" under the Lanham Act, a statute designed to protect trademarks. While litigation is proceeding through the lower courts on whether Dastar's version of the series infringes the copyright in the book, the Supreme Court decided the claim brought under the Lanham Act.

In order to prevent consumer confusion, the relevant section of the Lanham Act prohibits the false designation of the origin of goods. Fox argued that it was the "origin" of the series and that Dastar

was therefore "reverse passing off" Fox's series as its own. The Supreme Court decided the narrow question of the meaning of the word "origin" in this section of the Lanham Act. The Court concluded that the "origin" of goods refers to the producer of the physical goods, not the author of the ideas or words contained in the goods, and therefore that Dastar--not Fox--was the "origin" of the revised video series.

The Constitutional Issue

Although the facts of *Dastar*, and the holding of the Supreme Court, do not directly implicate database protection, that issue was placed before the Court in the briefs filed by various parties. In its petition seeking review by the Supreme Court, Dastar asked the Court to determine whether the Lanham Act could be used to effectively extend the terms of copyrights and patents after expiration. Competing amicus briefs were filed by organizations supporting more expansive-and more conservative-interpretations of Congress's powers under the Constitution's commerce clause, under which Congress enacted the Lanham Act, and the intellectual property clause, which governs copyright and patent protections. Certain organizations also attempted to remind the Court of its prior decisions striking a balance between Congress's powers and the public's rights under the First Amendment, and expressed concern that Congress is attempting to change that balance through database protection legislation.

In *Dastar*, the Supreme Court was emphatic. The trademark-protecting Lanham Act cannot be used to extend the term of copyright protections: "To hold otherwise would be akin to finding that §43(a) created a species of perpetual patent and copyright, which Congress may not do."

The Database Issue

The U.S. Perspective

Dastar did not directly address or decide the database protection issue, but it does help place the issue in context, which may be crucial given recent legislative activity.

On October 8, 2003, the Database and Collections of Information Misappropriation Act of 2003 (H.R. 3261) was introduced in Congress and referred to the House Judiciary Committee. The bill prohibits making commercially available a "quantitatively substantial" part of the information in a database without the authorization of the database owner, if the database owner is economically harmed by such unauthorized disclosure.

The language of the proposed statute indicates that its backers may be relying on the legislative authority granted to Congress by the commerce clause. *Dastar* suggests that Congress may not enact statutes under the authority of the commerce clause that have the practical effect of altering the scope of the intellectual property clause. Similarly, the Database and Collections of Information Misappropriation Act likely could not prohibit outright the copying of facts included in a database. The Supreme Court recently confirmed in *Eldred v. Ashcroft*, 537 U.S. 186 (2003), that there is a "definitional balance" between the First Amendment and the intellectual property clause that requires the free communication of the ideas and facts in a copyrighted work while protecting the author's expression. Thus, the First Amendment appears to permit the copying of facts to the

exclusion of any restraints imposed under the intellectual property clause.

For a discussion of the *Eldred* case, please see our February 26, 2003 Internet Alert.

Thus, any law protecting databases and factual compilations will necessarily involve the interplay of at least three sometimes-conflicting sources of power under the Constitution: the commerce clause, the intellectual property clause and the First Amendment. The success of the Lanham Act or any similar legislation will undoubtedly turn on the balance its provisions strike with respect to the principles underlying each of these Constitutional provisions. Any database statute attempting to protect too much seems likely to perish, but reasonably tailored protections conceivably could satisfy the competing Constitutional interests.

The European Perspective

While the United States is struggling with the form-and permissibility-of database protection, the European Union has enacted legislation to explicitly protect databases. As noted in our October 3, 2002 Internet Alert, in 1996 the EU simultaneously confirmed the protection of databases under copyright statutes existing in certain EU member states and created an all-new form of database protection.

The US/EU Relationship

Whether the US harmonizes its views on database protections with those of the EU as it has, to a certain extent, harmonized its views on copyright protections with much of the rest of the world remains to be seen. A push towards harmonization over database rights may further challenge the US Congress to find a way to protect the commercial interests of US database providers without exceeding its Constitutional powers.

Authors

Belinda M. Juran

RETIRED PARTNER

+1 617 526 6000

John J. Butts

PARTNER

Chair, Commercial Litigation Group

john.butts@wilmerhale.com

+1 617 526 6515