

Russia tinkers with database maker right

Sergey Medvedev of Gorodissky & Partners examines the Russian IP Court's ruling on the protection of database content in social media

The Russian Intellectual Property Court has recently confirmed that the sui generis database right, also known in Russia as the right of the database maker, which is protected by virtue of the law related to copyright law, subsists in the database content arranged in the online networking group in social media, and the same may be used by a third party only under authorisation of the database maker (owner). The court eventually held in its 7 March judgement (A56-58781/2012) that unsanctioned administration by a third party of the online networking group in social media that contains a database, which has been created by another person, will be regarded as the use of the database, and therefore an infringement of exclusive rights of the database owner.

The ruling of the Russian IP Court is a beautiful precedential example of the efficiency of the concept of the sui generis database right, which has not been tested by local courts in the media or entertainment sectors to date, the application of which can be now interpreted quite broadly, specifically from the angle of IP/IT enforcement on the internet. And, IT companies operating in media, entertainment and/or other areas of business in Russia can feel more protected from thefts of their investments into online or electronic database products.

Legal

According to Article 1334(1) of the Russian Civil Code (RCC), the maker of database—the creation of which requires the investment of considerable financial, material, organisational or other resources—has the exclusive right to extract materials from the database and utilise them in any form or manner. The referenced article further defines the “considerable investment” criterion for the sui generis database right to arise. The law says that the database, which contains not less than 10,000 independent information elements (materials), shall be regarded prima facie as the database made under the investment of considerable resources of its owner.

In addition, pursuant to Article 1334(1) of the RCC, no one has the right to extract materials from the database and re-utilise them without the database owner's consent, except for

certain “fair use” cases set forth by the RCC. The “extraction of materials” means a transfer of all the database content, or its substantial part, to another medium by any technical means and in any form.

Facts

A social organisation based in Saint-Petersburg, acting in the field of providing certain cultural and educational programmes to young people and operating under the name Small World (SW), sued another social organisation located in Saint-Petersburg and operating under the name Bag of Good Business (BGB) for infringement of their exclusive IP rights vested in the database arranged in an online networking group by engaging one of the most famous Russian social media platforms, V Kontakte (Vk), as a third party to the civil action.

SW brought the database infringement claim against BGB with the Commercial Court of Saint-Petersburg City and Leningradskaya Region (Court of First Instance), alleging itself to be the valid owner of the database on the Vk social media platform. SW argued that its database arranged in the online networking group disappeared one day, while a new online networking group, organised by the former SW's employee under a different name but with the analogous data content, had been created by BGB with Vk. BGB argued that the social networking group was not just the database, and, therefore, they could be held liable for database infringement.

The case passed several judicial instances, including the Thirteenth Commercial Appellate Court (Court of Appeals), that all dismissed the SW's claims on the ground that it failed to prove the “considerable investment” criterion. The Court of Appeals stated in its ruling: “The process of creation of the online networking group is the process of taking elementary, already known steps in social media ... aimed at [the] creation of [an] online networking group, which may take about 10 minutes in general.”

The Court of Appeals also mentioned that the creation of the online networking group on Vk's social media platform is absolutely free of charge, and any social media user can

upload content (topics, photos, audio-records, video-records, comments and opinions) into the online networking group without significant investment of resources.

The Court of First Instance as well as the Court of Appeals then concluded that BGB did not infringe SW's exclusive rights to the database, as it was not involved in the process of transferring the whole content of the online networking group on Vk, or a substantial part of it, to another medium.

Finally, the case reached the Russian IP Court, the newly established local forum specialising in resolving IP disputes, which reversed the decisions of lower courts and remanded the case back to the Court of First Instance for a new consideration. In doing so, the IP court stated that the lower courts, when summarising SW's lack of significant investment in the creation of the online networking group on Vk, wrongly referred to the simple process of its registration, and they failed to pay attention to the office lease and travel expenses spent by SW.

The IP court added that the lower courts also failed to investigate the set of materials (content) selected and arranged in the online networking group on Vk and did not count on the exact quantity of independent information elements (materials) containing the database content.

The IP court essentially held that the absence of transfer of the whole database content, or its substantial part, to another medium did not release BGB from liability for database infringement, as the unauthorised extraction and re-utilisation of the database content are the activities that led to database infringement under the provisions of Article 1334(1) of the RCC.

When sending the case back to the Court of First Instance, the IP court ordered it to determine the exact components of the online networking group and assess them as a combination of materials from the standpoint of database content protection.

Analysis

The judgement of the IP court has slightly clarified the law, which may give a dual interpretation

of the above-referenced provision related to database infringement in Russia.

Due to the use of conjunctive “and” between such acts as “extraction” and “re-utilisation” stated in the mentioned legal provision, one may simply argue that if there is no extraction of content from the database, it is possible to use the same without the database maker’s consent, and it will not constitute database infringement.

Indeed, this may lead to certain negative consequences, including but not limited to, unauthorised capture and management of database content arranged in online networking groups (which actually happened in this case), online pages, websites, and so on.

Others may argue that if there is just an extraction of content from the database, but there is no subsequent utilisation of the same, there will be no database infringement either.

However, this may also lead to different negative consequences, for instance, the transfer of database from one website into another without its further utilisation or modification.

And, in all such instances, the database maker would be then limited in protection and enforcement of its sui generis database right (at least, under the opinions of the Court of First Instance and Court of Appeals).

Therefore, the IP court in this case had to interpret the exclusive, IP rights of the valid database maker in an expansive manner, so as to repress the fraud and unfair conduct of the defendant.

Moreover, the IP court reminded that there is a special assessment factor in the law (ie, 10,000 independent information elements (materials) forming the database), which may clearly prove compliance with the “considerable investment” requirement by the database maker and confirm the protection of the relevant database content.

Comment

This court decision could have a positive effect in any future Russian dispute resolution practice on the issue of unauthorised database content usage, especially on the internet.

There are reasonable grounds to believe that the ruling of the IP court will be further supported by courts in charge of this case as well as other courts to be appointed to hear similar database infringement matters.

Lastly, it must be noted, the decision of the IP court reflects the general European treatment of sui generis database infringement. According to the Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases, the objective

of the sui generis right is to give the maker of a database the option of preventing the unauthorised extraction and/or re-utilisation of all or a substantial part of the contents of that database.

In other words, the mentioned directive recognises unauthorised “extraction” and unauthorised “re-utilisation” as two separate, distinct causes of action available to the valid database maker. Pursuant to the directive, the unauthorised extraction and/or re-utilisation of the contents of a database constitute acts, which can have serious economic and technical consequences. **IPPro**



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