

# Death of the database right?

## The case

British Horse Racing Board & Ors v William Hill Organisation Ltd  
E&W Court of Appeal  
13 July 2005

**Sarah Wright and Priya Vatvani, Olswang, consider the impact of the recent Court of Appeal ruling in BHB on British horseracing and sport generally**

The battle between the British Horseracing Board Ltd (BHB) and William Hill Organisation Ltd (William Hill) over ownership and infringement of database rights has spanned five years. The recent decision of the Court of Appeal is another victory for William Hill and has determined that BHB's valuable database of pre-race data is not protected by database right.

The conflict began in the High Court, where BHB and related parties claimed that their extensive database of electronic racing information attracted database right under Article 7 of Directive 96/9/EC (the Database Directive) and that William Hill's use of this racing data on its website was an infringement. The database contained amongst other things, details of over one million horses, their owners, trainers and pedigrees; as well as dates, times and locations of the races.

BHB's sub-contractor, Weatherbys Group, employed 30 people to operate a call centre which recorded information from trainers and owners entering their horses to race. BHB claimed the annual cost of running this database was approximately £4 million. William Hill did not substantially challenge that BHB established, maintained and developed this database at great cost, but denied any infringement of database right.

Laddie J found in favour of BHB and held that BHB's database right had been infringed. On appeal, the Court of Appeal agreed with the judge's conclusions but made a reference to the European Court of Justice (ECJ) as the case raised important questions of interpretation of the Database Directive.

BHB and practitioners alike eagerly awaited the decision of the ECJ, but in November 2004 the ECJ delivered a surprising judgment in this case<sup>1</sup> and the related *Fixture Marketing* cases<sup>2</sup>. The ECJ took a much narrower view of the protection afforded by the Database Directive than the Advocate General did. Essentially, the ECJ drew a distinction between creation of data and the actual database and opined that BHB's investment related to the creation of racing data and not the database.

Following the ECJ's decision, there was some speculation whether the Court of Appeal would find that the ECJ had exceeded its jurisdiction by

making findings of fact. However, in July 2005<sup>3</sup> the Court of Appeal unanimously followed the ECJ's reasoning and overturned Laddie J's finding that BHB's database right had been infringed.

## The Court of Appeal decision

Both parties submitted that properly understood, the ECJ's decision meant that they had won.

BHB suggested that the ECJ was acting under a "misunderstanding" of the facts and if the ECJ's reasoning was applied to the actual facts, database right would protect BHB's database. BHB submitted that the ECJ had divided the investment which could go into a database into two kinds – that which was essentially a gathering, recording and verifying of pre-existing data and that which was creative. BHB claimed that all it was doing was gathering and verifying existing independent materials, namely the intentions of the owners. It was irrelevant that the owners contacted the BHB with the information rather than the BHB phoning the owners. Consequently, BHB's resources were directed at seeking and verifying the contents of the database and not to creating the data itself.

BHB also sought to amend its Particulars of Claim to rely upon a further database (consisting of provisional runners, prior to final declarations) and adduce further evidence. William Hill opposed both of these applications, as they would involve further disclosure and cross-examination. The Court of Appeal did not think it was necessary to rule on these applications because, even if they were allowed, the ECJ's ruling would cover that position.

The Court rejected BHB's submission that the ECJ had misunderstood the primary facts or indulged in an illegitimate fact-finding exercise. There were various passages in the ECJ's decision which indicated that the ECJ was fully aware of how BHB compiled its lists of riders and runners. In any event, following *Arsenal v Reed*<sup>4</sup> it was legitimate for the ECJ to rule on the legal consequences of given primary facts.

More importantly, the Court opined that BHB was incorrect to deconstruct the ultimate database and focus on the series of steps which led to the creation of BHB's database. The ECJ had focussed on the final, published list of riders and runners, and this list did not consist of "existing independent materials". According to

Jacob LJ: "The database contains unique information – the official list of riders and runners. The nature of the information changes with the stamp of official approval. It becomes something different from a mere database of existing material." BHB could not be described as an information gatherer as BHB "established" (or compiled) the information. This also applied to the database of provisional runners as it was a list of horses which BHB had accepted as qualifying to race.

## Impact on British horseracing

The Court of Appeal's decision will have a direct impact on how the British racing industry is funded. When the Levy is abolished in 2009, BHB was intending to rely on income generated from licensing pre-race data. The industry will now have to seek an alternative means of finance.

The outcome of this long-running battle has already had a financial impact on BHB. After the ECJ delivered its decision, a number of BHB's licensees began to question whether they should continue paying licence fees for the use of pre-race data. BHB insisted that database right subsisted in its database and its licences remained enforceable. BHB took steps against those who ceased paying their licence fees, including Victor Chandler International (VCI).

VCI refused to pay on the basis that the ECJ had determined database rights did not protect BHB's database and its data licence was void. In May 2005, the High Court held that VCI's supplier would not be in breach by terminating VCI's data feed on BHB's instruction. As a result, VCI failed to obtain an injunction preventing BHB from instructing its licensee to terminate VCI's data feed.

However another user of BHB's data, Atheraces (ATR), was successful in obtaining injunctive relief. Just two days after the Court of Appeal confirmed that BHB had no database rights, the High Court held that ATR was entitled to an interim injunction preventing BHB from instructing ATR's supplier to cease the supply of pre-race data. Unlike VCI, ATR had not entered into a licence agreement with BHB. The Court granted the injunction in order to maintain the status quo pending trial (although ATR was required to pay into escrow licence fees due to BHB). The trial is due to commence in October 2005. It will remain to be seen whether

BHB can maintain its income stream now it can no longer rely on the database right.

There can be no doubt that other sporting organisations were disappointed with the Court of Appeal's decision. Organisations such as Football Data Co Ltd and the Rugby Football Union are also likely to be "establishers" of dates, times and locations of matches instead of gatherers of information. Like the BHB, their investment will be directed to the creation of data and not the actual database. So has this decision pronounced the death of the database right in the UK? It appears that companies that have a monopoly over information which they themselves create, will be unable to rely on the database right. On the other hand, the database right survives for true gatherers of information.

Some sporting organisations are turning to copyright to protect their investment. Football Data Co Limited is currently asserting that its licensees should continue to pay licence fees to avoid copyright infringement. While a case decided under the Copyright Act 1956 found that football fixture lists were protected by copyright as "tables", many are questioning whether this authority remains good law.

Following implementation of the Database Directive in the UK, the Copyright Designs and Patents Act 1988 (CDPA) was amended. The amendments afford databases copyright protection and the definition of database is

identical to that in the Database Directive. In addition, section 3(1)(a) CPDA was amended with the effect that a literary work cannot be both a table and a database. Since the ECJ held in the *Fixtures Marketing* cases that a football fixture list was a database, it would appear that if copyright does subsist, it must be as a database and not a table.

Section 3A(2) CPDA inserted a new test for originality with respect to databases. Instead of the traditional "skill and labour" test, a database will only be original if "by reason of the selection or arrangement of the contents of the database, the database constitutes the author's own intellectual creation". There is no English authority on the interpretation of this new test, but it is clear that the originality threshold for databases is higher than that for other literary works such as tables. The reference to "individual creation" seems to require some degree of human creativity, rather than mechanical labour. It is unclear whether

football fixture lists satisfy this new test.

Even if copyright subsists in a football fixture list, what protection does this offer in real terms? Copyright protects the expression of original thinking, not the raw data itself. Consequently if a third party were to reproduce the data in the list, but in a different order, this may not amount to copyright infringement. For those databases that fall between copyright and database right, owners will struggle to protect their investment. ☹

Notes

- 1 C-203/02 *The British Horseracing Board Ltd & Others v William Organisation Ltd.*
- 2 C-46/02 *Fixtures Marketing Ltd. v Oy Veikkaus AB*; C-338/02 *Fixtures Marketing Ltd. v Svenska Spel AB*; C-444/02 *Fixtures Marketing Ltd. v Organismos Prognostikon Agonon Podosfairou AE (OPAP)*
- 3 [2005] EWCA (Civ) 863.
- 4 [2003] RPC 39, EWCA (Civ) 696.

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