



S. 2291/H.R. 2652 Will Harm U.S. Businesses

Although the scope of S. 2291/Title V of H.R. 2281 (was H.R. 2652), the Collections of Information Antipiracy Act, has narrowed since its introduction, it still prohibits transformative uses of information; that is, reuse of information to create a different product. This prohibition on transformative uses will have a negative impact on U.S. businesses.

- **Harm to Value-Added Database Publishers and Their Business Customers.** Many legitimate publishers take information from pre-existing databases and add value by inserting new information or arranging the information in a different way. Often small companies, these publishers serve niche markets requiring specialized data. S. 2291 will allow the publishers of the pre-existing databases to drive the value-added publishers out of the market, which in turn will deprive their business customers of the specific information they need.
- **Increased Costs For All Businesses.** In the information age, all companies have become increasingly more reliant on information obtained from other sources for the conduct of their business. This information can include customer lists, data on financial markets, and the cost of inputs. Much of this information is already proprietary, and businesses pay for it willingly. S. 2291 will impose an additional layer of protection on this information, which over time will inevitably increase its cost.
- **Restrictions on the Use of Information.** Many companies which do not publish databases nonetheless compile databases for internal use. These databases -- for example, a list of potential customers or a table of revenue projections of the companies in a certain industry -- are constructed out of data taken from databases which the businesses have purchased from database publishers. S. 2291 will allow a database publisher to argue that the database compiled for internal use harms its potential market. This argument will have particular force if the database publisher does in fact produce customized versions of its database. S. 2291 thus would permit the publisher to restrict the internal use of a database which has been lawfully acquired.
- **Injury to Companies Which Rely on Scientific Data From Other Sources.** The science community has sharply criticized S. 2291 for the negative impact it will have on the collaborative research methodology of science. Currently, observations made by different scientists in different institutions are pooled together in databases which form the basis for analysis by still other scientists. S. 2291 will create disincentives for the sharing of data, which in turn will retard the advancement of knowledge. Because many companies rely on scientific results from outside sources, S. 2291's adverse impact on research will also injure these companies. In particular, scientific research results form the building blocks of product development by computer and biotechnology companies. Scientific knowledge also benefits companies which do not develop

technology products; geological information, for example, benefits energy, waste processing, and construction companies.

- **Injury to Companies Which Conduct Scientific Research.** Many companies employ scientists who conduct fairly basic research in their respective fields. While the results of some of this research are treated as trade secrets, these corporate scientists often publish their findings and engage in the collaborative research activities described above. S. 2291 will impede these collaborative activities, rendering the in-house scientists less productive.

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