

NAE / AAAS Letter to Chairman Coble and Reps. Berman and Delahunt

May 25, 1999

Howard Coble, Chairman
Howard L. Berman, Ranking Minority Member
and William D. Delahunt, Member
Subcommittee on Courts and Intellectual Property Committee on the Judiciary
U.S. House of Representatives
B-351A Rayburn House Office Building
Washington, DC 20515-6219

Dear Chairman Coble, and Congressmen Berman and Delahunt:

The National Academies and the American Association for the Advancement of Science are writing to you jointly to provide some preliminary views on the Amendment in the Nature of a Substitute to H.R. 354, the "Collections of Information Antipiracy Act," as passed by the Subcommittee on Courts and Intellectual Property last Thursday. We are writing jointly because we provided joint testimony through Professor Joshua Lederberg, Nobel laureate and President Emeritus of Rockefeller University, to the Subcommittee at its March 18, 1999 hearing on the bill. We appreciated Mitch Glazier's and your other staff's review last Tuesday of the revisions to H.R. 354 made in the Amendment, and the substantial improvements in several areas you have made over the bill that was originally introduced. We note, in particular, the following positive changes:

- elimination of "use" specifically as a cause of action;
- narrowing the markets that may be injured to those that provide substantial revenue;
- the addition of a materiality requirement to the standard of harm;
- elimination of "qualitative substantiality" as a measure of misappropriation;
- some improvements to the "reasonable use" exception;
- the addition of nonprofit institutions to the section on reduction or remission of monetary relief;
- a new means to provide users with notice of the term of protection's expiration;
- an attempt to provide some mechanisms for access to government databases that are incorporated into private-sector databases;
- some softening of the criminal liability provisions; and
- an attempt to limit the risk of sole-source protection for government data.

We remain concerned, however, that despite these very positive changes, the Amendment still does not address many of the concerns expressed in Professor Lederberg's testimony, or in the testimony of the other critics of the bill. We especially wish to amplify on the comments provided in the May 25, 1999 letter from the "Higher Education Associations," whose concerns most closely parallel our own. We agree with the Higher Education Associations that while it appears that the Subcommittee intended to implement several of the requested concepts, in a number of instances the language falls short of the required objective or leaves open potential liability that we do not believe is appropriate. In other cases, the previously stated concerns simply have not been addressed. Because of the significant problems that still remain and the palpable risks that they pose to the progress of science and education, we remain unable to support the bill as amended. Due to the fact that we were first provided an opportunity to review the Amendment less than a week ago, we are not able to provide a comprehensive analysis at this time. However, we fully support the comments submitted by the Higher Education Associations in their

May 25 letter, and we hope to provide more extensive comments in the near future. In particular, we wish to highlight several of our most important concerns, and provide notice of additional problems that we continue to see with this draft bill.

- The term "primary market" is a welcome addition in 1401(3), consistent with traditional misappropriation doctrine. The Amendment unfortunately adopts a definition consistent with the term "actual market," which it ostensibly replaced. In plain English, the "primary market" cannot mean "any market from which a person . . . derives substantial revenue." We concur with the Higher Education Associations that we are willing to accept some broadening of the scope of protected markets in section 1402(a), but any such concept should be limited to markets that do account or demonstrably will account for a substantial percentage of the revenue for a collection, and should further be balanced by a clear harm standard that limits liability to circumstances where the dissemination serves as a serious disincentive to invest.
- The term "related market" in 1401(4) appears to attempt to narrow the definition previously used for "potential market," but as in the case of primary market, above, continues to define the old term with a new label. We also believe that the phrase "intent to derive substantial revenue" in subsection (B) should be replaced with "likely to derive substantial revenue," but this change alone would not be sufficient.
- By employing the open-ended language of "make available to others," a broad term that potentially could include students in a class, scientific colleagues, and anyone else, no matter what their status, Section 1402 (a) does not approach the concept of prohibiting only broad dissemination in commerce to the public in a manner that will serve to deter investments. Moreover, because it does not tie the dissemination to the extractor, the provision leaves open the possibility that one who receives information extracted from the protected collection could be held strictly liable for further dissemination, even if that person had no idea that he or she was at risk. Liability should be limited to extractors who make available [or distribute] to the public in commerce in a manner that undermines the incentive to invest. Finally, the addition of the term "material" to the standard of harm is a significant improvement, but needs to be clearly defined in the text of the legislation. Material harm should be linked to conduct that impairs the incentive to invest and the opportunity to turn a profit, as was proposed in the Hatch discussion draft last fall.
- We also are opposed to the creation of a right based on unlawful access or extraction, alone, as provided in section 1402 (b), in light of the similarity of any such right to a right in information as such. In this regard, we agree with the Administration's view that the only prohibition should be against "distribution in commerce." At the same time, we do not suggest that there should be any free-riding access; on the contrary, we agree with the Administration that access is already protected under existing laws and that **any attempt to restrict use of facts as such after lawful access has been obtained raises serious 1st Amendment problems**. We therefore believe that section 1402(b) should be eliminated.

Liability under the Act should be expressly limited to the misappropriation of protected investment, and not to the information itself.

- We agree with the Higher Education Associations that the Amendment's elimination of the concept of "qualitative" substantiality is a very positive development. However, the essence of protected investment in collection is quantitative, and this fact should be expressed both in section 1402 and in section 1403(c). The latter section, in particular, continues to imply that any taking greater than "an individual item of information" could lead to liability, which simply is not appropriate in legislation that protects substantial investment in "industrious collection." In this regard, the Act also needs to make clear that it is not intended to protect facts, ideas, or information as such, but rather the investment in the collection.

- Together with the Higher Education Associations, we recognize and appreciate certain improvements in the so-called reasonable "use" exemption and the exemption for scientific and academic activity, and we continue to evaluate these in light of the new language and the still-broad scope of the prohibitions. It is our firm position, also expressed by the Administration, that nothing in this legislation should interfere or threaten to interfere with legitimate customary or traditional scientific and educational activities. This principle should be expressly codified in the statute (and it was expressly recognized in the Hatch discussion draft). In addition, we believe that you inadvertently must have left out the term "material" before "harm" in section 1403(b). This, of course, needs to be inserted. Furthermore, the term "use" under permitted acts needs to be changed to "conduct" throughout, since "use" has been abandoned from the scope of section 1402. Finally, we expect to provide further suggested changes to the criteria currently established under 1403(a) and (b). The burden of proof in cases regarding permitted exceptions for nonprofit science, education, and research purposes must clearly fall on plaintiffs.

There are many additional issues raised by the Amendment that still need to be discussed in detail, and that clearly cannot be addressed in any meaningful way prior to the markup by the full House Committee on the Judiciary that is scheduled to take place tomorrow. For now, we wish to list a number of unresolved issues, problems, and omissions. Existing provisions that require further work include the following:

- Section 1401(1) has clarified that "works of narrative literary prose" are not protected "collections of information." However, we believe this offers only part of the necessary clarification and that additional refinements need to be made.
- The last sentence of the verification exception in 1403(e) is unacceptable and should be deleted.
- Impoundment under 1406(c) should be removed as a remedy.
- The criminal liability for institutions (as opposed to agents or employees) in 1407(2) needs to be changed. In general, we agree with the May 19 letter from the Information Technology Association of America that there is no justification for criminal provisions at this time.
- "no civil or criminal penalties" should replace "no monetary damages" in Sections 1408 (a) and (b). These notice provisions also may require some additional fine tuning.
- Section 1408(c) on government sole source information is unnecessarily complex and burdensome, and needs further work.
- The 15-year term of protection in 1409(c) for factual databases is too long in relation to the statute's limited objectives of filling a gap in existing law. If the 15-year period is retained, the language terminating protection at expiry requires further clarification, especially in the case of dynamic, ongoing databases.

Omissions in the Amendment that still need to be addressed include, inter alia:

- Protection needs to be added against unreasonable market power from sole-source compilations that are not readily available from competitive sources. This important issue has been raised by all critics of the bill. We believe that the agreed criteria for evaluating misuse that were used in the Hatch discussion draft should be codified, and a periodic study of the effects of the legislation should be added.
- Institutions functioning as online service providers, particularly in light of the prohibition against "making available to others," need to be protected from liability. This too has been raised by all the recent letters from the critics of the Amendment.
- An exemption for teaching and library activities should be added.
- Last, but certainly not least, there should be some express limitations on licensing that is contrary

to the public-interest exemptions established by the Act. At a minimum, section 1405(e) on licensing should be deleted.

In summary, in light of the substantial number of problems identified above and conveyed to you by others in the past few days, the Amendment is not ready for markup by the Committee on the Judiciary, much less for action by the House of Representatives. At the same time, we remain committed to working with Congress to seeing reasonable and appropriate database protection legislation adopted that balances the legitimate interests of all stakeholders.

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Copies:

The Honorable Henry J. Hyde, Chairman, House Committee on the Judiciary

The Honorable John Conyers, Jr., Ranking Minority Member, House Committee on the Judiciary

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