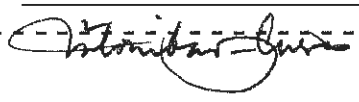


EN BANC

G.R. No. 233918 – FILIPINO SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS, INC., *petitioner, versus* ANREY, INC., *respondent.*

Promulgated:

August 9, 2022

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SEPARATE CONCURRING OPINION

CAGUIOA, J.:

I concur in the result.

At the outset, it is important to stress that this case presents an opportunity for the Court to balance the rights of music copyright owners with public interest, as well as to finally elucidate on the scope of the right of public performance and the right of communication to the public.

The Filipino Society of Composers, Authors and Publishers, Inc. (FILSCAP), the petitioner in this case, is “a non-stock, non-profit association of composers, lyricists, and music publishers”¹ accredited by the Intellectual Property of the Philippines (IPO) to perform the role of a Collective Management Organization (CMO), and is a member of the Paris-based International Confederation of Societies of Authors and Composers (*Confédération Internationale des Sociétés d’Auteurs et Compositeurs* or CISAC), the umbrella organization of all composer societies worldwide. Being the designated CMO of composers, lyricists, and music publishers, FILSCAP assists in “protecting the intellectual property rights of its members by licensing performances of their copyright music.”² For this purpose, FILSCAP gets assigned the copyright by its members,³ and, as assignee, then collects royalties which come in the form of license fees from end-users who intend to “publicly play, broadcast, stream, and to a certain extent (reproduce) any copyrighted local and international music of its members.”⁴

This case deals with the use of copyrighted music by respondent Anrey, Inc., (Anrey), an operator of three Sizzling Plate restaurants (Anrey’s restaurants) in Baguio City.⁵

After FILSCAP representatives monitored the restaurants operated by Anrey and found these establishments to have played various works included

¹ *Ponencia*, p. 8.

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.*, p. 3.



in FILSCAP's repertoire, FILSCAP sent demand letters informing Anrey's restaurants of their obligations under Republic Act No. (RA) 8293, otherwise known as the Intellectual Property Code (IP Code), and demanding that they pay the appropriate amount of license fees and/or that they obtain the necessary license from FILSCAP.

Anrey's restaurants, however, refused to heed the demand, prompting FILSCAP to file a complaint for copyright infringement against Anrey. In its Answer to the complaint, Anrey questioned FILSCAP's authority to enforce music copyright and — without explicitly raising as defenses any of the exceptions to copyright infringement under the law — denied that its restaurants committed copyright infringement.

The *ponencia* of Associate Justice Rodil V. Zalameda correctly rules in favor of FILSCAP, finding that Anrey committed copyright infringement by playing, without a license from FILSCAP, copyrighted music through loud speakers in the dining areas of its restaurants.⁶

I concur with the finding of copyright infringement in the *ponencia*, and agree that the acts of Anrey are not analogous to fair use.⁷ Yet, I write this separate opinion to offer a nuanced discussion on the different limitations on copyright and, more particularly, the concept of fair use. I also express reservations as to the manner in which the *ponencia* deals with the rights of "public performance" and "communication to the public." I submit that:

- I. The Court is called upon not to simply discuss the provisions on copyright protection, but to extensively delve into its existing limitations, namely:
 - a. Limitations on copyright
 - b. Fair Use
 - i. Fair Use Doctrine
 - ii. Fair Use in the Philippines
 - iii. The Four Fair Use Factors
 1. First Factor: The Purpose and Character of Use
 2. Second Factor: Nature of Copyrighted Work

⁶ Id. at 33.

⁷ Id. at 28-34.

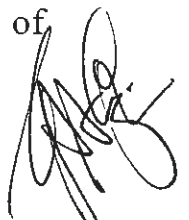


3. Third Factor: Amount and Substantiality of the Portion Used
 4. Fourth Factor: The Effect of the Use Upon the Potential Market for or Value of the Copyrighted Work
- c. The acts of Anrey do not fall under any of the exceptions to copyright infringement under the IP Code.
- II. The law itself distinguishes the right of “public performance” from the right of “communication to the public,” either right being enforceable through FILSCAP.
- a. The right of public performance and the right to communicate to the public are two separate and distinct rights.
 - b. As a general rule, a single radio reception of a copyrighted musical work cannot be both a public performance and a communication to the public.
 - c. Any further communication to a “new public” beyond the original broadcast is an exercise of the right to communicate to the public under Section 177.7 in relation to 171.3 of the IP Code.
 - d. Anrey exercised only the right of communication to the public, and not the right of public performance.
- III. Anrey must pay FILSCAP actual damages.

DISCUSSION

I. THE COURT IS CALLED UPON NOT TO SIMPLY DISCUSS THE PROVISIONS ON COPYRIGHT PROTECTION, BUT TO EXTENSIVELY DELVE INTO ITS EXISTING LIMITATIONS

As mentioned, the primordial issue in this case is the existence of copyright infringement. As correctly held by the *ponencia*, in order to prove copyright infringement, the copyright owner must not only be able to demonstrate that the infringers violated at least one economic right under Section 177 of the IP Code, but must also show that “the act complained of



must not fall under any of the limitations on copyright under Section 184 of the [IP Code] or [amount] to fair use of copyrighted work.”⁸ Clearly, therefore, in resolving the main issue of copyright infringement, the Court is called upon to consider and delve into the exceptions to copyright infringement (*i.e.*, the Limitations on Copyright under Section 184 of the IP Code and Fair Use of a Copyrighted Work under Section 185 of the IP Code) because they are crucial in determining whether copyright infringement exists.

Notably, even if Anrey has not explicitly raised as affirmative defenses the exceptions to copyright infringement, its defenses are akin to these exceptions, as will be discussed in more detail below. In any event, the fact that Anrey did not expressly raise these exceptions as issues in the present case is of no moment.

In the first place, *Spouses Campos v. Republic*⁹ explains that the Court may consider issues not raised by the parties if these are necessary at arriving at a just decision, serve the interest of justice, and necessary to rule on the questions properly assigned as errors:

The general rule that an assignment of error is essential to appellate review and only those errors assigned will be considered applies in the absence of certain exceptional circumstances. As exceptions to the rule, the Court has considered grounds not raised or assigned as errors in instances where: (1) grounds not assigned as errors but affecting jurisdiction over the subject matter; (2) matters not assigned as errors on appeal but are evidently plain or clerical errors within the contemplation of the law; (3) matters not assigned as errors on appeal, whose consideration is necessary in arriving at a just decision and complete resolution of the case or to serve the interest of justice or to avoid dispensing piecemeal justice; (4) matters not specifically assigned as errors on appeal but raised in the trial court and are matters of record having some bearing on the issue submitted which the parties failed to raise or which the lower court ignored; (5) matters not assigned as errors on appeal but are closely related to the assigned error/s; and (6) matters not assigned as errors on appeal, whose determination is necessary to rule on the question/s properly assigned as errors. The present case falls into the exceptions. We find no error by the CA in resolving the issues on the nature and duration of the petitioners’ possession and on the alienable character of the subject land. These issues were apparently not raised by the Republic in its appeal before the CA, but are crucial in determining whether the petitioners have registrable title over the subject land. In *Mendoza v. Bautista*, the Court held that the appellate court reserves the right, resting on its public duty, to take cognizance of palpable error on the face of the record and proceedings, and to notice errors that are obvious upon inspection and are of a controlling character, in order to prevent a miscarriage of justice due to oversight.¹⁰ (Emphasis and citations omitted)

Secondly, for the immediate protection of the general public against an overly expansive interpretation of the coverage of music copyright protection,

⁸ *Id.*, p. 7.

⁹ 728 Phil. 450 (2014).

¹⁰ *Id.* at 456-457.



the Court's verdict must also thoroughly expound on and construe more definitively **the guardrails already recognized under the law**. This is part and parcel of the Court's function not only to adjudicate the rights of the parties but also, or more so, to interpret the law for the guidance of all. After all, even the *ponencia* acknowledges that an overly broad interpretation could cause even ordinary music listeners to live in fear, and is thus "a cause for concern."¹¹

Music copyright is not a topic often discussed in our jurisprudence. Philippine jurisprudence has not yet caught up with the recent technological advances that have facilitated the access to, and multiplied the manner of use of, copyrighted musical works. Accordingly, even as the Court, by its decision in this case, shows respect for the copyright owners' rights, it also must prudently temper the wide-ranging effects of this decision in order to protect the public when using copyrighted music under the instances allowed by law. This the Court can do because in determining whether Anrey committed copyright infringement, it is also necessary to explain why its acts **do not** fall under the exceptions to copyright infringement.

Lastly, the discussion of the exceptions to copyright infringement is necessary — especially for this landmark case — for the Court to balance the competing interests involved in copyright protection.

As stated in the *ponencia*, intellectual property has a social function under the Constitution.¹² Section 2 of the IP Code underscores that the ultimate objective of having an intellectual property system, which includes the means of protecting copyrights, is **to benefit society**, viz.:

SECTION 2. *Declaration of State Policy*. —The State recognizes that an effective intellectual and industrial property system is **vital to the development of domestic and creative activity, facilitates transfer of technology, attracts foreign investments, and ensures market access for our products**. It shall protect and secure the exclusive rights of scientists, inventors, artists and other gifted citizens to their intellectual property and creations, **particularly when beneficial to the people**, for such periods as provided in this Act.

The use of intellectual property bears a social function. To this end, the State shall promote the diffusion of knowledge and information for the promotion of national development and progress and the common good.

It is also the policy of the State to streamline administrative procedures of registering patents, trademarks and copyright, to liberalize the registration on the transfer of technology, and to enhance the enforcement of intellectual property rights in the Philippines. (Emphasis supplied)

Indeed, the delicate balance involved in copyright protection will be maintained and strengthened if the Court decides this case fully and wholly,

¹¹ *Ponencia*, p. 38.

¹² *Id.* at 11-15.



considering its implications, and not simply deciding it in a vacuum. This delicate balancing is warranted because the expansive breadth of rights conferred upon copyright holders may be used to the detriment of everyone else. A plain reading of the copyright provisions in the IP Code readily conveys that the law may be “weaponized” by copyright owners because of its broad coverage **and because of its penal provisions**. In this light, it is imperative to elaborate on the exceptions to copyright infringement — to significantly shape the contours of music copyright jurisprudence moving forward.

Because of the dearth of jurisprudence discussing the nuances of music copyright, resolving the rights of the parties herein without amply emphasizing their reasonably defined edges may do more harm than good and tilt the balance in favor of copyright holders to the prejudice of the rest of society. Thus, notwithstanding the fact that Anrey may not have expressly raised as defenses any of the exceptions to copyright infringement, the Court is called upon to be proactive in reassuring the public that not all instances of using copyrighted music will be met with sanctions. Surely, this proactive stance in encouraging others to use protected material in a manner consistent with the copyright owners’ rights is in line with the role of the State to “promote the diffusion of knowledge and information for the promotion of national development and progress and the common good.”¹³

Section 177 of the IP Code makes it clear that a copyright over protected works is a bundle of exclusive economic rights in favor of the author. Generally speaking, these comprehensively encompass the several means by which copyrighted material may be used, *viz.*:

CHAPTER V

Copyright or Economic Rights

SECTION 177. *Copyright or Economic Rights.* — Subject to the provisions of Chapter VIII, copyright or economic rights shall consist of the **exclusive right to carry out, authorize or prevent the following acts:**

- 177.1. Reproduction of the work or substantial portion of the work;
- 177.2. Dramatization, translation, adaptation, abridgment, arrangement or other transformation of the work;
- 177.3. The first public distribution of the original and each copy of the work by sale or other forms of transfer of ownership;
- 177.4. Rental of the original or a copy of an audiovisual or cinematographic work, a work embodied in a sound recording, a computer program, a compilation of data and other materials or a musical work in graphic

¹³ IP CODE, Sec. 2.

form, irrespective of the ownership of the original or the copy which is the subject of the rental; x x x

177.5. Public display of the original or a copy of the work;

177.6. Public performance of the work; and

177.7. Other communication to the public of the work. (Sec. 5, P.D. No. 49a) (Emphasis supplied)

Section 217 of the IP Code, in turn, provides penal sanctions for copyright infringement:

SECTION 217. *Criminal Penalties.* — 217.1. Any person infringing any right secured by provisions of Part IV of this Act or aiding or abetting such infringement shall be guilty of a crime punishable by:

- (a) **Imprisonment of one (1) year to three (3) years plus a fine ranging from Fifty thousand pesos (P50,000) to One hundred fifty thousand pesos (P150,000) for the first offense.**
- (b) **Imprisonment of three (3) years and one (1) day to six (6) years plus a fine ranging from One hundred fifty thousand pesos (P150,000) to Five hundred thousand pesos (P500,000) for the second offense.**
- (c) **Imprisonment of six (6) years and one (1) day to nine (9) years plus a fine ranging from Five hundred thousand pesos (P500,000) to One million five hundred thousand pesos (P1,500,000) for the third and subsequent offenses.**
- (d) In all cases, **subsidiary imprisonment in cases of insolvency.** (Emphasis supplied)

Based on the foregoing, it may be readily concluded that these penal sanctions pertain to wide-ranging conduct, including acts involving copyrighted material which are arguably commonplace in today's world. This, in effect, further narrows the already thin line dividing infringement **and** allowable use or reproduction. To illustrate, there is yet no categorical guidance on whether the following ordinary or day to day situations fall within the definition of copyright infringement and whether these people may be subjected to the penal provisions of the law:

- (1) An organization established to promote awareness of the hardships endured by street children arranges an enclosed gallery in the high school cafeteria showcasing its members' photographs of street children. The organization charges a viewing fee of 10 pesos to visitors to raise funds to cover its administrative and operational expenses. To improve the atmosphere of the gallery, the organization plays the entire



album of Smokey Mountain which includes the song "Paraiso."

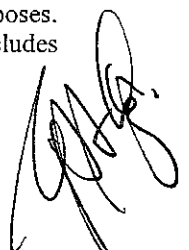
- (2) A taxi driver listens to the radio inside his car for his own indulgence but regularly receives huge tips from his passengers for playing music through his radio.
- (3) A small *carinderia* owner sings the entirety of her favorite songs all day to entertain her customers who keep coming back.
- (4) A teenager plays the Eraserheads album in the background to improve the ambiance in a garage sale.
- (5) A customer sings all the hit songs of Queen onstage in a karaoke bar where more than 500 customers regularly go every night.

Even assuming that the copyright owners or their representatives do not, *in reality*, enforce their rights against ordinary individuals like those described in the examples above, this does not change the fact that their acts **may** fall under the definition of copyright infringement and potentially make them subject to penal sanctions. In fact, the lack of jurisprudence involving these ordinary people doing everyday activities precisely serves as the impetus for why the Court should take a proactive stance in elaborating on the limitations of copyright law.

In view of the unlikelihood that jurisprudence will categorically declare their acts as non-infringing — whether because cases have not historically been filed against them or whether because these disputes have always ended up in settlement — the Sword of Damocles would hover indefinitely over the heads of these ordinary people doing everyday activities. In this very real sense, therefore, it behooves the Court to take an active stance, and to not rely on the benevolence of copyright holders on the naïve belief that copyright holders enforcing their rights will never tyrannically bludgeon ordinary people using copyrighted material in common situations.

To be sure, the exceptions to copyright infringement are expressly provided under the IP Code. As well, the *ponencia* already addresses how none of these exceptions apply to the present case.¹⁴ However, since these exceptions are certainly difficult to understand, a more extensive yet nuanced rational interpretation of the Court would **still** be necessary — particularly in order to categorically give the assurance that ordinary people do not have to fear penal sanctions for using copyrighted musical works. To my mind, this is

¹⁴ *Ponencia*, pp. 26-28. The *ponencia* observes that none of the exceptions under Sec. 184 apply in this case, and clarifies that Section 184 (1) applies only to institutions for charitable and educational purposes. *Id.* at 28-34. The *ponencia* also applied the four-factors under Section 185 of the IP Code and concludes that Anrey's acts are not analogous with fair use.



vital in this case, especially in light of the dangers an overly expansive interpretation of the coverage of music copyright protection could entail.

If the Court is to do its part in the delicate balancing of interests, copyright protection must, in the first place, not be seen as towering fortresses intended to define the metes and bounds of the owners' exclusive rights and to keep the trespassers out. While the Court is called upon to be steadfast in recognizing when the defensive ramparts have been breached, it must also reassure that these imposing edifices — while aiming to protect the interests of the owners — may also be used as platforms for the rest of society to reach loftier heights. Indeed, if the spirit of copyright protection as a catalyst for the progress or betterment of society is to be genuinely upheld, the Court must place due emphasis on how the law itself limits the coverage of copyright protection in a manner that already protects ordinary people in ordinary situations. At the risk of being repetitive, **encouraging other people to use copyrighted material in a manner consistent with copyright owners' rights is also important in order to "promote the diffusion of knowledge and information for the promotion of national development and progress and the common good."**

The *ponencia* aptly discusses the four factors of the fair use doctrine,¹⁵ and holds that Anrey failed to demonstrate that the use of FILSCAP's copyrighted works by its restaurants was either fair or covered by the limitations on copyright.¹⁶ However, in view of the foregoing compelling considerations, for the guidance of the Bench, the Bar, and the public, I submit the following discussions on the exceptions to copyright infringement in Sections 184 and 185 of the IP Code.

A.

Limitations on Copyright

Section 184 of the IP Code reads:

SECTION 184. *Limitations on Copyright*. — 184.1. Notwithstanding the provisions of Chapter V, the following acts shall not constitute infringement of copyright:

- (a) The recitation or performance of a work, once it has been lawfully made accessible to the public, if done privately and free of charge or if made strictly for a charitable or religious institution or society; (Sec. 10(I), P.D. No. 49)
- (b) The making of quotations from a published work if they are compatible with fair use and only to the extent justified for the purpose, including quotations from newspaper articles and periodicals in the form of press summaries: *Provided*, That the source and the name of

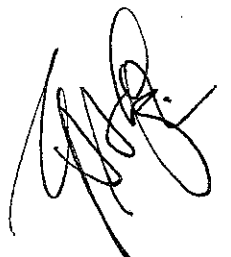
¹⁵ Id. at 28-34.

¹⁶ Id. at 26-34.



the author, if appearing on the work, are mentioned;
(Sec. 11, third par., P.D. No. 49)

- (c) The reproduction or communication to the public by mass media of articles on current political, social, economic, scientific or religious topic, lectures, addresses and other works of the same nature, which are delivered in public if such use is for information purposes and has not been expressly reserved: *Provided*, That the source is clearly indicated; (Sec. 11, P.D. No. 49)
- (d) The reproduction and communication to the public of literary, scientific or artistic works as part of reports of current events by means of photography, cinematography or broadcasting to the extent necessary for the purpose; (Sec. 12, P.D. No. 49)
- (e) The inclusion of a work in a publication, broadcast, or other communication to the public, sound recording or film, if such inclusion is made by way of illustration for teaching purposes and is compatible with fair use: *Provided*, That the source and the name of the author, if appearing in the work, are mentioned;
- (f) The recording made in schools, universities, or educational institutions of a work included in a broadcast for the use of such schools, universities or educational institutions: *Provided*, That such recording must be deleted within a reasonable period after they were first broadcast: *Provided, further*, That such recording may not be made from audiovisual works which are part of the general cinema repertoire of feature films except for brief excerpts of the work;
- (g) The making of ephemeral recordings by a broadcasting organization by means of its own facilities and for use in its own broadcast;
- (h) The use made of a work by or under the direction or control of the Government, by the National Library or by educational, scientific or professional institutions where such use is in the public interest and is compatible with fair use;
- (i) The public performance or the communication to the public of a work, in a place where no admission fee is charged in respect of such public performance or communication, by a club or institution for charitable or educational purpose only, whose aim is not profit making, subject to such other limitations as may be provided in the Regulations; (n)
- (j) Public display of the original or a copy of the work not made by means of a film, slide, television image or otherwise on screen or by means of any other device or process: *Provided*, That either the work has been



published, or, that the original or the copy displayed has been sold, given away or otherwise transferred to another person by the author or his successor in title; and

- (k) Any use made of a work for the purpose of any judicial proceedings or for the giving of professional advice by a legal practitioner.

This Section expressly provides for specific situations involving the use of copyrighted material which do not constitute infringement.

In this regard, particularly relevant to the aforementioned examples of day-to-day situations — and ultimately, the issue in this case — are paragraphs (a) and (i) of Section 184.1, which respectively involve (i) “the recitation or performance” of a work in private places, and (ii) the “public performance” and/or “communication to the public” of copyrighted works in public or publicly accessible places. Under these paragraphs, in order for a recitation, performance and/or the communication of a work to be exempt, the following requisites should be present:

Under Section 184.1(a):

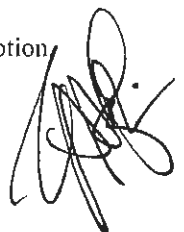
- (i) The recitation or performance is done (a) privately and free of charge or (b) made strictly for a charitable or religious institution or society; and
- (ii) The work has been lawfully made accessible to the public prior to the recitation or performance

Under Section 184.1(i):

- (i) The place where the public performance and/or communication to the public is made does not charge any admission fee in respect of such performance or communication;
- (ii) The public performance and/or communication to the public is made by a club or institution: (a) for charitable or educational purpose only; and (b) whose aim is not profit making; and
- (iii) Such other requirements that may be prescribed under the implementing rules and regulations promulgated by the Director General of the IPO.¹⁷

Regarding the first requisite of Section 184.1(a), for this exemption to apply, the recitation or performance should be done privately and completely free of charge — unless the same is made strictly for a charitable or religious

¹⁷ Currently, the IPO has not prescribed any additional requirements for the application of this exemption.



institution or society. Corollarily, a person could avail of the exemption under Section 184.1(a) even if the recitation or performance were to be done publicly and/or for compensation, provided that the same is made strictly for a charitable or religious institution or society.

Notably, the IP Code does not specifically define the term “privately.” Since Congress did not assign a statutory definition to the term “privately,” this term should thus be understood in its plain and ordinary sense,¹⁸ *i.e.*, “relating or belonging to an individual, opposed to the public or the government.”¹⁹ Considering, however, that the term “public,” the commonly accepted antonym of “private,” is given a technical meaning elsewhere in the IP Code, then resort could also be made to this definition in order to construe what “privately” as contemplated under Section 184.1(a) means. In this regard, Section 171.6 of the IP Code provides that a performance of a sound recording will be deemed as “public” if it would entail “making the recorded sounds audible at a place or at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present, irrespective of whether they are or can be present at the same place and at the same time, or at different places and/or at different times.”²⁰

In other words, construing “privately” in its ordinary sense (*i.e.*, as the opposite of “publicly”), and coupled with the definition of “public” under Section 171.6, then this term should simply be understood to refer to situations where the work is **not** made “audible at a place or at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present.” After all, it is a settled principle of statutory construction that “words used in the Constitution or in the statute must be given their ordinary meaning except where technical terms are employed.”²¹ As well, the law must not be read in truncated parts, and “the whole and every part thereof must be considered in fixing the meaning of any of its parts in order to produce a harmonious whole.”²²

Meanwhile, regarding the first requisite of Section 184.1(i), in contrast with the first requisite of Section 184.1(a), it should be clarified that based on the plain text of paragraph (i) of Section 184,²³ charging an admission fee, *per se*, does not take out an otherwise allowable “performance” or “communication” from this exemption. Rather, the admission fee must specifically be “charged in respect of such performance or communication.” Thus, if an admission fee is charged for some other purpose not otherwise

¹⁸ *Commissioner of Internal Revenue v. Bank of the Philippine Islands*, 525 Phil. 624, 632-633 (2006); *Commissioner of Internal Revenue v. Bank of Commerce*, 498 Phil. 673, 684 (2005); *Romualdez v. Sandiganbayan*, 479 Phil. 265, 287-288 (2004); *Estrada v. Sandiganbayan*, 421 Phil. 290, 348 (2001). See *Commissioner of Internal Revenue v. Court of Appeals*, 363 Phil. 130, 138 (1999), citing *Mustang Lumber Inc. v. Court of Appeals*, 327 Phil. 214 (1996), further citing RUBEN E. AGPALO, STATUTORY CONSTRUCTION, (2nd Ed. 1990), p. 131.

¹⁹ *Private*, Black’s Law Dictionary (9th Edition) (2009), p. 1315.

²⁰ IP CODE, Sec. 171.6.

²¹ *Freuhauf Electronics v. Technology Electronics Assembly*, 800 Phil. 721, 747 (2016).

²² *Philippine International Trading Corporation v. Commission on Audit*, 635 Phil. 448, 454 (2010).

²³ The provision specifically exempts places “where no admission fee is charged in respect of such public performance or communication.” (Emphasis supplied)



related to the performance or communication, then the latter could still be exempt under this paragraph.

Anent the second requisite of Section 184.1(i), it must be underscored that not only must the club or institution be for a “charitable or educational purpose,” but it must also be “non-profit.” Thus, to be exempt, the club or institution must not only first qualify as either a charitable institution, *i.e.*, it “provide[s] for free goods and services to the public which would otherwise fall on the shoulders of government,”²⁴ or an educational institution, *i.e.*, it must be a school, seminary, college or similar educational establishment under the formal school system;²⁵ but also, said club or institution must likewise be “non-profit,” such that “no net income or asset accrues to or benefits any member or specific person, with all [its] net income or asset[s] devoted to the institution’s purposes and all its activities conducted not for profit.”²⁶

Going back to the examples of commonplace situations where copyrighted materials are used, even if the organization in the first example²⁷ plays the entirety of the copyrighted musical work (*i.e.*, the entire album of Smokey Mountain which includes the song “Paraiso.”) in a public place, this does not constitute copyright infringement because it falls under Section 184(i).²⁸ While the songs are publicly performed by the organization and an admission fee is being charged, the fee is not charged with respect to the public performance of the copyrighted music and the organization carrying out the public performance is for a charitable purpose and its aim is not profit-making.

In contrast to Section 184 which specifies the “Limitations on Copyright,” Section 185 of the IP Code on Fair Use provides several factors that may encompass a multitude of situations not specifically contemplated under the law.

B.

Fair Use

i. Fair Use Doctrine

²⁴ *Commissioner of Internal Revenue v. St. Luke’s Medical Center*, 805 Phil. 607, 618 (2017), citing *Commissioner of Internal Revenue v. St. Luke’s Medical Center*, 695 Phil. 867, 895 (2012); *Lung Center of the Philippines v. Quezon City*, 477 Phil. 141 (2004).

²⁵ See *Commissioner of Internal Revenue v. Court of Appeals*, 358 Phil. 562 (1998), citing 84 CJS 566.

²⁶ *Commissioner of Internal Revenue v. St. Luke’s Medical Center*, supra note 24, at 617-618.

²⁷ (1) An organization intended to promote awareness of the hardships endured by street children arranges an enclosed gallery in the high school cafeteria showcasing its members’ photographs of street children. The organization charges a viewing fee of 10 pesos to visitors to cover its administrative and operational expenses. To improve the atmosphere of the gallery, the organization plays the entire album of Smokey Mountain which includes the song “Paraiso.”

²⁸ IP CODE, Sec. 18 (i): “The public performance or the communication to the public of a work, in a place where no admission fee is charged in respect of such public performance or communication, by a club or institution for charitable or educational purpose only, whose aim is not profit making, subject to such other limitations as may be provided in the Regulations[.]”



Aside from the specific exceptions and limitations contemplated under Section 184 of the IP Code, the law also provides a statutory framework that may be used as a guide in determining whether an unlicensed use of a copyrighted work falls within fair use and consequently, outside the scope of copyright infringement. Specifically, Section 185 provides as follows:

SECTION 185. *Fair Use of a Copyrighted Work.* — 185.1. The fair use of a copyrighted work for criticism, comment, news reporting, teaching including multiple copies for classroom use, scholarship, research, and similar purposes is not an infringement of copyright x x x. In determining whether the use made of a work in any particular case is fair use, the factors to be considered shall include:

- (a) The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- (b) The nature of the copyrighted work;
- (c) The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (d) The effect of the use upon the potential market for or value of the copyrighted work.

Copyright is defined as the right granted by a statute to the proprietor of an intellectual creation for its exclusive use and enjoyment.²⁹ Copyright protection is extended to creators of intellectual properties primarily to promote their personal and economic gain over their creations.³⁰ Although copyright protection inspired and encouraged a great deal of artistic and ingenious minds, it also effectively created a monopoly over the use of certain information, to the detriment of public availability and accessibility of literature, music, and other arts.³¹ This quandary created the need to balance these two conflicting interests, and led to the development, and eventually the codification of the Doctrine of Fair Use.³²

The Doctrine of Fair Use is “judge-made.”³³ Its origin may be traced back to the fair abridgment cases litigated in English courts in the early 1700s,³⁴ including the leading case of *Gyles v. Wilcox, Barrow, and Nutt*.³⁵

²⁹ Dissenting Opinion of Chief Justice Hilario Davide, Jr. in *Habana v. Robles*, 369 Phil. 764, 787 (1999).

³⁰ *Id.* at 789.

³¹ Pedro Jose Bernardo, TRANSFORMATIVE ADAPTATION, PERFORMANCE, AND FAIR USE OF LITERARY AND DRAMATIC WORKS: DELINEATING THE RIGHTS OF PLAYWRIGHTS AND ADAPTERS, pp. 619-620, citing Brad Sherman & Lionel Bentley, THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW (2000), p. 302.

³² *Id.*

³³ Natanel, Neil Weinstock, MAKING SENSE OF FAIR USE (2011), p. 719, available at <<https://escholarship.org/content/qt5mh7w8hc/qt5mh7w8hc.pdf>>, citing Matthew Sag, THE PRE-HISTORY OF FAIR USE, 76 BROOK. L. REV. (forthcoming 2011).

³⁴ *Id.*

³⁵ [1741] 2 Atk. 141, cited in PRIMARY SOURCES ON COPYRIGHT (1450-1900), eds L. Bentley & M. Kretschmer, available at <https://web.archive.org/web/20110725200047/http://www.copyrighthistory.org/cgi-bin/kleioc/0010/exec/showScreen/%22uk_1741_im_001_0001.jpg%22>.

This case involved a bookseller, Fletcher Gyles (Gyles), who sought to enjoin the printing of a book titled “*Modern Crown Law*,” “it being suggested to be colourable only, and in fact borrowed *verbatim* from Sir *Matthew Hale’s Pleas of the Crown*.”³⁶ In ruling in favor of Gyles, the Court declared that an abridgment of a book that is fairly made may, “with great propriety be called a new book,”³⁷ because “the invention, learning, and [judgment] of the author are also shown in it.”³⁸ In this case however, the Court ruled that the “*Modern Crown Law*” is only a colorable reproduction, not a fair abridgment of the “*Pleas of the Crown*,” and therefore, a mere evasion of the statute and should not be allowed.³⁹

Through time, this Doctrine of Fair Abridgment evolved and shaped the modern idea and concept of fair use that is currently incorporated in copyright laws, including the Copyright Act of 1976 of the United States (US), and the IP Code of the Philippines.

The Doctrine of Fair Use was first launched in American jurisprudence in 1841 in the case of *Folsom v. Marsh*.⁴⁰ In this case, the US Circuit Court for the District of Massachusetts ruled that the reproduction of 353 pages of President George Washington’s papers in the two-volume work titled “*The Life of Washington in the Form of an Autobiography*,” published by defendant, was not fair use and therefore, constituted “an act of piracy.”⁴¹ More importantly, in said case, Justice Joseph Story first proposed the four factors of fair use that would later be integrated into the US Copyright Act of 1976, to wit:

In short, we must often, in deciding questions of this sort, look to the **nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.**⁴²
(Emphasis and underscoring supplied)

Fair use has since been recognized as one of the acceptable affirmative defenses against allegations of copyright infringement.

In *Campbell v. Acuff-Rose Music, Inc.*⁴³ (*Campbell*), a case concerning a parody of the popular song “Pretty Woman,” the Supreme Court of the United States (SCOTUS) definitively held that “fair use is an affirmative defense, so doubts about whether a given use is fair should not be resolved in favor of the self-proclaimed parodist.”⁴⁴ In order to validly raise this defense, it is not enough to simply allege fair use. Statute and jurisprudence require the

³⁶ Id.

³⁷ Id. at 143.

³⁸ Id.

³⁹ See id.

⁴⁰ Supra note 31, at 302.

⁴¹ See Case Summary, Outcome, 9 F. Cas. 342, 344 (C.C.D. Mass. 1841).

⁴² Id. at 348.

⁴³ 510 US 569 (1994).

⁴⁴ Id. at 599.

alleged infringer to prove that his or her use or reproduction is compatible with fair use, using as guide the four fair use factors enumerated in copyright laws.

At present, the Doctrine of Fair Use is not available in most European countries, which predominantly have civil law systems.⁴⁵ The copyright laws of European countries do not provide for a broad fair use exception, unlike the Copyright Act of 1976 of the US and the IP Code of the Philippines. On the other hand, they provide a list of specific uses of copyrighted works, akin to Section 184 of the IP Code, which are considered exceptions to infringement. Perhaps, the closest to the Doctrine of Fair Use would already be the Doctrine of Fair Dealing found in the copyright law of the United Kingdom (UK), also known as the Copyright, Design, and Patents Act of 1988. Unlike fair use, however, the defense of fair dealing is less subjective and may only be applied in the following cases: (1) non-commercial research; (2) criticism review and news reporting; and (3) caricature, parody and news reporting, to wit:

Section 29. Research and private study:

- (1) Fair dealing with a work for the purposes of research for a non-commercial purpose does not infringe any copyright in the work provided that it is accompanied by a sufficient acknowledgement.

x x x x

Section 30. Criticism, review, and news reporting:

- (1) Fair dealing with a work for the purpose of criticism or review, of that or another work or of a performance of a work, does not infringe any copyright in the work provided that it is accompanied by a sufficient acknowledgement (unless this would be impossible for reasons of practicality or otherwise) and provided that the work has been made available to the public.

x x x x

- (2) Fair dealing with a work (other than a photograph) for the purpose of reporting current events does not infringe any copyright in the work provided that (subject to subsection (3)) it is accompanied by a sufficient acknowledgement.

x x x x

Section 30A. Caricature, parody or pastiche

⁴⁵ P. Bernt Hugenholtz, *Law and Technology Fair Use in Europe*, VIEWPOINTS: COMMUNICATIONS OF THE ACM (2013), Vol. 56, No. 5, p. 26, available at <https://www.ivir.nl/publicaties/download/Communications_ACM.pdf>; *The Copyright Fair Use Debate: A European Perspective*, MINTERELLISON, available at <<https://www.minterellison.com/articles/the-copyright-fair-use-debate-a-european-perspective>>.



- (1) Fair dealing with a work for the purposes of caricature, parody or pastiche does not infringe copyright in the work.⁴⁶

What is considered “fair dealing,” according to the case of *Hubbard v. Vosper*,⁴⁷ is difficult to define, viz.:

It is impossible to define what is “fair dealing.” It must be a question of degree. You must consider first the number and extent of the quotations and extracts. Are they altogether too many and too long to be fair? Then you must consider the use made of them. If they are used as a basis for comment, criticism or review, that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, that may be unfair. Next, you must consider the proportions. To take long extracts and attach short comments may be unfair. But, short extracts and long comments may be fair. Other considerations may come to mind also. But, after all is said and done, it must be a matter of impression. As with fair comment in the law of libel, so with fair dealing in the law of copyright. The tribunal of fact must decide.⁴⁸

The UK courts have been stringent in appreciating the doctrine of fair dealing. For example, in the case of *The Controller of Her Majesty’s Stationery Office, Ordnance Survey v. Green Amps*,⁴⁹ which involved the unauthorized use and download of the Ordnance Survey’s⁵⁰ digital maps for research purposes by a company engaged in the business of providing wind turbines, the court in UK ruled that the defense of fair dealing should fail. The court noted that defendant used the maps to develop a commercial product. Thus, in view of the commercial purpose of the research, the doctrine of fair dealing was not appreciated.

In another interesting case of *HRH Prince of Wales v. Associated Newspaper Ltd.*,⁵¹ involving the unauthorized use of the Prince of Wales’s travel journals, the UK court ruled that the defense of doctrine of fair dealing should also fail considering that defendant obtained a copy of the journal as a result of breach of confidence. Moreover, the articles published by defendant in relation to the travel journals did not totally deal with current events. The defense of fair dealing for the purpose of criticism or review cannot also be appreciated considering that the journals have not been made available to the public for scrutiny.

In *Fraser-Woodward Limited v. British Broadcasting Corporation and Brighter Pictures Limited*,⁵² however, the UK court gave credence to the defense of fair dealing. In this case, defendants published photographs of the

⁴⁶ *Copyright, Designs and Patents Act 1988*, LEGISLATION.GOV.UK, available at <<https://www.legislation.gov.uk/ukpga/1988/48/contents>>.

⁴⁷ 1971 C. No. 7360, available at <<https://uniset.ca/other/cs3/vosper.html>>.

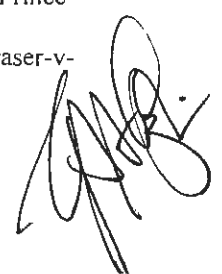
⁴⁸ Id.

⁴⁹ [2007] EWHC 2755, available at <<http://www2.bailii.org/ew/cases/EWHC/Ch/2007/2755.html>>.

⁵⁰ “Ordnance Survey” is the national mapping agency of Great Britain.

⁵¹ [2006] EWCA Civ 1776, available at <<https://www.5rb.com/wp-content/uploads/2013/10/HRH-Prince-of-Wales-v-Associated-Newspapers-CA-21-Dec-2006.pdf>>.

⁵² [2005] EWHC 472 (Ch), available at <<https://www.5rb.com/wp-content/uploads/2013/10/Fraser-v-BBC-final.pdf>>.



Beckham family, the copyright of which belongs to complainant therein. Ultimately, the court found that the subject photographs were used for the purpose of criticism or review of other works, namely the tabloid press and magazines.

ii. Fair Use in the Philippines

Although the term “fair use” was introduced in the legal system of the Philippines only when the IP Code took effect in 1998, its essence may already be culled from statutes dating back to the 1920s.

Act No. 3134,⁵³ or the Copyright Law of the Philippine Islands, which became effective on March 6, 1924, specifically allowed citation or reproduction of copyrighted work for purposes of comment, dissertation and criticism. Further, it authorized reproduction of news and articles as long as proper citation is provided and parts of little extent of musical work. For reference, the relevant provision of Act No. 3134 is copied below:

SECTION 5. Lines, passages, or paragraphs in a book or other copyrighted works **may be quoted or cited or reproduced for comment, dissertation, or criticism.**

News items, editorial paragraphs, and articles in periodicals **may also be reproduced** unless they contain a notice that their publication is reserved or a notice of copyright, **but the source of the reproduction or original reproduced shall be cited.** In case of musical works **parts of little extent may also be reproduced.**⁵⁴ (Emphasis and underscoring supplied.)

In the 1929 case of *Philippine Education Company, Inc. v. Vicente Sotto*,⁵⁵ the Court had the opportunity to explain the legal construction that should be placed upon the second paragraph of Section 5 of Act No. 3134. The Court ruled that “where one periodical purchases, pays for and publishes an article with notice that ‘all rights thereto were reserved,’ another periodical has no legal right to again publish the article, without giving ‘the source of reproduction’ or citing the original from which it was reproduced.”⁵⁶

Subsequently, Presidential Decree No. (PD) 49 or the Decree on the Protection of Intellectual Property⁵⁷ was enacted in 1972 to update the provisions of Act No. 3134 in order to “give fuller protection to intellectual property and to encourage arts and letters, as well as stimulate scientific research and invention, at the same time safeguard the public’s right to cultural information.”⁵⁸ In doing so, PD No. 49 expanded Section 5 of Act No. 3134 and enumerated the following limitations on copyright protection, the

⁵³ AN ACT TO PROTECT INTELLECTUAL PROPERTY.

⁵⁴ Act. No. 3134, Sec. 5.

⁵⁵ 52 Phil. 680 (1929).

⁵⁶ Id. See Syllabus.

⁵⁷ Dated November 14, 1972.

⁵⁸ PD 49, Whereas Clause.

nature of which align with the spirit of fair use, as may be deduced from the ruling in the case of *Habana v. Robles*⁵⁹ (*Habana*):

SECTION 10. When a work has been lawfully made accessible to the public, the author shall not be entitled to prohibit;

1. Its recitation or performance (A) if done privately and free of charge; or (B) if made for strictly charitable or religious institution or society.
2. Reproductions, translations and adaptations thereof destined exclusively for personal and private use;

SECTION 11. To an extent (sic) compatible with fair practice and justified by the scientific, critical, informatory or educational purpose, it shall be permissible to make quotations or excerpts from a work already lawfully made accessible to the public. Such quotations may be utilized in their original form or in translation.

News items, editorials, and articles on current political, social, economic, scientific or religious topic may be reproduced by the press or broadcast, unless they contain or are accompanied by a notice that their reproduction or publication is reserved. In case of musical works, parts of little extent may also be reproduced.

Quotations and excerpts as well as reproduction shall always be accompanied by an acknowledgment of the source and name of the author, if his name appears thereon.

SECTION 12. In reports of a current event by means of photography, cinematography or broadcasting, literary, scientific or artistic works which can be seen or heard in the course of said event may be reproduced and communicated to the public to the extent necessary for the purpose.

SECTION 13. Libraries, public archives and museums have the right, subject to the conditions specified in the succeeding paragraphs, to produce for purposes of their activities by photographic means, and without the consent of the caretaker or proprietor, copies of a literary or artistic work.⁶⁰ (Underscoring supplied)

PD 285,⁶¹ which took effect on September 3, 1973, was also an indirect application of fair use in the Philippines. With affordability and availability of educational, scientific or cultural books and materials as end in mind, the law granted the government and private printers the right to reprint books, pamphlets, and other written materials, whether of domestic or foreign origin.⁶²

⁵⁹ 369 Phil. 764 (1999).

⁶⁰ PD 49, Secs. 11-13.

⁶¹ AUTHORIZING THE COMPULSORY LICENSING OR REPRINTING OF EDUCATIONAL, SCIENTIFIC OR CULTURAL BOOKS AND MATERIALS AS A TEMPORARY OR EMERGENCY MEASURE WHENEVER THE PRICES THEREOF BECOME SO EXORBITANT AS TO BE DETRIMENTAL TO THE NATIONAL INTEREST.

⁶² PD 285, Sec. 1.



Notwithstanding the foregoing and the subsequent institutionalization of the Doctrine of Fair Use in Section 185 of the IP Code of the Philippines, the Court has had only two notable cases that touched on the application of fair use. Specifically, these are *Habana* and *ABS-CBN Corporation v. Gozon, et al.*⁶³ (*ABS-CBN*).

In the case of *Habana*, the Court ruled that therein respondent's "act of lifting from the book of petitioners substantial portions of discussion and examples, and her failure to acknowledge the same in her book is an infringement of petitioner's copyrights."⁶⁴ In determining whether the act of reproduction constituted copyright infringement, the Court considered: (a) the amount of matter copied from the copyrighted work; and (b) the damages caused to the author of the book copied:

We believe that respondent Robles' act of lifting from the book of petitioners substantial portions of discussions and examples, and her failure to acknowledge the same in her book is an infringement of petitioners' copyrights.

x x x x

In determining the question of infringement, the amount of matter copied from the copyrighted work is an important consideration. To constitute infringement, it is not necessary that the whole or even a large portion of the work shall have been copied. If so much is taken that the value of the original is sensibly diminished, or the labors of the original author are substantially and to an injurious extent appropriated by another, that is sufficient in point of law to constitute piracy.

x x x x

The next question to resolve is to what extent can copying be injurious to the author of the book being copied. Is it enough that there are similarities in some sections of the books or large segments of the books are the same?

x x x x

In cases of infringement, copying alone is not what is prohibited. The copying must produce an "injurious effect." Here, the injury consists in that respondent Robles lifted from petitioners' book materials that were the result of the latter's research work and compilation and misrepresented them as her own. She circulated the book DEP for commercial use and did not acknowledge petitioners as her source.⁶⁵ (Emphasis and underscoring supplied)

For his part, Chief Justice Hilario Davide, Jr., in his dissenting opinion in *Habana*, defined "fair use" as "a privilege to use the copyrighted material

⁶³ 755 Phil. 709 (2015).

⁶⁴ *Habana v. Robles*, supra note 59, at 778.

⁶⁵ Id. at 778-780, citing *Columbia Pictures Inc. v. Court of Appeals*, 329 Phil. 875 (1996).



in a reasonable manner without the consent of the copyright owner or as copying the theme or ideas rather than their expression.”⁶⁶

The case of *ABS-CBN* is a more pronounced application of the Doctrine of Fair Use. Consistent with US jurisprudence, the Court held that the determination of whether the subject five-second footage may be considered fair use is a matter of defense. The Court also had the opportunity to discuss, albeit briefly, the four factors listed in Section 185 of the IP Code that may be used as guide in determining whether there is fair use of a copyrighted work, *viz.*:

First, **the purpose and character of the use of the copyrighted material** must fall under those listed in Section 185, thus: “criticism, comment, news reporting, teaching including multiple copies for classroom use, scholarship, research, and similar purposes.” The purpose and character requirement is important in view of copyright’s goal to promote creativity and encourage creation of works. **Hence, commercial use of the copyrighted work can be weighed against fair use.**

The “transformative test” is generally used in reviewing the purpose and character of the usage of the copyrighted work. This court must look into whether the copy of the work adds ‘new expression, meaning or message’ to transform it into something else. ‘Meta-use’ can also occur without necessarily transforming the copyrighted work used.

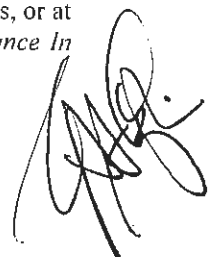
Second, **the nature of the copyrighted work** is significant in deciding whether its use was fair. If the nature of the work is more factual than creative, then fair use will be weighed in favor of the user.

Third, the **amount and substantiality of the portion used** is important to determine whether usage falls under fair use. An exact reproduction of a copyrighted work, compared to a small portion of it, can result in the conclusion that its use is not fair. There may also be cases where, though the entirety of the copyrighted work is used without consent, its purpose determines that the usage is still fair. For example, a parody using a substantial amount of copyrighted work may be permissible as fair use as opposed to a copy of a work produced purely for economic gain.

Lastly, **the effect of the use on the copyrighted work’s market is also weighed for or against the user.** If this court finds that the use had or will have a negative impact on the copyrighted work’s market, then the use is deemed unfair.⁶⁷

⁶⁶ Dissenting Opinion of Chief Justice Hilario Davide, Jr., in *Habana v. Robles*, supra note 29, at 797.

⁶⁷ *ABS-CBN Corporation v. Gozon, et al.*, supra note 63, at 758-760, citing: (i) Matthew D. Bunker, *Transforming The News: Copyright And Fair Use In News-Related Contexts*, 52 J. COPYRIGHT SOC’Y U.S.A. 309, 311 (2004–2005); (ii) *Campbell v. Acuff-Rose Music, Inc.*, 510 US 569, 579 (1994); (iii) *Nunez v. Caribbean International News Corp.*, 235 F.3d 18 (1st Cir. 2000) and (iv) *Psihoyos v. National Examiner*, 49 U.S.P.Q.2d 1766 (S.D. N.Y. 1998) (See note 120: “Bunker proposes the term ‘meta-use’ for the kind of use that does not necessarily transform the original work by adding expression, meaning, or message, but only changes the purpose of the work. ‘[Psihoyos] distinguished between using the photograph to ‘show what it depict[ed]’ versus commenting upon the photograph in some way. Certainly the Nunez use was for purposes of commentary on the photos — the photos had engendered significant controversy, and the news article reported on that controversy. Thus, the Nunez use was what we might refer to as a ‘meta-use’ of the photos that went beyond simply using a photograph to illustrate a news story — as in Psihoyos — and instead consisted of a news story about the photographs themselves, or at least public reaction to them.”); (v) John J. McGowan, *Competition, Regulation, and Performance In*



Unfortunately, in view of the insufficiency of available evidence, the determination of whether the five-second footage was subject to fair use, and consequently, the application of the four-factor test, was left to the trial court.

After the *ABS-CBN* case, there are no other fair use cases that reached the Supreme Court.

iii. *The Four Fair Use Factors*

Considering the broad descriptions of the four fair use factors and the tangential applications of the doctrine in the cases of *Habana* and *ABS-CBN*, I submit that reference should be had by the Court to US fair use cases in order to further elucidate the meaning and substance of each of the four factors. Although fair use cases should be analyzed case-by-case,⁶⁸ the Court may nevertheless fashion a set of governing principles that the Bench, the Bar, and more importantly, the general public, can apply when confronted with fair use cases. This discussion would be crucial considering that, as emphasized earlier, copyright infringement may be *penal in nature* and that the Doctrine of Fair Use is recognized only as an affirmative defense.

Before delving into the relevant judicial interpretations made by the US Courts, it should first be emphasized that the four fair use factors set out in Section 185 of our IP Code are an exact reproduction of the factors listed in the counterpart provision of the US Copyright Act of 1976, to wit:

Section 107. Limitations on the exclusive rights: Fair use

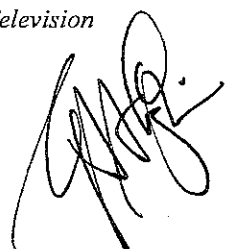
Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors. (Emphasis and underscoring supplied)

Television Broadcasting, 1967 WASH. U. L. Q. 499 (1967), and (vi) William T. Kelley, *How Television Stations Price Their Service*, 11 J. BROAD. 313 (1966-1967).

⁶⁸ See *Campbell v. Acuff-Rose Music, Inc.*, supra note 43.



Accordingly, reference to US cases is not only proper, but also imperative.

Further, it should be pointed out that, as held in the case of *Campbell*, each of the four factors is not individually conclusive and should be weighed along with the other factors for purposes of establishing a case of fair use.

1. *First Factor: The Purpose and Character of Use*

The first factor to consider in determining whether an unlicensed use or reproduction of a copyrighted work is in accordance with fair use is **the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes.** In *Campbell*, the SCOTUS clarified the core value behind an enquiry as to the purpose and character of the new work:

x x x The central purpose of this investigation is to see, in Justice Story's words, **whether the new work merely "supersede[s] the objects" of the original creation x x x, or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message;** it asks, in other words, whether and to what extent the new work is 'transformative.' Although such transformative use is not absolutely necessary for a finding of fair use, the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works. Such works thus lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright, x x x and **the more transformative the new work, the less will be the significance of other factors, like commercialism, that may weigh against a finding of fair use.**⁶⁹ (Emphasis supplied)

Speaking of commercial purpose, the SCOTUS also clarified its ruling in *Sony Corp. of America v. Universal Studios, Inc.*,⁷⁰ and further elucidated that the commercial character of a work does not *per se* make it unfair. At the same time, "the mere fact that a use is educational and not for profit does not insulate it from a finding of infringement."⁷¹ In shedding this light, the Court stated, as follows:

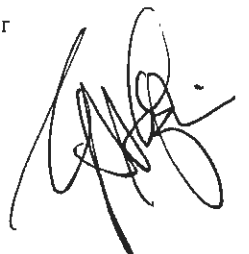
The language of the statute makes clear that **the commercial or nonprofit educational purpose of a work is only one element of the first factor enquiry into its purpose and character.** Section 107(1) uses the term "including" to begin the dependent clause referring to commercial use, and the main clause speaks of a broader investigation into "purpose and character." As we explained in *Harper & Row*, Congress resisted attempts to narrow the ambit of this traditional enquiry by adopting categories of presumptively fair use, and it urged courts to preserve the breadth of their traditionally ample view of the universe of relevant evidence x x x **If, indeed, commerciality carried presumptive force against a finding of fairness, the presumption would swallow nearly all of the illustrative**

⁶⁹ Id. at 578-579

⁷⁰ 464 US 417, 451, stating:

[E]very [unauthorized] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright.

⁷¹ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 584.



uses listed in the preamble paragraph of § 107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities “are generally conducted for profit in this country.” Congress could not have intended such a rule, which certainly is not inferable from the common-law cases, arising as they did from the world of letters in which Samuel Johnson could pronounce that “no man but a blockhead ever wrote, except for money.”⁷² (Emphasis and underscoring supplied)

In *Harper & Row, Publs. v. Nation Enters.*⁷³ (*Harper & Row*), the SCOTUS explained that “the crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain, but **whether the user stands to profit from exploitation of the copyrighted material without paying the customary price.**”⁷⁴

In other words, if the new work clearly has transformative use and value, a finding of fair use is more likely even if the user stands to profit from his or her new work. Conversely, if the new work merely supplants the object of the original work, *i.e.*, it has no transformative value, and is commercial in nature, the first factor will most likely be weighed against a finding of fair use. Needless to state, if the new work has transformative use and value, and was created for a noncommercial purpose or use, the scale will highly likely be swayed in favor of fair use.

Applying the ruling of the SCOTUS in *Campbell*, we may use as illustrative, **not limitative**, examples of transformative use those listed in the preamble of Section 185 of the IP Code, *i.e.*, for criticism, comment, news reporting, teaching, scholarship, research, and similar purposes.

In *Campbell*, the SCOTUS held that parodies which are “less ostensibly humorous forms of criticism[s],”⁷⁵ have transformative value⁷⁶ and served an entirely different function.⁷⁷ The US Court of Appeals for the Ninth Circuit, in *Hustler Magazine, Inc., v. Moral Majority, Inc.*⁷⁸ (*Hustler Magazine*), held that defendants reproduced and distributed copies of a single page from Hustler Magazine, Inc.’s magazine for a different purpose — “to defend himself (Jerry Falwell) against such derogatory personal attacks.”⁷⁹ Similarly, the US Court of Appeals for the Second Circuit, in *The Author’s Guild, Inc. v. Hathitrust*⁸⁰ (*The Author’s Guild*), ruled that the creation of a full-text

⁷² Id, citing *Harper & Row Publs. v. Nation Enters.*, 471 US 539, 561 (1985); House Report, p. 66; 3 Boswell’s Life of Johnson 19 (G. Hill ed. 1934).

⁷³ 471 US 539 (1985).

⁷⁴ Id. at 562. Emphasis supplied.

⁷⁵ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 579

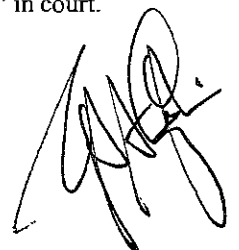
⁷⁶ Id.

⁷⁷ Id. at 591

⁷⁸ 796 F.2d 1148 (1986). Hustler Magazine, Inc., published an ad parody of Campari liquor featuring Reverend Jerry Falwell, “a nationally known fundamentalist minister, describing his ‘first time’ as being incest with his mother in an outhouse, and saying that he always gets ‘sloshed’ before giving his sermons.” Defendants reproduced copies of the single page ad parody and distributed them to their members for solicitation in order to raise money to help Falwell “defend his mother’s memory” in court.

⁷⁹ Id. at 1153.

⁸⁰ 755 F.3d 87 (2014).



searchable database of books is “a quintessentially transformative use” and the same should not be considered as a substitute for the books searched. In the same line, the US Court of Appeals for the Ninth Circuit, in *Kelly v. Arriba-Soft*⁸¹ (*Kelly*), ruled that the reproduction of plaintiff’s photos as thumbnail images served an entirely different purpose — “as a tool to help index and improve access to images on the internet and their related web sites.”⁸² In the seminal case of *Field v. Google, Inc.*⁸³ (*Field*), the US District Court for the District of Nevada also ruled that Google’s use of “cached” links has transformative use such as: (1) it enables the users to temporarily access an inaccessible page; (2) it allows users to identify changes made to a particular website; and (3) it “allows users to understand why a page was responsive to their original query.”⁸⁴

On the other hand, in *Harper & Row*, the SCOTUS ruled that the respondent’s intended purpose for the unauthorized use of the unpublished manuscripts was simply to “[supplant] the copyright holders’ commercially valuable right of first publication,” and thus, without any transformative use or value.⁸⁵ In *Twin Peaks Productions, Inc. v. Publications International Ltd.*⁸⁶ (*Twin Peaks*), the US Court of Appeals for the Second Circuit held that a book which simply summarizes the plots of plaintiff’s teleplay has no transformative value.⁸⁷

⁸¹ 336 F.3d 811 (2003).

⁸² *Id.* at 818.

⁸³ 412 F. Supp. 2d 1106 (2006):

x x x Google maintains one of the world’s largest and most popular Internet search engines, accessible, among other places, on the World Wide Web at www.google.com x x x.

x x x There are billions of Web pages accessible on the Internet. It would be impossible for Google to locate and index or catalog them manually. x x x Accordingly, Google, like other search engines, uses an automated program (called the ‘Googlebot’) to continuously crawl across the Internet, to locate and analyze available Web pages, and to catalog those Web pages into Google’s searchable Web index. x x x

x x x As part of this process, Google makes and analyzes a copy of each Web page that it finds, and stores the HTML code from those pages in a temporary repository called a cache x x x

x x x When Google displays Web pages in its search results x x x in the smaller font, Google often displays another link labeled “Cached.”

x x x When clicked, the “Cached” link directs an Internet user to the archival copy of a Web page stored in Google’s system cache, rather than the original Web site for that page. By clicking on the ‘Cached link’ for a page, a user can view the ‘snapshot’ of that page, as it appeared the last time the site was visited and analyzed by the Googlebot.” (pp.1110-1111)

Plaintiff Blake Field (Field), an author and attorney, filed an action against Google for directly infringing his copyrights “when a Google user clicked on a ‘cached’ link to the Web pages containing Field’s copyrighted works and downloaded a copy of those pages from Google’s computers. (p. 1115)

⁸⁴ *Id.* at 1119.

⁸⁵ *Harper & Row Publr’s v. Nation Enters.*, supra note 73, at 562.

⁸⁶ 996 F.2d 1366 (1993). Petitioner Twin Peaks Productions, Inc. (TPP) is the producer of the show “Twin Peaks,” which premiered on ABC in April 1990. In October 1990, defendant Publications International, Ltd. (PIL) published a book entitled “Welcome to Twin Peaks: A Complete Guide to Who’s Who and What’s What” based on the first eight episodes of TPP’s Twin Peaks. “The 128-page book has seven chapters, dealing with, respectively, (1) the popularity of the show; (2) the characters and the actors who play them; (3) the plots of the eight episodes, some commentary on the plots, and ‘unanswered questions’; (4) David Lynch, the creator of the show; (5) Mark Frost, the producer of the show, and Snoqualmie, Washington, the location of the show; (6) the music of the show; and (7) trivia questions and quotations constituting the ‘wit and wisdom of Agent Cooper,’ one of the characters.” (p. 1370)

⁸⁷ *See id.*

Taking into consideration the other fair use factors, US Courts sustained the user's claim of fair use in *Campbell*, *Hustler Magazine*, *The Author's Guild*, *Kelly*, and *Field*, but denied the same in *Harper & Row* and *Twin Peaks*.

2. Second Factor: Nature of Copyrighted Work

The second fair use factor involves the assessment of the **nature of the copyrighted work**. "This factor calls for recognition that some works are closer to the core of intended copyright protection than others, with the consequence that fair use is more difficult to establish when the former works are copied."⁸⁸

In the case of *Stewart v. Abend*⁸⁹ (*Stewart*), the SCOTUS ruled that there is a higher probability for the fair use defense to fly in case of factual works than works of fiction and fantasy, since the law generally recognizes a greater need to disseminate the former than the latter. Considering that a motion picture based on a fictional short story is more creative than factual, the fair use defense was given less weight. This ruling is affirmed in *Twin Peaks*, which involved a televised work of fiction.

In addition, in *Harper & Row*, the SCOTUS stated that the fact that the copied work is unpublished is a significant element of its "nature," since "the scope of fair use is narrower with respect to unpublished works."⁹⁰

While even substantial quotations might qualify as fair use in a review of a published work or a news account of a speech that had been delivered to the public or disseminated to the press, x x x **the author's right to control the first public appearance of his expression weighs against such use of the work before its release**. The right of first publication encompasses not only the choice whether to publish at all, but also the choices of when, where, and in what form first to publish a work.⁹¹ (Emphasis supplied)

This ruling was affirmed by the US Courts in *Salinger v. Random House, Inc.*⁹² and *Love v. Kwitny*,⁹³ where defendants' unauthorized reproduction of unpublished letters and manuscripts were weighed against fair use.

In the recent case of *Google LLC v. Oracle America, Inc.*⁹⁴ (*Google LLC*), the SCOTUS placed the copied "declaring code" farther from the core

⁸⁸ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 586.

⁸⁹ 495 US 207 (1990).

⁹⁰ *Harper & Row Publrs v. Nation Enters.*, supra note 73, at 564.

⁹¹ Id.

⁹² 811 F.2d 90 (1987).

⁹³ 772 F. Supp. 1367 (1989).

⁹⁴ 141 S. Ct. 1183. "Oracle America, Inc., owns a copyright in Java SE, a computer platform that uses the popular Java computer programming language. In 2005, Google acquired Android and sought to build a new software platform for mobile devices. To allow the millions of programmers familiar with the Java programming language to work with its new Android platform, Google copied roughly 11,500 lines of code from the Java SE program. The copied lines are part of a tool called an Application Programming

of copyright compared to other computer programs.⁹⁵ Given this, the application of fair use was held to “[unlikely undermine] the general copyright protection that Congress provided for computer programs.”⁹⁶

The foregoing judicial interpretations may be applied by analogy in similar cases or used as guide when this Court or the public is confronted with copyright infringement and fair use cases. As a rule, the closer the work is to the core of copyright protection — *i.e.*, the more creative, imaginative, or original the copied work is, the more likely will fair use be rejected as a defense against infringement.

3. *Third Factor: Amount and Substantiality of the Portion Used*

The third fair use factor asks whether the **amount and substantiality of the portion used in relation to the copyrighted work as a whole** is reasonable. The SCOTUS, in *Google LLC*, ruled that the **“substantiality” factor “will generally weigh in favor of fair use where x x x the amount of copying was tethered to a valid, and [transformative purpose].”**⁹⁷ Thus,

this factor calls for thought **not only about the quantity of the materials used, but about their quality and importance, too.** In *Harper & Row*, for example, the Nation had taken only some 300 words out of President Ford’s memoirs, but we signaled the significance of the quotations in finding them to amount to “the heart of the book,” the part most likely to be newsworthy and important in licensing serialization. We also agree with the Court of Appeals that **whether “a substantial portion of the infringing work was copied verbatim”** from the copyrighted work is a relevant question, **for it may reveal a dearth of transformative character or purpose under the first factor, or a greater likelihood of market harm under the fourth;** a work composed primarily of an original, particularly its heart, with little added or changed, is more likely to be a merely superseding use, fulfilling demand for the original.⁹⁸ (Emphasis and underscoring supplied)

In *Campbell*, the SCOTUS also clarified that the third fair use factor must be examined in relation to the first factor, which is the purpose and character of use. Thus, in this case, the Court held that a parody, which should necessarily “conjure up” at least enough of the original “to make the object of

Interface (API). An API allows programmers to call upon prewritten computing tasks for use in their own programs.” (p. 1187) “For each task, there is a computer code, known as ‘implementing code’ that in effect tells the computer how to execute the particular task you have asked it to perform,” (p. 1191) and a declaring code which simply “locate[s] and invoke[s] the particular implementing code that it needs to instruct the computer how to carry out a particular task.” (p.1192) “Google did not copy the task-implementing programs, or implementing code, from the Sun Java API. It wrote its own task-implementing programs, such as those that would determine which of two integers is the greater or carry out any other desired (normally far more complex) task. This implementing code constitutes the vast majority of both the Sun Java API and the API that Google created for Android. For most of the packages in its new API, Google also wrote its own declaring code. For 37 packages, however, Google copied the declaring code from the Sun Java API.” (p.1193)

⁹⁵ *Id.*

⁹⁶ *Id.* at 1188.

⁹⁷ *Id.* at 1205.

⁹⁸ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 587-588 citing *Harper & Row Publs v. Nation Enters.*, supra note 73.

its critical wit recognizable,” is fair use.⁹⁹ This is consistent with the US Court’s statement in *Field* that “even copying of entire works should not weigh against a fair use finding where the new use serves a different function from the original.”¹⁰⁰ Thus, the US District Court for the District of Nevada further stated:

x x x Google’s use of entire Web pages in its Cached links serves multiple transformative and socially valuable purposes. These purposes could not be effectively accomplished by using only portions of the Web pages. Without allowing access to the whole of a Web page, the Google Cached link cannot assist Web users (and content owners) by offering access to pages that are otherwise unavailable. Nor could use of less than the whole page assist in the archival or comparative purposes of Google’s “Cached” links. Finally, Google’s offering of highlighted search terms in cached copies of Web pages would not allow users to understand why a Web page was deemed germane if less than the whole Web page were provided x x x. Because Google uses no more of the works than is necessary in allowing access to them through “Cached” links, the third fair use factor is neutral, despite the fact that Google allowed access to the entirety of Field’s works.¹⁰¹ (Emphasis supplied)

4. Fourth Factor: The Effect of the Use Upon the Potential Market for or Value of the Copyrighted Work

The last factor, according to the case of *Harper & Row*, is “undoubtedly the single most important element of fair use.”¹⁰² “It requires courts to consider not only **the extent of market harm caused** by the particular actions of the alleged infringer, but also **whether unrestricted and widespread conduct of the sort engaged in by the defendant x x x would result in a substantially adverse impact** on the potential market’ for the original”¹⁰³ and derivative works.¹⁰⁴

The SCOTUS, in *Campbell*, stated that “when a commercial use amounts to mere duplication of the entirety of the original, it clearly supersedes the object of the original **and serves as a market replacement for it, making it likely that cognizable market harm to the original will occur.**”¹⁰⁵

In *Hustler Magazine*, the US Court of Appeals for the Ninth Circuit held that in order to determine the potential harm to a copyrighted work, the courts should focus on whether the infringing use: (1) “tends to diminish or prejudice the potential sale of the work; (2) tends to interfere with its

⁹⁹ *Id.*

¹⁰⁰ *Field v. Google, Inc.*, supra note 83, at 1120.

¹⁰¹ *Id.*

¹⁰² *Harper & Row, Publs. v. Nation Enters.*, supra note 73, at 566; *Stewart v. Abend*, supra note 89, at 238, citing 3 Nimmer § 13.05[A], pp. 13-81.

¹⁰³ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 590, citing Nimmer § 13.05[A][4], p. 13-102.61; *Harper & Row, Publs. v. Nation Enters.*, supra note 73, at 569; Senate Report, p. 65; *Folsom v. Marsh*, 9 F. Cas. 341 (1841).

¹⁰⁴ *Id.* citing *Harper & Row, Publs. v. Nation Enters.*, supra note 73, at 568. Emphasis supplied.

¹⁰⁵ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 591. Emphasis supplied.

marketability of the work; or (3) fulfill the demand for the original work.”¹⁰⁶ In this case, the US Court considered the following factors in concluding that the impact of defendant’s use of plaintiff’s work was nil: (a) the plaintiff’s work was first issued or released long before defendant’s mailings went out; (b) “the effect on the marketability of back issues of the magazine is *de minimis* because it is only one page of a publication”; and (c) defendant’s uses did not cause plaintiff any competitive injury since defendant was not selling or distributing copies of the ad parodies to plaintiff’s followers.¹⁰⁷

In *Google LLC*, the SCOTUS found that Google’s new smartphone platform is not a market substitute for Java SE, and accordingly, weighed the fourth factor in favor of fair use.¹⁰⁸

On the other hand, in the case of *Harper & Row*, the SCOTUS held that “if the defendant’s work adversely affects the value of any of the rights in the copyrighted work (in this case the adaptation and serialization right) the use is not fair.”¹⁰⁹ Similarly, in *Stewart*, the SCOTUS ruled that the rerelease of a film based on a story impinged on respondent’s ability to market new versions of the story, and consequently, caused market harm to respondent.¹¹⁰

In *Twin Peaks*, the US Court of Appeals for the Second Circuit weighed the fourth factor against fair use and held that:

x x x It is a safe generalization that copyright holders, as a class, wish to continue to sell the copyrighted work and may also wish to prepare or license such derivative works as book versions or films. In this case, the Book may interfere with the primary market for the copyrighted works and almost certainly interferes with legitimate markets for derivative works. **It is possible that a person who had missed an episode of “Twin Peaks” would find reading the Book an adequate substitute, and would not need to rent the videotape of that episode in order to enjoy the next one** x x x. **A copyright holder’s protection of its market for derivative works of course cannot enable it to bar publication of works of comment, criticism, or news reporting whose commercial success is enhanced by the wide appeal of the copyrighted work.** The author of “Twin Peaks” cannot preserve for itself the entire field of publishable works that wish to cash in on the “Twin Peaks” phenomenon. But it may rightfully claim a favorable weighting of the fourth fair use factor with respect to a book that reports the plot in such extraordinary detail as to risk impairment of the market for the copyrighted works themselves or derivative works that the author is entitled to license.¹¹¹ (Emphasis supplied)

Applying the foregoing discussion, it may be strongly argued that all five examples earlier provided in the previous section fall under fair use.

¹⁰⁶ *Hustler Magazine, Inc., v. Moral Majority, Inc.*, supra note 78, at 1155-1156.

¹⁰⁷ *Id.* at 1156.

¹⁰⁸ *Google LLC v. Oracle America, Inc.*, supra note 94, at 1208.

¹⁰⁹ *Harper & Row, Publr. v. Nation Enters.*, supra note 73, 568, citing 3 Nimmer § 13.05[B], at 13-77 - 13-78.

¹¹⁰ *Stewart v. Abend*, supra note 89, at 238.

¹¹¹ *Twin Peaks Productions, Inc. v. Publications International Ltd.*, supra note 86, at 1377.



In the first,¹¹² second,¹¹³ and last¹¹⁴ examples, although the purpose for playing or singing the copyrighted songs is not transformative, considering the personal and noncommercial or nonprofit nature of the intended purpose for listening to and playing music in the gallery venue, inside a car, and in a karaoke bar, the first factor should be weighed in favor of fair use. In the first example, although the organization charges a viewing fee, the same is not for profit since the purpose is to cover the organization's administrative and operational expenses. Similarly, the money earned by the taxi driver from tips received from his music-loving passengers is merely incidental, and should not be weighed against a finding of fair use. As to the customer singing the hit songs of a popular band in a karaoke bar, his or her purpose in singing these songs is obviously noncommercial and nonprofit.

In all these examples, both the second and third fair use factors should be weighed against a finding of fair use. Following the rulings of the US Courts, the Fair Use Doctrine should find lesser application in case of reproduction of creative works such as songs or music.

Lastly, the fourth and most important element should favor a finding in favor of fair use for all of the examples. First, the playing of songs will unlikely affect the potential market for the original and derivative works since the use of copyrighted songs is only done for a limited period of time, *i.e.*, during the duration of the gallery, the car ride, and the garage sale. In addition, public performance, *i.e.*, the singing of copyrighted songs, is only done by small-scale users and should not cause considerable harm to the potential market of the original or derivative works.

Indeed, a reasonable interpretation of the law, as proposed above, does not lose sight of the primary objective of allowing and promoting the use of intellectual property for the common good and the progress of society. In this regard, despite the equivocal wording of the exceptions under the IP Code, small-scale users of copyrighted music can reasonably take comfort in the fact that the Court will never permit the balance to be tilted in favor of music copyright owners to the detriment of the society in general.

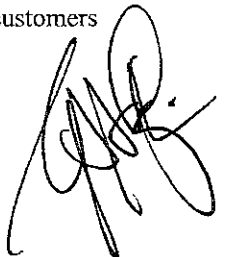
C.

The acts of Anrey's restaurants do not fall under any of the exceptions to copyright infringement under the IP Code

¹¹² (1) An organization intended to promote awareness of the hardships endured by street children arranges an enclosed gallery in the high school cafeteria showcasing its members' photographs of street children. The organization charges a viewing fee of 10 pesos to visitors to cover its administrative and operational expenses. To improve the atmosphere of the gallery, the organization plays the entire album of Smokey Mountain which includes the song "Paraiso."

¹¹³ (2) A taxi driver listens to the radio inside his car for his own indulgence but regularly receives huge tips from his passengers for playing music.

¹¹⁴ (5) A customer sings all the hit songs of Queen onstage in a karaoke bar where more than 500 customers regularly go every night.



As mentioned above, to comprehensively discuss the existence of copyright infringement, there must be a showing that the acts in question relate to Section 177 and that they do not fall under the limitations on copyright (Section 184, IP Code) or the fair use doctrine (Section 185, IP Code).

Here, the core issue is whether the playing of a radio broadcast as background music in the dining areas of Anrey's restaurants amounts to copyright infringement.¹¹⁵ As will be further explained below, Anrey committed copyright infringement because its acts relate to the author's exclusive rights under Section 177 and its acts do not fall under any of the exceptions to copyright infringement. FILSCAP alleges that Anrey's restaurants played, and for the benefit of its customers, radio receptions of sound recordings containing copyrighted music included in FILSCAP's repertoire without a license from FILSCAP.¹¹⁶ Since Anrey's act of playing such radio broadcasts does not fall under any of the recognized exemptions under the IP Code, FILSCAP argues that Anrey should be found liable for copyright infringement.¹¹⁷

On the other hand, Anrey argues that it cannot be made to pay license fees or royalties as the radio stations should have already paid the same.¹¹⁸ Moreover, Anrey alleges that the playing of such music cannot be deemed as "public," as the music was simply played for the benefit of its staff.¹¹⁹ Notably, while Anrey does not invoke any of the exemptions found under Section 184 of the IP Code, it nevertheless argues that it should likewise be exempt from paying license fees based on US copyright law provisions exempting small business establishments from copyright infringement for television and radio receptions based on their size, number of devices used, and whether there is any cover charge.¹²⁰ In addition, Anrey alleges that the playing of the radio was for its staff to "hear hourly news."¹²¹

The *ponencia* concludes that the act of playing radio broadcasts containing copyright music through the use of loudspeakers, without a license from the copyright owner or the latter's duly authorized representative, would

¹¹⁵ *Ponencia*, p. 6; *rollo*, p. 63.

¹¹⁶ *Ponencia*, pp. 3-4; *rollo*, p. 55.

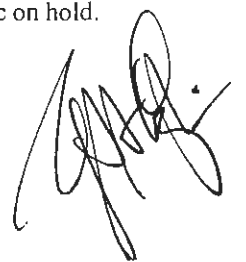
¹¹⁷ *Rollo*, pp. 65-70.

¹¹⁸ *Ponencia*, p. 4.

¹¹⁹ *Id.*

¹²⁰ *Rollo*, p. 95. Under said rules, a food service and drinking establishment that is 3,750 square feet or larger must secure a license for the public performance of musical works via radio and television. For establishments using television: (a) it has more than four (4) television sets; (b) it has more than one (1) television set in any room; (c) if any of the television sets used has a diagonal screen with size that is greater than fifty-five (55) inches; (d) if any audio portion of the audiovisual performance is communicated by means of more than six (6) loudspeakers or four (4) loudspeaker in any one room or adjoining outdoor space; or (e) if there is any cover charge. As to the use of radio sets, it must secure a license if the following conditions apply: (a) if it has more than six (6) loudspeakers; (b) it has more than four (4) loudspeakers in any one room or adjoining outdoor it has more than four (4) loudspeakers in any one room or adjoining outdoor space; (c) if there is any cover charge; or (d) if there is music on hold.

¹²¹ *Id.* at 185.



already constitute copyright infringement.¹²² Thus, it grants FILSCAP's petition and awards damages.¹²³

I concur with the foregoing disposition. The act of playing radio broadcasts containing copyright music in the dining areas of Anrey's restaurants does not fall under any of the recognized exceptions under Section 184 of the IP Code, nor is it justified by the fair use doctrine under Section 185 of the IP Code.

As correctly held by the *ponencia*, none of the exceptions in Section 184 of the IP Code applies in this case.¹²⁴ While the RTC found Anrey exempt, in particular, under paragraph (i) of Section 184,¹²⁵ the *ponencia* astutely finds this to have been a misapplication, considering that this exemption "only applies to institutions for charitable and educational purposes."¹²⁶ Here, while Anrey does not charge any admission fee in respect of such radio broadcasts, it is nonetheless undisputed that Anrey, being the owner and operator of three Sizzling Plate restaurants in Baguio City,¹²⁷ is not a charitable or educational institution, nor is its aim not profit making.

In this regard, Associate Justice Amy C. Lazaro-Javier (AJ Lazaro-Javier), nevertheless posits that there is no copyright infringement in this case as the act of playing copyrighted music in Anrey's restaurants was done "privately," and thus falls, instead, under Section 184.1(a) of the IP Code.¹²⁸ In support of this position, AJ Lazaro-Javier argues that the definition of "private" in this case should not be limited to the opposite of how "public" in relation to "public performance" is defined, and that instead, the Court should apply the "homestyle exemption" under the US Copyright Law.¹²⁹ Relying on the US case of *Edison Bros. Stores v. Broad. Music, Inc.*,¹³⁰ AJ Lazaro-Javier posits, to wit:

Privately should be interpreted beyond how the right of public performance of the work pursuant to Section 171.6 of RA 8293 says of what **public** is — persons outside the normal circle of a family and that family's closest social acquaintances. **Private** does not refer to just being within the normal circle of family and its closest social acquaintances.

X X X X

¹²² *Ponencia*, pp. 21-24

¹²³ *Id.* at 39-43.

¹²⁴ *Id.* at 26-28.

¹²⁵ *Rollo*, p. 443. This was not invoked by Anrey in its Answer, but the RTC, in its Decision dated April 15, 2015, nevertheless exempted Anrey under Section 184(i) of the IP Code based on its observation that Anrey did not charge any additional costs to its customers in respect of the music played in its restaurants.

¹²⁶ *Ponencia*, p. 28.

¹²⁷ *Rollo*, p. 87.

¹²⁸ Dissent of AJ Lazaro-Javier, pp. 10-11. Section 184.1(a) of the IP Code provides:

SECTION 184. *Limitations on Copyright.* —184.1. Notwithstanding the provisions of Chapter V, the following acts shall not constitute infringement of copyright:

- (a) The recitation or performance of a work, once it has been lawfully made accessible to the public, if done privately and free of charge or if made strictly for a charitable or religious institution or society;

X X X

¹²⁹ *Id.*

¹³⁰ 760 F. Supp. 767 (1991).

Here, copyright should be limited where to do otherwise would be oppressive to the marginalized and underrepresented, those who cannot afford beyond what the ubiquitous radio could afford. The homestyle exemption in the United States could be adapted to help us define what **private** means in Section 184(1)(a) of RA 8293.

This exemption has been explained thus:

The elements of Section 110(5) that Edison must satisfy are (1) that it uses a single receiving apparatus in its stores; (2) that the receiving apparatus is of a kind commonly used in private homes; and (3) that Edison does not further transmit or broadcast to the public the transmission it receives (the "second transmission" restriction). The Court finds that Edison has satisfied each of these elements through its Radio Policy.

The first element is satisfied in that each store that Edison owns and operates only uses one radio receiver at a time. The Court finds no merit in BMI's argument that the Court should focus on the number of stores, and thereby the total number of radios that Edison operates nationwide, rather than on the number of radios per store. The homestyle exception makes no sense unless it is applied on a store-by-store basis, to see whether each store is operating one set of simple radio equipment without extensive augmentation. It does not matter whether the owner repeats this compliance process for two or more stores.

x x x x

Edison also satisfies the second factor, in that its Radio Policy requires the use of simple, low grade radio-only receivers, only two speakers may be attached to a radio receiver, and only portable box speakers are allowed. x x x

x x x x

Lastly, the Court finds that Edison has complied with the "second transmission" restriction of the homestyle exception. What this restriction means is that the homestyle operator may not rebroadcast or secondarily broadcast a radio transmission to the public without liability. A simple example of conduct that would violate this restriction is where the operator tapes a radio broadcast in order to play it later, with or without editing or augmentation. Certain courts have declared that other, less well defined conduct violates the restriction, such as where the speakers are so far from the receiver, or are remotely placed in a room different from the receiver, that the playing of the broadcast through the remote speakers constitutes a second transmission to the public. x x x The Court doubts the validity of an analysis of the distancing of the speakers in various stores, but in any case finds that Edison's policy to place the two speakers no more than fifteen feet from the receiver is well within the range of any modest homestyle setup, and does not violate the second



transmission of any modest homestyle setup, and does not violate the second transmission restriction.

In the context of this case, the above elements should define what the word private means in Section 184(1)(a) of RA 8293. The definition hews closely to how public is described in Section 171.6 of RA 8293 says of what public is — persons outside the normal circle of a family and that family’s closest social acquaintances. There is close analogy between the family setting and the homestyle characterization as a copyright limitation. This familiarity between the concepts should not get lost.¹³¹ (Emphasis supplied)

I respectfully disagree. The “homestyle exemption” materially differs from Section 184.1(a), and thus, there is no compelling reason for this Court to adopt this foreign doctrine in our jurisdiction.

For one, the said “homestyle exemption” entails a very specific set of requirements which do not, at all, appear under Section 184.1(a) of the IP Code. The text of the US Copyright Act recognizing this exception, as now appearing as Section 110 (5) (A),¹³² provides:

Section 110. Limitations on exclusive rights: Exemption of certain performances and displays

Notwithstanding the provisions of section 106, the following are not infringements of copyright:

x x x x

(5)(A) except as provided in subparagraph (B), communication of a transmission embodying a performance or display of a work by the public reception of the transmission on a single receiving apparatus of a kind commonly used in private homes, unless —

(i) a direct charge is made to see or hear the transmission; or

(ii) the transmission thus received is further transmitted to the public[.]¹³³

Notably, the “homestyle exemption” necessitates an inquiry into the type and number of receiving apparatus used in-store, whether the transmission is made free of charge,¹³⁴ and the extent to which an audio system

¹³¹ Dissent of AJ Lazaro-Javier, pp. 8-11, citing *Edison Bros. Stores v. Broad. Music, Inc.*, supra note 130.

¹³² 17 U.S.C. Sec. 110, as amended by the Fairness in Music Licensing Act of 1998 (FMLA) of the U.S.

¹³³ Id.

¹³⁴ *Broadcast Music, Inc. v. Claire’s Boutiques, Inc.*, 949 F.2d 1482, 1489 (1991). The court stated that “the exemption is available only if (1) a single receiving apparatus is used, (2) the receiving apparatus is of a kind commonly used in private homes, (3) the transmission is provided free of charge, and (4) the transmission is not ‘further transmitted’ to the public.”

is augmented.¹³⁵ On the other hand, Section 184.1(a) of the IP Code prescribes a totally different set of requirements for its application, namely that (i) the recitation or performance is done privately and free of charge, or made strictly for a charitable or religious institution or society, and (ii) the work has been lawfully made accessible to the public prior to the recitation or performance.¹³⁶

Certainly, these are two very different exceptions to copyright which, at most, share only one element, *i.e.*, that the performance or recitation is made free of charge. In fact, Section 110 of the US Copyright Act recognizes other exceptions or limitations on copyright which are more similarly worded with, and thus more likely related to, Section 184.1(a) (and Section 184.1[i]) of the IP Code. Sections 110 (4) and 110 (10) of the US Copyright Act, for example, respectively provide:

Section 110. Limitations on exclusive rights: Exemption of certain performances and displays

Notwithstanding the provisions of section 106, the following are not infringements of copyright:

x x x x

(4) performance of a nondramatic literary or musical **work otherwise than in a transmission to the public**, without any purpose of direct or indirect commercial advantage and without payment of any fee or other compensation for the performance to any of its performers, promoters, or organizers, if—

(A) there is no direct or indirect admission charge; or

(B) the proceeds, after deducting the reasonable costs of producing the performance, **are used exclusively for educational, religious, or charitable purposes and not for private financial gain**, except where the copyright owner has served notice of objection to the performance under the following conditions:

(i) the notice shall be in writing and signed by the copyright owner or such owner's duly authorized agent; and

(ii) the notice shall be served on the person responsible for the

¹³⁵ *Cass County Music Company v. Muedini*, 55 F.3d 263, 268 (7th cir. 1995). Here, the court held that the extent to which an audio system is augmented should be a deciding factor in the outcome of each dispute.

¹³⁶ IP CODE, Sec. 184.1(a).

performance at least seven days before the date of the performance, and shall state the reasons for the objection; and

- (iii) the notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation;

x x x x

- (10) notwithstanding paragraph (4), the following is not an infringement of copyright: performance of a nondramatic literary or musical work in the course of a **social function which is organized and promoted by a nonprofit veterans' organization or a nonprofit fraternal organization to which the general public is not invited**, but not including the invitees of the organizations, if the proceeds from the performance, after deducting the reasonable costs of producing the performance, are used exclusively for charitable purposes and not for financial gain. For purposes of this section the social functions of any college or university fraternity or sorority shall not be included unless the social function is held solely to raise funds for a specific charitable purpose[.]¹³⁷ (Emphasis and underscoring supplied)

Notably, the foregoing exceptions, like that under Section 184.1(a) of the IP Code, require the “performance” to be: (i) private or otherwise “non-public” in nature (*i.e.*, “otherwise than in a transmission to the public,” or “social function x x x to which the general public is not invited”), (ii) free of charge, and (iii) of a charitable, non-profit or religious nature (*i.e.*, “the proceeds x x x are used exclusively for educational, religious, or charitable purposes” or “performance x x x in the course of a social function which is organized and promoted by a nonprofit veterans’ organization or a nonprofit fraternal organization”). Clearly, these provisions — and not Section 110(5) (A) of the US Copyright Act — more closely resemble Section 184.1(a) of the IP Code.

As such, as Section 110(5)(A) of the US Copyright Act differs from Section 184.1(a) of the IP Code in very material aspects, there is simply no reason for this Court to apply US law in order to aid in interpreting the meaning of “private” or “privately” within the context of Section 184.1(a) of the IP Code.¹³⁸ Rather, its meaning should simply be construed “in accordance with

¹³⁷ 17 U.S.C. Sec. 110,

¹³⁸ Ruben E. Agpalo, STATUTORY CONSTRUCTION (2009 ed.), p. 187 citing *People v. Yadao*, 94 Phil. 726 (1954).

the intent of its own makers, as such intent may be deduced from the language of each law and the context of other local legislation related thereto.”¹³⁹

For another, as already discussed, while Congress did not assign a specific statutory definition for the term “privately,” the latter’s antonym, *i.e.*, “public” or “publicly,” is nevertheless given a technical meaning under Section 171.6 of the IP Code.¹⁴⁰ As such, it could either be understood in its plain or general meaning, or construed as the opposite of the IP Code’s definition of “public,” *i.e.*, that the work is **not** made “audible at a place or at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present.”¹⁴¹

Furthermore, Sections 110(4) and 110(10) of the US Copyright Act — which, as earlier mentioned, more closely resemble Section 184.1(a) of the IP Code — likewise require a “performance” to be private or non-public in nature in order to be exempt. Yet, in both cases — like in Section 184.1(a) of the IP Code — being “non-public” or “private” in nature is not specifically defined, and is understood simply as the opposite of the state of being “public” (*i.e.*, “otherwise than in a transmission to the public,” or “social function x x x to which the general public is not invited”). Thus, the term “privately” in Section 184.1(a) should likewise be understood in a similar manner — that is, as the opposite of the technical meaning given by the IP Code to the term “public” or “publicly.”

Moreover, even assuming *arguendo* that the “homestyle exemption,” as posited by AJ Lazaro-Javier, can be applied by analogy in our jurisdiction, the application of this concept is nevertheless unwarranted based on the facts of this particular case. Here, the radio transmissions were played through two loudspeakers that were set up in the dining areas of Anrey’s restaurants,¹⁴² and not near their staff area. As well, Anrey failed to offer evidence — and expectedly so — showing that Anrey simply employed a “modest homestyle setup,” *i.e.*, whether the radio devices used were “a kind commonly used in private homes,” as the said exception requires. Certainly, the foregoing shows that transmission of the broadcasts by Anrey’s restaurants were made publicly — “at a place or at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present,”¹⁴³ such that members of the indiscriminate public who wish to dine at Anrey’s restaurants would be able to access and enjoy such musical works.

Based on the foregoing, I submit that to apply Section 184.1(a) of the IP Code, and by analogy, the homestyle exemption under the US Copyright Act, would be unwarranted in this case. Like Section 184.1(i), Section 184.1(a) is also inapplicable to the present case.¹⁴⁴

¹³⁹ *Procter and Gamble Philippine Manufacturing Corp. v. Commissioner of Customs*, 132 Phil. 169, 175 (1968).

¹⁴⁰ Used in relation to “public performance” See IP CODE, Sec. 171.6.

¹⁴¹ *Id.*

¹⁴² *Ponencia*, p. 6.

¹⁴³ IP CODE, Sec. 171.6.

¹⁴⁴ *Ponencia*, p. 27.



Too, as correctly held by the *ponencia*, the act of playing copyrighted music in Anrey's restaurants may not be excused under the fair use doctrine. In this regard, in finding Anrey guilty of copyright infringement, it is true that one must first assess whether a performance is made public or is merely incidental. As applied in the instant case, Anrey would likely have been exonerated, had its restaurants only played radio receptions solely for the benefit of its employees, and not for its customers.

To be sure, while Anrey does not expressly invoke fair use in this case, its allegations nevertheless seem to make out a case for fair use. Here, Anrey does not deny that it had used FILSCAP's musical compositions in its restaurants,¹⁴⁵ or that it did not obtain any license to play such music from FILSCAP.¹⁴⁶ However, it argues that such "use" is nevertheless justified under the circumstances. It alleges that: (i) it simply played the radio for the benefit of its staff, for "the primary purpose of monitoring the weather and not to play music for its customer[s;]"¹⁴⁷ (ii) it did not collect any cover charge in relation to the operation of its radios inside its establishments;¹⁴⁸ and (iii) the playing of such music was merely "incidental" to their operations.¹⁴⁹

However, as stated, in order to validly raise fair use as defense, the alleged infringer must not simply allege fair use, but also prove that his or her use is indeed compatible with fair use, based on the four fair use factors. Here, contrary to Anrey's assertion, a "subjective assessment" would necessarily yield a conclusion that the acts of Anrey were by no means "fair."

First, the use of said musical works by Anrey's restaurants was primarily commercial in nature or clearly intended for a commercial purpose. For one, as discussed above, the musical works were played through two loudspeakers that were set up on the ceiling above the dining areas of Anrey's restaurants. For another, the radio devices of Anrey's restaurants were also tuned in to FM and not AM radio.¹⁵⁰ Simply put, had Anrey really intended said music to benefit its staff only, then it should have simply placed its speakers in the kitchen/pantry section or cash counter/counter areas, and tuned its radio devices to AM, which is more commonly used by news radio programs. Thus, what is palpably clear is that Anrey's restaurants played radio music not simply to allow their staff to monitor the news or weather, but rather, and more so, to improve the overall dining experience of Anrey's customers. Applying our discussion on the first fair use factor, that Anrey's use is non-transformative and primarily commercial in nature ultimately weighs heavily against fair use.

¹⁴⁵ *Rollo*, pp. 63, 441-442.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.* at 420, 578-579.

¹⁴⁸ *Id.* at 420, 443, 578-579.

¹⁴⁹ *Id.* at 88.

¹⁵⁰ *Id.* at 442, 533.



Second, Anrey's infringement involved musical compositions, which are creative and not factual works. Thus, as held in *Stewart*, that the work infringed is more creative than factual, works against the defense of fair use.

Third, the "use" performed by Anrey of FILSCAP's musical works were by no means unsubstantial. Based on the facts, FILSCAP's representative found Anrey's restaurants to have played, during her short visits on four separate dates,¹⁵¹ a total of 12 whole songs included in FILSCAP's repertoire.¹⁵² Neither was such use "tethered to a x x x transformative purpose."¹⁵³ More, Anrey also admitted that its stores were open for up to 10 hours per day.¹⁵⁴ Thus, it can reasonably be assumed that Anrey's restaurants played, for around 10 hours on a daily basis, many more songs than what Anrey's representative originally identified.

Lastly, said activity, if allowed by the Court unchecked, will indubitably have an adverse effect on the potential market for said musical compositions. At the core of this case is the playing by restaurant chains, without a proper license, during operational hours and for the benefit of their customers, of musical compositions by means of radio receptions.

As stated, the fourth fair use factor requires the Court to consider the deleterious effects of a particular conduct on the potential market of the work, if this were to be done **not only by the defendant** (Anrey, in this case), but also by other potential users, "**whether unrestricted and widespread.**"¹⁵⁵ Verily, to allow such an activity to be done widespread and unrestricted would allow restaurant chains to exploit for free, and benefit from, the labors of the authors of such works.

In sum, the acts of Anrey clearly cannot be classified as fair use because all four factors (*i.e.*, The Purpose and Character of Use, Nature of Copyrighted Work, Amount and Substantiality of the Portion Used, The Effect of the Use Upon the Potential Market for or Value of the Copyrighted Work) weigh against this finding. As well, Anrey may not rely on any of the exemptions found under Section 184 of the IP Code. To hold otherwise would be to allow Anrey, as held in *Harper & Row*, "to profit from exploitation of the copyrighted material without paying the customary price."¹⁵⁶

II.

THE LAW ITSELF DISTINGUISHES THE RIGHT OF "PUBLIC PERFORMANCE" FROM THE RIGHT OF "COMMUNICATION TO

¹⁵¹ *Rollo*, pp. 371-372; TSN dated February 21, 2011, pp. 15-16. The visits of FILSCAP's representative took around one (1) hour each.

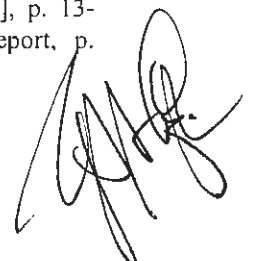
¹⁵² *Ponencia*, pp. 3-4.

¹⁵³ *Google LLC v. Oracle America, Inc.*, supra note 94.

¹⁵⁴ *Rollo*, p. 398.

¹⁵⁵ *Campbell v. Acuff-Rose Music, Inc.*, supra note 43, at 590, citing Nimmer § 13.05[A][4], p. 13-102.61; *Harper & Row, Publs. v. Nation Enters.*, supra note 73, at 569; Senate Report, p. 65; *Folsom v. Marsh*, 9 F. Cas. 341 (1841). Emphasis supplied.

¹⁵⁶ *Harper & Row, Publs. v. Nation Enters.*, supra note 73, at 562.



THE PUBLIC,” EITHER RIGHT BEING ENFORCABLE THROUGH
FILSCAP.

While I agree with the *ponencia* that the use of FILSCAP’s copyrighted work by Anrey could neither be considered “fair” nor exempt under the IP Code, and that ultimately, Anrey is guilty of copyright infringement, I disagree with respect to how the *ponencia* deals with the rights of public performance and communication to the public.

As it stands, jurisprudence has not yet described the metes and bounds of “communication to the public” or the right to “communicate to the public,” as defined in the IP Code,¹⁵⁷ before or after its amendment by RA 10372.¹⁵⁸ This case thus gives the Court an opportunity to finally clarify the scope of this right, particularly as distinguished from the right of public performance.

Here, the alleged infringing activity is the playing of radio broadcasts as background music in Anrey’s restaurants. The *ponencia* holds that the playing of radio broadcasts through a loudspeaker amounts to a “public performance” as defined in the IP Code.¹⁵⁹ The *ponencia* also concludes that, based on US jurisprudence, a single radio reception also “creates a copyrightable performance separate from the broadcast[.]”¹⁶⁰ and that a radio reception of a sound recording, is, by itself, already a “performance” within the contemplation of the IP Code.¹⁶¹ Further, the *ponencia* submits that Anrey did not violate FILSCAP’s right to communicate to the public because the complained acts did not involve “interactive-on-demand systems” like the Internet.”¹⁶²

Notably, the *ponencia* observes that, based on the deeds of assignment entered into by FILSCAP with its members, as well as on its reciprocal agreements with foreign societies, FILSCAP is duly authorized to enforce both rights on behalf of its members.¹⁶³

While I agree with the *ponencia*’s ruling that FILSCAP is authorized to exercise, on behalf of its members, both economic rights,¹⁶⁴ I disagree with its

¹⁵⁷ In *ABS-CBN v. PMMSI*, 596 Phil. 283 (2009), the Court touched on Subsection 177.7 albeit in a limited way, as the issue in this case was whether a satellite television provider is infringing the broadcasting right of a television station by simply carrying or simultaneously retransmitting the signals transmitted by the television station in its unaltered form pursuant to the “must-carry rule” imposed by the National Telecommunications Commission (NTC). Under the said must-carry rule, the NTC requires satellite and cable television providers to carry all local stations.

¹⁵⁸ AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 8293, OTHERWISE KNOWN AS THE “INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES,” AND FOR OTHER PURPOSES, approved February 8, 2013.

¹⁵⁹ *Ponencia*, pp. 15-18.

¹⁶⁰ *Id.* at 18.

¹⁶¹ *Id.* at 16.

¹⁶² *Id.* at 26.

¹⁶³ *Id.* at 8-10.

¹⁶⁴ *Id.* at 9. Under FILSCAP’s Deeds of Assignment with its members, the latter have assigned to FILSCAP their “Public Performing Rights” in all copyright works which, as defined in said Deeds of Assignment, cover both the “right of public performance” and “right of communication to the public” as defined in Sections 171.6 and 171.3 of the IP Code, respectively. The same holds true with respect to FILSCAP’s

conclusion that this case involves a violation of FILSCAP's right of public performance only. On the contrary, it is my view that Anrey exercised only the right of "communication to the public" as defined under Section 171.3 of the IP Code.

My reasons for this conclusion are explained below.

A.

The right of public performance and the right to communicate to the public are two separate and distinct rights.

To recall, Section 5 of PD 49, the old copyright law enacted in 1972, enumerates the following rights vested exclusively in the copyright owner:

Section 5. Copyright shall consist in the exclusive right;

- (A) To print, reprint, publish, copy, distribute, multiply, sell, and make photographs, photo-engravings, and pictorial illustrations of the works;
- (B) To make any translation or other version or extracts or arrangements or adaptations thereof; to dramatize it if it be a non-dramatic work; to convert it into a non-dramatic work if it be a drama; to complete or execute if it be a model or design;
- (C) To exhibit, perform, represent, produce, or reproduce, the work in any manner or by any method whatever for profit or otherwise; it not reproduced in copies for sale, to sell any manuscript or any record whatsoever thereof;
- (D) To make any other use or disposition of the work consistent with the laws of the land.¹⁶⁵

Thereafter, all laws dealing with the protection of intellectual property rights were consolidated into the present IP Code. In this regard, while the same overarching principles governing PD 49 have likewise been reiterated in the IP Code,¹⁶⁶ Section 177 thereof has expanded and further specified the bundle of exclusive economic rights accorded to a copyright owner. This section provides:

authority to enforce the rights of foreign authors, as stated in FILSCAP's Reciprocal Agreements. See *rollo* pp. pp. 230, 234, 241, 244, 253, 257, 265, and 271-279. [Note: The Deeds of Assignment in *rollo*, pp. 248-249 and 261-262 are worded a bit differently but they also expressly grant the right to enforce the author's "right of communication to the public." Likewise, the Deeds of Assignment in *rollo* pp. 221 and 227, which appear to be based on an older template used by FILSCAP (prior to the effectivity of the IP Code), similarly grant the right to enforce the author's "performing rights", including broadcasting and televising.]

¹⁶⁵ *NBI – Microsoft Corporation & Lotus Development Corp. v. Hwang*, 499 Phil. 423, 438 (2005), citing PD 49, Sec. 5.

¹⁶⁶ See *Habana v. Robles*, *supra* note 59, at 775.



SECTION 177. *Copyright or Economic Rights.* — Subject to the provisions of Chapter VIII, copyright or economic rights shall consist of the exclusive right to carry out, authorize or prevent the following acts:

177.1 Reproduction of the work or substantial portion of the work;

177.2 Dramatization, translation, adaptation, abridgement, arrangement or other transformation of the work;

177.3 The first public distribution of the original and each copy of the work by sale or other forms of transfer of ownership;

177.4 Rental of the original or a copy of an audiovisual or cinematographic work, a work embodied in a sound recording, a computer program, a compilation of data and other materials or a musical work in graphic form, irrespective of the ownership of the original or the copy which is the subject of the rental;

177.5 Public display of the original or copy of the work;

177.6. **Public performance of the work;** and

177.7. **Other communication to the public of the work.**
(Emphasis and underscoring supplied)

At the onset, it bears noting that PD 49, under Section 5(c) thereof, already recognized the performance right of a copyright owner, *i.e.*, to “perform x x x the work in any manner or by any method whatever for profit or otherwise.” However, PD 49, unlike the IP Code, had not yet expressly recognized a separate right to carry out, authorize or prevent any “other communication to the public of the work.” In fact, the World Intellectual Property Organization (WIPO) similarly remarked that while the public performance right has expressly been recognized under Section 5 of PD 49, the right to communicate one’s work to the public¹⁶⁷ “cannot be considered granted” under the said law, *viz.*:

(iv) Performance right

This is expressly granted under Section 5(c).

In *Filipino Society of Composers, Authors and Publishers, Inc. v. Tan*, the court cited with approval American jurisprudence that performance in a restaurant or hotel dining room, by persons employed by the proprietor, of a copyrighted musical composition, for the entertainment of patrons without charge for admission to hear it, infringes the exclusive right of the owner of the copyright.

¹⁶⁷ Referred to by the WIPO as the “broadcasting right.” Ignacio S. Sapalo, *Background Reading Material on the Intellectual Property System of the Philippines* [WIPO Background], WORLD INTELLECTUAL PROPERTY ORGANIZATION (1994), p. 141, available at <https://www.wipo.int/edocs/pubdocs/en/wipo_pub_686_ph.pdf>.

Under the [Berne Convention], authors of dramatic, dramatico-musical or musical work have the exclusive right of authorizing the public presentation and public performance of their works. If the musical work is recorded by instruments capable of producing them mechanically, the author of the work has the exclusive right of authorizing the public performance by means of such instruments of the work thus recorded. The same right is enjoyed by authors with respect to the public presentation and performance of cinematographic adaptation and reproduction of their works.

x x x x

(vii) Broadcasting right

The broadcasting right as defined in the [Berne Convention] and the Rome Convention cannot be considered granted under Section 5(a).

Article 11*bis* of the [Berne Convention] provides for an express grant to the author of the exclusive right to authorize the communication of his work to the public by means of either radio-diffusion or wireless diffusion of signs, sounds or images; any communication to the public, whether over wire or not, of the radio-diffusion of the work (i.e., rebroadcasting of the broadcast of work by means of radio-diffusion), when this communication is made by a body other than the original one; and the communication to the public by loudspeaker or any other similar instrument transmitting by signs, sounds or images the radio-diffusion work.¹⁶⁸ (Emphasis supplied)

In contrast, it can be gleaned from Section 177 of the IP Code that the law now recognizes a right to “communicate to the public” ***separate and distinct from*** the right of “public performance.” In this regard, the right of “public performance” as contemplated under Section 177.6 has been defined under Section 171.6 as follows:

171.6. “Public performance”, in the case of a work other than an audiovisual work, is the recitation, playing, dancing, acting or otherwise performing the work, either directly or by means of any device or process; in the case of an audiovisual work, the showing of its images in sequence and the making of the sounds accompanying it audible; and, **in the case of a sound recording, making the recorded sounds audible at a place or at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present, irrespective of whether they are or can be present at the same place and at the same time, or at different places and/or at different times, and where the performance can be perceived without the need for communication within the meaning of Subsection 171.3[.]** (Emphasis and underscoring supplied)

Meanwhile, the right to “communicate to the public” recognized under Section 177.7 has been defined under Section 171.3, prior to its 2013 amendment,¹⁶⁹ as follows:

¹⁶⁸ Id. at 152-153, citing *FILSCAP v. Tan*, 232 Phil. 426 (1987)

¹⁶⁹ RA 10372, Sec. 4.



171.3. "Communication to the public" or "communicate to the public" means the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them[.] (Emphasis and underscoring supplied)

In this connection, Subsection 202.7 of the IP Code identifies broadcasting as an example of how a work can be communicated to the public by "wireless" means:

202.7. "Broadcasting" means the transmission by wireless means for the public reception of sounds or of images or of representations thereof; such transmission by satellite is also "broadcasting" where the means for decrypting are provided to the public by the broadcasting organization or with its consent[.] (Emphasis and underscoring supplied)

The foregoing provisions suggest that the public performance right and right to communicate to the public **are separate and distinct rights which are available to, and may separately be exploited by the author.** This is clear from first, the separate designation of these rights under the "menu" of economic rights under Section 177 of the IP Code, and second, the "exclusionary" definition of "public performance" in Section 171.6, which expressly requires that "the performance x x x be perceived without the need for communication [to the public] within the meaning of Subsection 171.3 [of the IP Code]."

In this regard, that the public performance right and the right to communicate to the public are separate and distinct rights is likewise supported by the following provisions of the IP Code involving the rights of performers, producers of sound recordings, and broadcasting organizations. The relevant provisions thereof provide:

CHAPTER XII

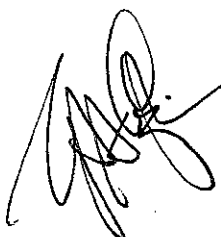
Rights of Performers, Producers of Sounds Recordings and Broadcasting Organizations

x x x x

SECTION 202.9. "Communication to the public of a performance or a sound recording" means the transmission to the public, by any medium, otherwise than by broadcasting, of sounds of a performance or the representations of sounds fixed in a sound recording. For purposes of Section 209, "communication to the public" includes making the sounds or representations of sounds fixed in a sound recording audible to the public.

x x x x

SECTION 209. *Communication to the Public.* — If a sound recording published for commercial purposes, or a reproduction of such sound recording, is used directly for broadcasting or for other communication to the public, or is publicly performed with the intention of making and enhancing profit, a single equitable remuneration for the performer or



performers, and the producer of the sound recording shall be paid by the user to both the performers and the producer, who, in the absence of any agreement shall share equally. (Emphasis and underscoring supplied)

Notably, under Section 209 of the IP Code, performers and producers of sound recordings are entitled to remuneration whenever (i) a sound recording is published for commercial purposes, or (ii) when reproductions of such sound recordings are (a) “used directly for broadcasting or for other communication to the public” (*i.e.*, right to communicate to the public), or (b) “publicly performed with the intention of making and enhancing profit” (*i.e.*, right of public performance). In other words, performers and producers would be entitled to remuneration for three distinct activities, which is clear from the use of the conjunction “or.” Otherwise stated, if the intention was to only entitle the performers and producers to one remuneration for all of these activities combined, then the conjunction “and” should have been used.¹⁷⁰ This further underscores that Sections 177.6 and 177.7 in relation to Sections 171.3 and 171.6 of the IP Code actually recognize two separate and distinct rights that may independently be exploited by an author or copyright owner.

B.

As a general rule, a single radio reception of a copyrighted musical work cannot be both a public performance and a communication to the public.

Proceeding from the foregoing discussion, it must further be underscored that the public performance right and right to communicate to the public are not only separate and distinct — they are also ingeniously delineated or segregated by the IP Code based on the means of transmission or making available of the work, *i.e.*, whether the performance or communication is made by “wire or wireless means.” In other words, a single radio reception of a sound recording, made by “wire or wireless means,” would generally not constitute both a “public performance” and a “communication to the public.”

I expound.

First, it should be stressed at the onset that the definition of public performance under Section 171.6 is **exclusionary** in relation to Section 171.3, *i.e.*, in order to constitute “public performance,” the performance must be “perceive[able] without the need for communication within the meaning of Subsection 171.3.” Conversely, if an aspect of a performance can be perceived by the public by means of “communication” as defined under Section 171.3, *i.e.*, “by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them,”¹⁷¹ then this aspect of the performance would only be a “communication to the public” and would not therefore constitute a “public performance.”

¹⁷⁰ See *Neri v. NLRC*, 296 Phil. 610, 616 (1993).

¹⁷¹ IP CODE, Section 171.3.



Second, the foregoing conclusion is also supported by the text of the The Berne Convention for the Protection of Literary and Artistic Works¹⁷² (Berne Convention), to which the Philippines is a signatory.¹⁷³ Articles 11 and 11bis of the Berne Convention, which recognize the performance right and broadcasting right, respectively, provide:

Article 11

[*Certain Rights in Dramatic and Musical Works*: 1. Right of Public Performance and of communication to the public of a performance x x x]

(1) Authors of dramatic, dramatico-musical and musical works shall enjoy the exclusive right of authorizing:

(i) the public performance of their works, including such public performance by any means or process;

(ii) any communication to the public of the performance of their works. x x x

Article 11bis

[*Broadcasting and Related Rights*: 1. Broadcasting and other wireless communications, public communication of broadcast by wire or rebroadcast, public communication of broadcast by loudspeaker or analogous instruments x x x]

(1) Authors of literary and artistic works shall enjoy the exclusive right of authorizing:

(i) the broadcasting of their works or the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images;

(ii) any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one;

(iii) the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.

(2) It shall be a matter for legislation in the countries of the Union to determine the conditions under which the rights mentioned in the preceding paragraph may be exercised,

¹⁷² Also known as The Paris Act of July 24, 1971.

¹⁷³ *WIPO-Administered Treaties, Contracting Parties to the Berne Convention*, WORLD INTELLECTUAL PROPERTY ORGANIZATION, <available at <https://wipolex.wipo.int/en/treaties/ShowResults?search_what=C&treaty_id=15>; *ponencia*, p. 19.

but these conditions shall apply only in the countries where they have been prescribed. They shall not in any circumstances be prejudicial to the moral rights of the author, nor to his right to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority. (Emphasis and underscoring supplied)

Thus, under the Berne Convention, public performance and any communication of such performance is covered by Article 11 thereof. However, similar to how the IP Code is worded, if the public communication is via a specific mode or means of transmission, *i.e.*, by means of broadcasting or other “wireless diffusion,” by wire or rebroadcasting (if the communication is made by an organization other than the original one), or by loudspeaker or any other analogous instrument of the broadcast of the work, then the same will fall under Article 11*bis*.

In fact, the foregoing stance is made clear by the WIPO in its explanatory guide to the Berne Convention¹⁷⁴ (WIPO Guide). Anent the difference of Article 11 from Article 11*bis* of the Berne Convention, the WIPO remarked as follows:

11.4. However, [Article 11] goes on to speak of “including such public performance by any means or process”, and this covers performance by means of recordings; there is no difference for this purpose between a dance hall with an orchestra playing the latest tune and the next-door discotheque where the customers use coins to choose their own music. In both, public performance takes place. The inclusion is general and covers all recordings (discs, cassettes, tapes, videograms, etc.) though public performance by means of cinematographic works is separately covered—see Article 14(1)(ii).

11.5. **The second leg of this right is the communication to the public of a performance of the work. It covers all public communication except broadcasting which is dealt with in Article 11*bis*.** For example, a broadcasting organisation broadcasts a chamber concert. Article 11*bis* applies. But if it or some other body diffuses the music by landline to subscribers, this is a matter for Article 11.¹⁷⁵ (Emphasis and underscoring supplied)

Furthermore, the WIPO Guide also states that Article 11*bis*, which covers the author’s right to communicate one’s work by means of broadcasting, is “the fourth of the author’s exclusive rights x x x, the other three being those of translation, reproduction and public performance.”¹⁷⁶ Anent the “broadcasting right,” the WIPO elucidates that this right includes one primary right to authorize the broadcast of one’s work via wireless

¹⁷⁴ *Guide to the Berne Convention for the Protection of Literary and Artistic Works* (Paris Act, 1971), WORLD INTELLECTUAL PROPERTY ORGANIZATION, Geneva (1978), available at <https://www.wipo.int/edocs/pubdocs/en/copyright/615/wipo_pub_615.pdf>.

¹⁷⁵ *Id.* at 64-65.

¹⁷⁶ *Id.* at 66.

means,¹⁷⁷ and two other rights to authorize (i) the subsequent communication of said broadcast, by wire or rebroadcast, by an organization other than the one which originally made the broadcast, and (ii) the communication of the same broadcast via loudspeaker or a television screen to a “new public.”¹⁷⁸ Thus:

11*bis*.1. This provision is of particular importance in view of the place now taken by broadcasting (which, it must be remembered, includes both radio and television) in the world of information and entertainment. **It is the fourth of the author’s exclusive rights to be recognised by the Convention, the other three being those of translation, reproduction and public performance.** The Rome Revision (1928) was the first to recognise the right “of authorising the communication of x x x works to the public by radio and television”. Slightly muddled in its terms, the text was like broadcasting itself — in its infancy. It was in Brussels (1948) that the subject was more fully considered and the right broken down into its various facets in order to take account of the **various ways and techniques by which it might be exploited.** Neither Stockholm nor Paris made any change, other than to provide a more suitable translation in the newly authentic English text.

x x x x

11*bis*.3. The primary right is to authorise the broadcasting of a work and the communication thereof to the public by any other means of wireless diffusion of signs, sounds or images. It applies to both sound and television broadcasts. What matters is the emission of signals; it is immaterial whether or not they are in fact received.

11*bis*.4. A secondary right is the subsequent use of this emission: the author has the exclusive right to authorise communication of the broadcast to the public, either by wire (a CATV system) or without, **if the communication is made by an organisation other than the original one.**

11*bis*.5. Finally the third exclusive right is to authorise the public communication of the broadcast by loudspeaker or on a television screen.

x x x x

11*bis*.9. In other words, this paragraph demands that the author shall enjoy the exclusive right to authorise the broadcasting of his work and, **once broadcast, the communication to the public, whether by wire or not, if this is done by an organisation other than that which broadcast it. This act of wire diffusion differs from that covered in Article 11(1). The latter covers the case in which the wire diffusion company itself originates the programme, whereas Article 11*bis* deals with the diffusion of someone else’s broadcast.**

11*bis*.10. For example, a company in a given country, usually for profit, receives the signals sent through the ether by a television station in the same or another country and relays them by wire to its subscribers. This is covered by Article 11*bis* (1)(ii). But if this company sends out programmes which it has itself originated, it is Article 11 which applies. What matters is

¹⁷⁷ Id. at 66.

¹⁷⁸ Id. at 67.

whether or not a second organisation takes part in the distribution of the broadcast programmes to the public. (A working party which met in Paris in June 1977 considered the copyright and neighbouring rights problems caused by the distribution of television programmes by cable.) The task of distinguishing between such a practice and the mere reception of programmes by a community aerial was left to national laws.

11*bis*.11. Finally, the third case dealt with in this paragraph is that which the work which has been broadcast is publicly communicated e.g., by loudspeaker or otherwise, to the public. This case is becoming more common. In places where people gather (cafés, restaurants, tea-rooms, hotels, large shops, trains, aircraft, etc.) the practice is growing of providing broadcast programmes. There is also an increasing use of copyright works for advertising purposes in public places. The question is whether the licence given by the author to the broadcasting station covers, in addition, all the use made of the broadcast, which may or may not be for commercial ends.

11*bis*.12. The Convention's answer is "no". Just as, in the case of relay of a broadcast by wire, an additional audience is created (paragraph (l) (ii)), so, in this case too, the work is made perceptible to listeners (and perhaps viewers) other than those contemplated by the author when his permission was given. Although, by definition, the number of people receiving a broadcast cannot be ascertained with any certainty, the author thinks of his licence to broadcast as covering only the direct audience receiving the signal within the family circle. Once this reception is done in order to entertain a wider circle, often for profit, an additional section of the public is enabled to enjoy the work and it ceases merely a matter of broadcasting. The author is given control over this new public performance of his work.

11*bis*.13. Music has already been used as an example, but the right clearly covers all other works as well — plays, operas, lectures and other oral works. Nor is it confined to entertainment; instruction is no less important. What matters is whether the work which has been broadcast is then publicly communicated by loudspeaker or by some analogous instrument e.g., a television screen.¹⁷⁹

Parsed, while the communication of a "performance" may fall under Article 11 of the Berne Convention (governing public performance), this is only true if the performance can be perceived without the need for communication within the meaning of Article 11*bis* — very much like how Section 171.6 of the IP Code is worded. On the other hand, under the Berne Convention, if the communication to the public is made either (i) via broadcast or by any other means of wireless diffusion, (ii) whether by wire or not, by an organization other than the one who originally made the broadcast, or (iii) through a broadcast of the work through a loudspeaker, television screen, or other analogous instrument, then Article 11*bis* applies. **Put simply, one clear similarity between the structure of the Berne Convention and the IP Code is that both categorically separate the concept of "public performance" from "broadcasting," such that a work that is conveyed to the public solely via radio broadcast does not constitute an exercise of the author's right of "public performance," but rather of the author's right of**

¹⁷⁹ Id. at 66-69.

“[b]roadcasting and other wireless communications, public communication of broadcast by wire or rebroadcast, public communication of broadcast by loudspeaker or analogous instruments[,]”¹⁸⁰ or, as referred to under the IP Code, the author’s right to “communicate to the public.”

Applying the foregoing principles to our jurisdiction, this means that under the IP Code, as under the Berne Convention, the single act of broadcasting of musical compositions contained in sound recordings, either by the original broadcaster or “by an organization other than the original one[,]” or by other business establishments solely “by loudspeaker or any other analogous instrument” (as worded in Article 11*bis* of the Berne Convention), is actually an exercise of the author’s right to “communicate to the public” his or her work under Section 171.3 of the IP Code. This is clear from the wording of Section 171.3 of the IP Code which specifically defines “communication to the public” as the “making of a work available to the public by **wire or wireless means x x x**,” and from the wording of Section 202.7 of the IP Code which defines “broadcasting” as a mode of “**transmission by wireless means** for the public reception of sounds[.]” As well, by the wording of Section 171.6 of the IP Code, this may also mean that such act does not constitute an exercise of an author’s public performance right.

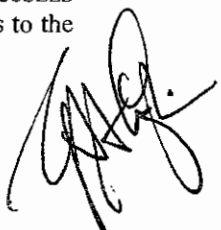
In other words, based on the IP Code’s definition of these two rights, as further clarified by the Berne Convention, broadcasting a musical composition over the radio or communicating the same in some other “wire or wireless means x x x” would simply constitute an exercise of the right to “communicate to the public.” On the other hand, playing a sound recording of a musical composition to an audience through other dissimilar or “non-broadcast” means, *i.e.*, through a jukebox or CD player, even if the same is ultimately perceived by the audience through a loudspeaker or other analogous instrument, would only constitute “public performance.”¹⁸¹ After all, the sound recording in this situation can be perceived by the public without the need of communication by “wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them.”

It is noteworthy in this regard that the Philippines formally acceded to the Berne Convention in 1950, which became effective in respect of the Philippines on August 1, 1951.¹⁸² The Senate of the Philippines, by its

¹⁸⁰ BERNE CONVENTION, Art. 11*bis*.

¹⁸¹ See WIPO Guide, pp. 64-65, where the WIPO remarks: “[Article 11] goes on to speak of ‘including such public performance by any means or process,’ and this covers performance by means of recordings; there is no difference for this purpose between a dance hall with an orchestra playing the latest tune and the next-door discotheque where the customers use coins to choose their own music. In both, public performance takes place. The inclusion is general and covers all recordings (discs, cassettes, tapes, videograms, etc.)[.]”

¹⁸² Proclamation No. 137, MAKING PUBLIC THE ACCESSION OF THE REPUBLIC OF THE PHILIPPINES TO THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS, REVISED AT BRUSSELS ON JUNE 26, 1948, dated March 15, 1955; See WIPO-Administered Treaties, Contracting Parties to the



Resolution No. 21 dated May 16, 1950, likewise concurred in the accession thereto by the Philippines.¹⁸³ Thereafter, the President, by Proclamation No. 137 dated March 15, 1955, made public the Philippines' accession to the Berne Convention "to the end that the same, and every article and clause thereof may be observed and fulfilled in good faith by the Republic of the Philippines and the citizens thereof."¹⁸⁴

Certainly, the legal recognition that the rights of public performance and communication to the public are two separate and distinct rights is not a foreign concept. This is well-recognized under Philippine law — under both the Berne Convention (Articles 11 and 11*bis*), to which the Philippines is a contracting party, and the IP Code (Sections 177.6 and 177.7 in relation to Sections 171.3 and 171.6). This clear distinction should not be lost — despite the ostensible similarity and overlap between the rights of public performance and communication to the public.¹⁸⁵

To be sure, there are cases where a single performance could constitute **both** public performance and communication to the public. For instance, if a band performs a musical composition live before a studio audience, and the same performance is either simultaneously or subsequently broadcasted over the radio by a broadcasting station, then the band's performance results in **both** a public performance and communication to the public. In this example, the act of directly performing the musical composition before the audience is itself a public performance, while the act of broadcasting the performance (not the actual performance itself) is a communication to the public. Thus, while there is only one performance, there are actually two acts which respectively result in the exercise of two separate economic rights.

In other words, unless there is a showing that the music being played via radio is not simply a sound recording but rather, being played live before a studio audience, then the playing of a radio broadcast as background music would **only** constitute a "communication to the public."

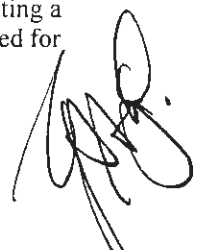
In this regard, it is worthy to note that Congress, when it amended the IP Code in 2012, saw it fit to expressly clarify in RA 10372 that "broadcasting" and "rebroadcasting" indeed fall within the right to communicate to the public. This further underscores that the broadcasting of musical compositions contained in sound recordings, by itself, is an exercise of the author's right to "communicate to the public," and not public performance. The table below compares the wording of Subsection 171.3 before and after said amendment:

Berne Convention, WORLD INTELLECTUAL PROPERTY ORGANIZATION, available at <https://wipolex.wipo.int/en/treaties/ShowResults?search_what=C&treaty_id=15>.

¹⁸³ Proclamation No. 137, *id.*

¹⁸⁴ *Id.*

¹⁸⁵ It is noted that under the wording of Section 171.6 of the IP Code, it is implied that an act constituting a "communication to the public" could likewise constitute a performance, had it not been for the "need for communication within the meaning of Subsection 171.3."



<p>RA 8293 or the IP Code, approved on June 6, 1997; took effect on January 1, 1998</p> <p>[Applicable law in the instant case]</p>	<p>RA 8293 or the IP Code, as amended by RA 10372, approved on February 28, 2013; took effect on March 22, 2013</p>
<p>SEC. 171. Definitions.— x x x</p> <p>171.3. “Communication to the public” or “communicate to the public” means the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them[.]</p>	<p>SEC. 171. Definitions.— x x x</p> <p>171.3. “Communication to the public” or “communicate to the public” means <u>any communication to the public, including broadcasting, rebroadcasting, retransmitting by cable, broadcasting and retransmitting by satellite, and includes</u> the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them[.] (Emphasis and underscoring supplied)</p>

The foregoing amended definition, reconciled with the definition of “public performance” under Section 171.6 of the IP Code, underscores that broadcasts of sound recordings by “wire or wireless means,” *i.e.*, by means of television or radio, indeed constitute only communication to the public, and **not** public performance.

C.

Any further communication to a “new public” beyond the original broadcast is an exercise of the right to communicate to the public under Section 177.7 in relation to 171.3 of the IP Code.

Proceeding from the foregoing discussion, I also submit that the communication of a radio broadcast via loudspeaker or a television screen, when done to a “new public,” constitutes an exercise of the right of communication to the public **separate** from the original broadcast.

As discussed above, the broadcasting or communication to the public right, under the Berne Convention, includes one primary right to authorize the broadcast of one’s work via wireless means,¹⁸⁶ and two other rights to authorize (i) the subsequent communication of said broadcast, by wire or rebroadcast, by an organization other than the one which originally made the broadcast, and (ii) the communication of the same broadcast via loudspeaker or a television screen to a “new public.”¹⁸⁷ As remarked by the WIPO — which interpretation indeed has “persuasive moral effect in the interpretation of our intellectual property laws”¹⁸⁸ — this concept of “new public” is a recognition that an author’s license for a broadcast of his or her work, as a

¹⁸⁶ WIPO Guide, p. 66.

¹⁸⁷ *Id.* at 67.

¹⁸⁸ *Ponencia*, p. 20 (citing Intergovernmental Committee and Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore, 14th Session, Geneva, June 29 to July 2009).

general rule, only covers a “license to broadcast as covering only the direct audience receiving the signal within the family circle,” and not subsequent broadcasts.

In other words, the license given by the author to the broadcasting stations does **not** cover all other uses made of the broadcast, unless otherwise clearly stipulated. Thus, as a general rule, such a license will not authorize third parties other than the broadcasting station to make any further “communication to the public” of the author’s work. After all, such third parties other than the author and the broadcasting station are **not** parties to a license agreement between the latter. It is a basic rule in contract law that contracts take effect only between the immediate parties to the same, unless the contract contains a stipulation which “clearly and deliberately” grants a favor upon a third person, or a stipulation *pour autrui*.¹⁸⁹ Hence, as a general rule, a stranger or third party cannot invoke the contract of another for his or her own interest.¹⁹⁰

Thus, any **further** “communication to the public” made of a broadcast by a party other than the broadcasting station, which is not otherwise analogous to fair use, should be deemed as a separate exercise of an author’s right under Section 177.7 in relation to Section 171.3 of the IP Code. This includes, among others, instances where an original broadcast is transmitted by a third party in favor of a “new public.”

In this regard, I cannot agree with the implication made by Senior Associate Justice Marvic M.V.F. Leonen (SAJ Leonen) that FILSCAP’s cause of action should be against the broadcaster, and not Anrey, since the contract is only between the “composer (or the composer’s representative) and the broadcaster”, and that “no privity [of contract] is alleged, must less established” between “the copyright holder and the recipient of electromagnetic wavelengths[.]”¹⁹¹ SAJ Leonen opines that:

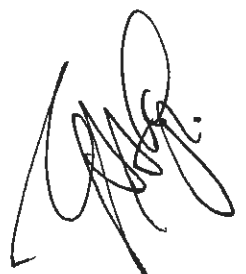
We note that FILSCAP has executed agreements with entities for the collection of royalty payments for the use of its members’ works. One such entity is the Kapisanan ng mga Brodkaster ng Pilipinas x x x. The license serves as a form of permission, whereby the broadcaster compensates the composer after being allowed to exercise the **composer’s rights to exclusively communicate their work to the public**. Compensation is determined by the number of compositions played within a certain period of time, with the broadcaster reporting its usage and FILSCAP doing its own monitoring.

If the broadcaster’s use of the musical compositions is unlicensed, then the broadcaster should be made liable for infringing the composer’s **right to exclusively communicate their work to the public**. Liability may perhaps attach to the members of the public under the Intellectual Property Code, as amended, if they benefited from the broadcaster’s direct infringement, provided that they had notice of the infringing activity and

¹⁸⁹ CIVIL CODE, Art. 1311; see *Sps. Narvaez v. Alciso*, 611 Phil. 452 (2009).

¹⁹⁰ *Integrated Packaging Corporation v. Court of Appeals*, 388 Phil. 835, 845 (2000).

¹⁹¹ Dissenting Opinion of SAJ Leonen, pp. 10-11.



the right and ability to control the direct infringer's activities and the secondary infringement was committed after the pertinent amendments to the Code.

If the broadcaster's use of the musical compositions is with a license, then the license's terms must be examined to determine the metes and bounds of the sanctioned use. If the use exceeds the stipulated bounds, the broadcaster should be made liable for breach of contract, or in the case of a Kapisanan ng mga Brodkaster ng Pilipinas member, memorandum of agreement.

x x x x

But here, the crux of the matter is the legal tie between the copyright holder and the recipient of electromagnetic wavelengths—radio waves—transmitted by the broadcaster. Certainly, it cannot be based on the contract between the composer (or the composer's representative) and the broadcaster. In our civil law, only parties to a contract are bound thereto, unless privity is proved. Here, no privity is alleged, much less established. There is no claim that any broadcaster exceeded the terms of use of the musical compositions it included in its programming. The broadcaster that facilitated the transmission of the compositions to Anrey, Inc. is not even a party to this case.¹⁹² (Emphasis supplied)

Precisely, however, the basic principle of relativity of contracts dictates that the license agreement between FILSCAP and the broadcasting organization is simply **irrelevant** in this case — unless Anrey is able to allege and prove that a stipulation *pour atrui* exists therein in the latter's favor. In other words, absent any stipulation *pour atrui*, the terms of the license agreement between FILSCAP and the broadcasting organization **has nothing to do** with the commercial use by a third party, *i.e.*, a business establishment such as a restaurant of Anrey, of said musical compositions. After all, what is being alleged in this case — and rightly so — is the direct infringement, and not indirect or secondary infringement, committed by Anrey, which it did by directly communicating to the public, without a license from FILSCAP, works in FILSCAP's repertoire through loud speakers in its commercial establishments.

Verily, it would simply be fallacious to sweepingly conclude that a license granted by a composer (or the composer's representative) in favor of one (such as the broadcaster) precludes the former from requiring licenses from other third parties. To rule otherwise would be an unwarranted derogation of the Philippines' obligations under the Berne Convention, and an unmistakable abridgment of the composer's right under Section 177.7 of the IP Code — which, as SAJ Leonen himself describes, consists of the "right to **exclusively** communicate [the author's] work to the public."¹⁹³

¹⁹² Id.

¹⁹³ Id.



To illustrate, in *SGAE v. Rafael Hoteles*,¹⁹⁴ the Court of Justice of the European Union (CJEU) addressed how the right to communicate to the public may be exercised by the broadcasting of works in public places.

In this case, Sociedad General de Autores y Editores de España (SGAE) filed a copyright infringement action against Rafael Hoteles SA (Rafael) before the courts of Spain, taking the view that the use of television sets and the playing of ambient music within the hotel owned by Rafael involved “communication to the public” of works belonging to the repertoire which it manages. During the pendency of the case, the Spanish court referred the following questions, among others, to the CJEU for a ruling: (i) whether “the installation in hotel rooms of television sets to which a satellite or terrestrial television signal is sent by cable constitute an act of communication to the public;”¹⁹⁵ and (ii) whether “communication that is effected through a television set inside a hotel bedroom [can] be regarded as public because successive viewers have access to the work[.]”¹⁹⁶

In response, the CJEU agreed with SGAE and held that Rafael’s act of placing of television sets in its hotel rooms constituted an act of communication to the public, essentially since the communication did not take place in a “strictly domestic location.” In so ruling, it took into account, among others, the “cumulative effects” of the successive clients occupying the rooms, and that as such, these clients could be considered overall as being a “new public.” The CJEU held, *to wit*:

37 The Court has held that, in the context of this concept, the term ‘public’ refers to an indeterminate number of potential television viewers (Case C-89/04 *Mediakabel* [2005] ECR I-4891, paragraph 30, and Case C-192/04 *Lagardère Active Broadcast* [2005] ECR I-7199, paragraph 31).

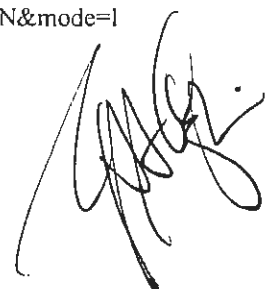
38 In a context such as that in the main proceedings, a general approach is required, making it necessary to take into account not only customers in hotel rooms, such customers alone being explicitly mentioned in the questions referred for a preliminary ruling, but also customers who are present in any other area of the hotel and able to make use of a television set installed there. It is also necessary to take into account the fact that, usually, hotel customers quickly succeed each other. As a general rule, a fairly large number of persons are involved, so that they may be considered to be a public, having regard to the principal objective of Directive 2001/29, as referred to in paragraph 36 of this judgment.

39 **In view, moreover, of the cumulative effects of making the works available to such potential television viewers, the latter act could become very significant in such a context. It matters little, accordingly, that the only recipients are the occupants of rooms and that, taken separately, they are of limited economic interest for the hotel.**

¹⁹⁴ Case C-306/05, December 7, 2006, available at <<https://curia.europa.eu/juris/showPdf.jsf?jsessionid=D80FA6C7FF9ED9C90DDA33A1933D2021?text=&docid=66355&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=1744812>>.

¹⁹⁵ *Id.*

¹⁹⁶ *Id.*



40 It should also be pointed out that a communication made in circumstances such as those in the main proceedings constitutes, according to Article 11bis(1)(ii) of the Berne Convention, a communication made by a broadcasting organisation other than the original one. Thus, such a transmission is made to a public different from the public at which the original act of communication of the work is directed, that is, to a new public.

41 As is explained in the Guide to the Berne Convention, an interpretative document drawn up by the WIPO which, without being legally binding, nevertheless assists in interpreting that Convention, when the author authorises the broadcast of his work, he considers only direct users, that is, the owners of reception equipment who, either personally or within their own private or family circles, receive the programme. According to the Guide, if reception is for a larger audience, possibly for profit, a new section of the receiving public hears or sees the work and the communication of the programme via a loudspeaker or analogous instrument no longer constitutes simple reception of the programme itself but is an independent act through which the broadcast work is communicated to a new public. As the Guide makes clear, such public reception falls within the scope of the author's exclusive authorisation right.

42 The clientele of a hotel forms such a new public. The transmission of the broadcast work to that clientele using television sets is not just a technical means to ensure or improve reception of the original broadcast in the catchment area. On the contrary, the hotel is the organisation which intervenes, in full knowledge of the consequences of its action, to give access to the protected work to its customers. In the absence of that intervention, its customers, although physically within that area, would not, in principle, be able to enjoy the broadcast work.

43 It follows from Article 3(1) of Directive 2001/29 and Article 8 of the WIPO Copyright Treaty that for there to be communication to the public it is sufficient that the work is made available to the public in such a way that the persons forming that public may access it. Therefore, it is not decisive, contrary to the submissions of Rafael and Ireland, that customers who have not switched on the television have not actually had access to the works.¹⁹⁷ (Emphasis and underscoring supplied)

In other words, the CJEU held that acts of retransmitting works — *i.e.*, by way of a placing televisions in hotel rooms with satellite or terrestrial television signal — are restricted acts insofar as retransmissions reach a “new public,” or a public which was not taken into account by the authors when they authorized their use by the communication to “original public.” The “original public” contemplated by the authors in this case would “only [be the] direct users, that is, **the owners of reception equipment who, either personally or within their own private or family circles, receive the progra[m].**”¹⁹⁸

¹⁹⁷ Id.

¹⁹⁸ Id.



Similarly, in a later case, the CJEU, in *Stichting Brein v. Ziggo BV*,¹⁹⁹ held that:

in order to be categori[z]ed as a ‘communication to the public’, a protected work must be communicated using specific technical means, different from those previously used or, failing that, to a “new public”, that is to say, to a public that was not already taken into account by the copyright holders when they authori[z]ed the initial communication of their work to the public.²⁰⁰

To stress, the “new public” concept — unlike the doctrine of multiple performances under US jurisprudence²⁰¹ — is not a wholly foreign concept which the Court should simply “adopt” as “persuasive” in the interpretation of the IP Code.²⁰² Rather, it is explicitly recognized under Berne Convention, to which the Philippines is a State Party, and subsumed within the broad definition of “communication to the public” under the IP Code. For one, paragraph (3) of Article 11*bis* of the Berne Convention expressly considers as a separate broadcast “the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.” For another, Section 171.3 of the IP Code broadly defines “communication to the public” as any act of making a copyrighted work “**available to the public** by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them.”²⁰³

Being a contracting party to the Berne Convention, the Philippines must recognize not only the distinction between the rights of public performance and communication to the public, as already discussed above, but also the scope and nature of the exclusive rights recognized under Article 11*bis* of the Berne Convention, namely — (i) the right to authorize the broadcast of one’s work via wireless means,²⁰⁴ (ii) the right to authorize the subsequent communication of said broadcast, by wire or rebroadcast, by an organization other than the one which originally made the broadcast, and (iii) the right to authorize the communication of the same broadcast via loudspeaker or a television screen to a “new public.”²⁰⁵ This recognition is vital “to the end that the [Berne Convention], and every article and clause thereof may be observed and fulfilled in good faith by the Republic of the Philippines and the citizens thereof.”²⁰⁶

In other words, any act of making a work available to the public “by wire or wireless means x x x” — whether by the broadcasting station (to its

¹⁹⁹ Case C-610/15, June 14, 2017, available at <<https://curia.europa.eu/juris/document/document.jsf?text=&docid=191707&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=2630159>>.

²⁰⁰ Id.

²⁰¹ This doctrine is applied in the *ponencia*. See *ponencia*, pp. 18-19.

²⁰² See *Cu v. Republic*, 89 Phil. 473, 478 (1951).

²⁰³ IP CODE, Sec. 171.3.

²⁰⁴ WIPO Guide, pp. 66-67.

²⁰⁵ Id. at 67.

²⁰⁶ Proclamation No. 137; See WIPO-Administered Treaties, Contracting Parties to the Berne Convention, WORLD INTELLECTUAL PROPERTY ORGANIZATION, available at <https://wipolex.wipo.int/en/treaties/ShowResults?search_what=C&treaty_id=15>.

original listeners, *i.e.*, the “original” public) and a business establishment (to its customers, *i.e.*, the “new public”) — would fall within the IP Code’s definition of “communication to the public.” Such an interpretation would certainly not be an indiscriminate expansion of a right which is already recognized under Section 171.3 of the IP Code, and would also better harmonize the provisions of the IP Code and the State’s obligations under the Berne Convention.

In this connection, the term “public,” in this sense, should be understood in light of the technical meaning given to it under Part IV (The Law on Copyright) of the IP Code, which entails “making the recorded sounds audible at a place or at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present.”²⁰⁷ Thus, making a radio broadcast audible, via loudspeaker, “at places where persons outside the normal circle of a family and that family’s closest social acquaintances are or can be present” should be considered as a separate exercise of the right to communicate to the public, pursuant to the IP Code in relation Article 11*bis* of the Berne Convention.

It is true, as intimated by SAJ Leonen, that paragraph (2) of Article 11*bis* of the Berne Convention provides that it is up to the signatory countries to legislate as to the conditions under which the broadcasting or communication to the public right shall be exercised within their respective jurisdictions.²⁰⁸ However, it bears stressing that the leeway given by paragraph (2) of Article 11*bis* of the Berne Convention to contracting parties is simply with respect to the determination of **the conditions** as to how “the rights mentioned in the preceding paragraph (paragraph (1) of Article 11*bis*) may be exercised,” but not **the recognition** of such rights. In this regard, Article 11*bis* even stresses that said conditions, if any, “shall apply only in the countries where they have been prescribed.”²⁰⁹ Needless to state, State Parties to the Berne Convention, such as the Philippines, are duty-bound to recognize the broadcasting or communication to the public right as described and recognized under Article 11*bis* of the Berne Convention.

In fact, it is apparent from the intent behind the enactment of the IP Code that the rights recognized under the Berne Convention, among others, consist of “**minimum norms and standards**” that the Philippines must adhere to. In his sponsorship speech, Senator Raul S. Roco notably remarked:

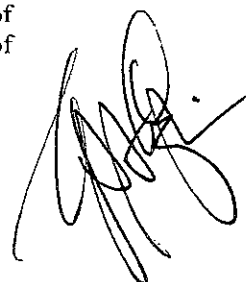
The Code and the TRIPS Agreement

²⁰⁷ IP CODE, Sec. 171.6.

²⁰⁸ Dissenting Opinion of SAJ Leonen, p. 17. BERNE CONVENTION, Article 11*bis*, paragraph 2 provides:

(2) It shall be a matter for legislation in the countries of the Union to determine the conditions under which the rights mentioned in the preceding paragraph may be exercised, but these conditions shall apply only in the countries where they have been prescribed. They shall not in any circumstances be prejudicial to the moral rights of the author, nor to his right to obtain equitable remuneration which, in the absence of agreement, shall be fixed by competent authority.

²⁰⁹ BERNE CONVENTION, Article 11*bis*, paragraph 2.



A landmark agreement in the history of intellectual property, to which the Philippines adhered on December 15, 1994, the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) requires that member-countries of the World Trade Organization (WTO) comply with existing international conventions, mainly the Paris and **Berne Conventions, and adopt in their respective legislation certain minimum norms and standards of intellectual property right protection.**

Senate Bill No. 1719 was crafted taking into consideration the country's adherence to the provisions of TRIPS.

Despite TRIPS, however, intellectual property protection is still largely left to domestic legislation, **as long as consistent with these minimum standards**, and always subject to the national treatment and most-favoured-nation clauses.²¹⁰

It bears stressing that Section 177.7 in relation to Section 171.3 of the IP Code, expressly gives authors the “exclusive right to carry out, authorize or prevent x x x [the] communication to the public of the work” which, as defined, “means the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them[.]” Other than said definition, the IP Code neither prescribes any other condition on how the right to communicate to the public may be exercised, nor imposes any restriction on the author’s “exclusive right” under the Berne Convention, of authorizing “the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.”²¹¹

It is thus clear — under both the respective texts of the IP Code and the Berne Convention, as well as Congress’ deliberations on the matter — that while the Philippines can, indeed, legislate as to the conditions by which said rights may be exercised, it must, at the very least, recognize and protect these rights, as a “minimum standard.” This interpretation, to my mind, is undoubtedly more consistent with the general intent of the IP Code’s enactment.²¹²

On this score, I respectfully disagree with the common assertion of AJ Lazaro-Javier and SAJ Leonen that a business establishment which turns on the radio for its customers — as Anrey’s restaurants did — does not exercise the right to communicate to the public.²¹³ In her view, AJ Lazaro-Javier opines that Anrey “did not exercise the right to communicate the work or the sound

²¹⁰ Full text of Sponsorship of Sen. Raul Roco, S. No. 1719, II RECORD, SENATE 10TH CONGRESS 2ND SESSION 132 (October 8, 1996); Article 9(1) of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) expressly refers to the Berne Convention, and requires that “Members shall comply with Articles 1 through 21 of the Berne Convention (1971) and the Appendix thereto.”

²¹¹ BERNE CONVENTION, Art. 11bis(1).

²¹² See *Philippine International Trading Corporation v. Commission on Audit*, 635 Phil. 448, 454 (2010): “It is a rule in statutory construction that every part of the statute must be interpreted with reference to the context, i.e., that every part of the statute must be considered together with the other parts, and kept subservient to the general intent of the whole enactment.”

²¹³ Dissent of AJ Lazaro-Javier, p. 8; Dissenting Opinion of SAJ Leonen, p. 10.



recordings to the public[,]"²¹⁴ simply based on the observation that "[i]t was not the one that transmitted [the sound recordings] to the public,"²¹⁵ and that rather, it was the radio station, having "possessi[on] or control[] [of] the sound recordings[,]"²¹⁶ which "made [it] possible [for] the sound recordings to be within the hearing of the patrons."²¹⁷ Similarly, SAJ Leonen asserts that "[i]n this case, the entity that made the musical compositions available to the public in the way described in Subsection 171.3 is not x x x Anrey, Inc., but the radio station or stations — the broadcaster — that transmitted the sound recordings on which the performances were fixed."²¹⁸ Thus, for SAJ Leonen, Anrey "is more correctly identified as a 'member of the public'" instead.²¹⁹

To the contrary, however, Article 11*bis* of the Berne Convention, as discussed above, clearly considers as an exercise of the right of communication to the public not only the "broadcasting of [a work] or the communication thereof to the public by any other means of wireless diffusion[,]" **but also** (i) "any communication to the public by wire or by rebroadcasting of the broadcast of the work, when this communication is made by an organization other than the original one[,]" or "the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work." This treatment of this exclusive economic right is likewise embraced by the broad definition of "communication to the public" under Section 171.3 of the IP Code, which covers **any** act of making a work "available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them."

As such, while the radio station is indeed, at the first instance, the "entity [in] possessi[on] or control[] [of] the sound recordings,"²²⁰ a person or entity which subsequently plays such broadcasted sound recordings to the public "by loudspeaker or by some analogous instrument e.g., a television screen[,]"²²¹ — as Anrey's restaurants did — separately exercises the authors' exclusive right of communication to the public apart from the radio station.

Too, it simply cannot be concluded, as SAJ Leonen does, that Anrey is a "member of the public" in the context of this case. To be sure, if FILSCAP's music were simply played by Anrey's restaurants for their own or their employees' non-commercial consumption — as Anrey alleged but failed to prove²²² — then its restaurants could have possibly qualified as part of the consuming public, and such act could have been justifiable to that extent based on the four "fair use" factors.²²³ Here, however, the use of FILSCAP's musical

²¹⁴ Dissent of AJ Lazaro-Javier, p. 7.

²¹⁵ Id.

²¹⁶ Id.

²¹⁷ Id.

²¹⁸ Dissenting Opinion of SAJ Leonen, p. 10.

²¹⁹ Id.

²²⁰ Dissent of AJ Lazaro-Javier, p. 7.

²²¹ See WIPO Guide, p. 69.

²²² *Rollo*, pp. 419-432, 578-579. Anrey alleged in its Answer that it simply played the radio for the benefit of its staff, for "the primary purpose of monitoring the weather and not to play music for its customer[s]."

²²³ See discussions in Part I of this Opinion in relation to fair use and the limitations on copyright.

works by Anrey was primarily commercial in nature or clearly intended for a commercial purpose, as the songs were played through two loudspeakers that were set up in the ceiling above the dining areas of these restaurants. Anrey, in the context of this case, is undoubtedly not a “member of the public,” but a business establishment which, for a commercial purpose, communicated FILSCAP’s works to a “new public.”

Ultimately, I also disagree with SAJ Leonen’s suggestion that the *ponencia*’s recognition of the “new public” concept is “highly irregular,” as it abdicates the Court’s task and power to interpret Philippine laws to a foreign authority such as the WIPO.²²⁴

In the first place, the *ponencia* resorts to the WIPO’s text simply as “persuasive”²²⁵ — and not conclusive, contrary to what SAJ Leonen suggests — in the exercise of the Court’s task of interpreting the IP Code and the Berne Convention. In the second place, this concept is embraced in the text itself of the Berne Convention — to which the Philippines is a contracting party — which expressly recognizes the author’s exclusive right to authorize “the public communication by loudspeaker or any other analogous instrument transmitting, by signs, sounds or images, the broadcast of the work.”²²⁶ More importantly, the scope and definition of the right of “communication to the public” under Sections 177.7 in relation to Section 171.3²²⁷ is broad enough to accommodate and include this right of authorizing “the public communication by loudspeaker or any other analogous instrument.”

The foregoing, to my mind, will give effect to both the IP Code and the Philippines’ treaty obligations under the Berne Convention. After all, it is one of the well-established rules of statutory construction that endeavor should be made to harmonize the provisions of a law or two laws so that each shall be effective.²²⁸

D.

Anrey exercised only the right of communication to the public, and not the right of public performance.

In view of the foregoing discussion, while I agree with the *ponencia*’s application of the “new public” concept, I disagree with the *ponencia*’s categorization of Anrey’s radio reception of copyrighted work and use of

²²⁴ Dissenting Opinion of SAJ Leonen, p. 16. SAJ Leonen opines that:

Similarly, the use of the texts produced by the World Intellectual Property Organization to interpret provisions of the Intellectual Property Code is highly irregular. In our Constitutional order, the task of interpreting Philippine laws is part of [the] judicial power vested in the Supreme Court and other courts as may be provided by law. (Id.)

²²⁵ *Ponencia*, p. 20.

²²⁶ BERNE CONVENTION, Art 11*bis*(1).

²²⁷ The IP Code defines this right as follows:

171.3. “Communication to the public” or “communicate to the public” means the making of a work available to the public by wire or wireless means in such a way that members of the public may access these works from a place and time individually chosen by them[.]

²²⁸ *Valera v. Tuason, Jr.*, 80 Phil. 823, 827 (1948).



loudspeakers as a “performance”²²⁹ under Section 177.6 of the IP Code. Corollarily, I disagree with the *ponencia*’s application of the doctrine of multiple performances under US jurisprudence, as this inaccurately assumes that a radio reception done via loudspeaker is a “public performance.”

In the present case, it is not disputed that Anrey’s restaurants played radio broadcasts of copyrighted music.²³⁰ Simply put, other than the communication to the public by “wire or wireless means x x x” of musical works in FILSCAP’s repertoire,²³¹ Anrey did not commit any other act which could separately qualify as a public performance. Hence, I respectfully submit that it would be a grave mistake to sweepingly conclude that “the act of playing radio broadcasts containing copyrighted music through the use of loudspeakers (radio-over-loudspeakers) is in itself, a performance.”²³²

On this score, I submit that the *ponencia*’s reliance on American authorities,²³³ particularly on the decisions in *Broadcast Music, Inc. v. Claire’s Boutiques, Inc.*²³⁴ (*Claire’s*) and *Buck v. Jewell-La Salle Realty Co.*²³⁵ (*Jewell*), is misplaced.

Noting that the provision of the US Copyright Law defining “public performance,” on which *Claire’s* was based, is “similarly worded to our own definition thereof,”²³⁶ the *ponencia* quotes with approval the following discussion in *Claire’s*, viz.:

Most relevant to the present case, the Supreme Court in *Twentieth Century Music Corp. v. Aiken*, dealt with a restaurant owner who played a radio with four speakers in his restaurant. Defendant Aiken owned a fast-food restaurant where customers usually stayed no more than ten or fifteen minutes. Following *Fortnightly*, the Court considered that a contrary ruling would result in practical problems because of the large number of small business establishments in the United States. As an economic matter, the Court felt that a copyright owner has adequately compensated for his work through his license fee with the radio station.

If *Aiken*’s rationale were to apply in our case, the radio playing by *Claire’s* store managers would not be performances and BMI would have no case. Congress, however, rejected *Aiken*’s rationale, if not its result, in the Copyright Act of 1976. The drafters defined “perform[er]” and “perform publicly” broadly in 17 U.S.C. § 101:

To “perform” a work means to recite, render, play, dance, or act it, either directly or by means of any device or process x x x.

x x x x

²²⁹ *Ponencia*, pp. 15-18, 21-26.

²³⁰ *Id.* at 4.

²³¹ *Id.* at 3.

²³² *Id.* at 16.

²³³ *Id.* at 17-18.

²³⁴ *Supra* note 134.

²³⁵ 283 US 191 (1931).

²³⁶ *Ponencia*, p. 18.

To perform or display a work “publicly” means –

(1) to perform or display it at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or

(2) to transmit or otherwise communicate a performance or display of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

Under these particular definitions, the restaurant owner in *Aiken* “performed” the works in question by “playing” them on a “device” -- the radio receiver. Furthermore, the performances were “public” because they took place at a restaurant “open to the public.” For the same reasons, *Claire’s*, through the actions of its employees, engages in public performances of copyrighted works when it plays the radio during normal business hours.²³⁷

Proceeding from the foregoing, the *ponencia* also asserts, based on the “doctrine of multiple performances” — a doctrine which was first conceived in *Jewell* — that a radio (or television) transmission or broadcast can create multiple performances at once, such that a radio station owner and a hotel operator can simultaneously “perform” a copyrighted work.

However, contrary to the *ponencia*’s assertion, said provision of the US Copyright Law defining “public performance” (17 U.S.C. § 101) is not “similarly worded” to the provision defining the same under the IP Code. Notably, the said provision under the US Copyright Law lumps together under “public performance” the following: (i) the actual performance of a work to the public, and (ii) the “transmis[sion] or otherwise communicat[ion] [of] a performance x x x of the work x x x to the public, by means of any device or process[.]” Hence, under the US Copyright Law as cited in *Claire’s* and *Jewell*, “communication to the public” as contemplated under the IP Code is subsumed within the blanket definition of “public performance.”

In stark contrast however, the IP Code, as discussed above: (i) expressly recognizes a right to “communicate to the public” separate and distinct from “public performance” (IP Code, Sections 177.6 and 177.7); and (ii) explicitly carves out from the scope of “public performance” those performances which require “communication within the meaning of Section 171.3” in order to be perceived (IP Code, Section 171.6 in relation to Section 171.3).

²³⁷ Id. at 17-18.



Indeed, with PD 49 and its predecessor, Act No. 3134 having been modeled after US copyright laws,²³⁸ the Court has time and again turned to US jurisprudence to aid in resolving issues involving copyright.²³⁹ After all, where local statutes are patterned after or copied from those of another country, the decisions of the courts in such country construing those laws are entitled to great weight in the interpretation of such local statutes.²⁴⁰

However, the foregoing is true only if what is being adopted is reasonable and in harmony with justice, public policy and other local statutes on the subject.²⁴¹ Thus, where the local law and the foreign statute from which the former was patterned differ in some material aspects, or where the adopting state has given the statute its own interpretation, the presumption that the foreign construction was adopted with the adoption of the statute no longer obtains.²⁴² In the latter case, the local law must perforce be construed “in accordance with the intent of its own makers, as such intent may be deduced from the language of each law and the context of other local legislation related thereto.”²⁴³

Here, as extensively discussed above, Congress expressly (i) carved out from the IP Code’s definition of “public performance” other “performances” which cannot be “perceived without the need for communication within the meaning of Section 171.3” and (ii) identified the public performance right and the right to communicate to the public as two separate and distinct economic rights. This distinction, however, is notably absent in the provision of the US Copyright Law cited in *Claire’s* and *Jewell*. Thus, I submit that the *ponencia’s* reliance on the same is misplaced.

Likewise, I submit that the *ponencia’s* reliance on the doctrine of multiple performances not only is improper, in light of the distinction under the IP Code between public performance and communication to the public, but is also unnecessary. For one, the playing of radio broadcasts via loudspeaker or otherwise by “wire or wireless means x x x” is not a “performance,” but a “communication” within the context of Section 177.7 in relation to 171.3 of the IP Code. Contrary to the statement in the *ponencia*, communication through “wire or wireless means” is **not** only limited to interactive on-demand systems like the internet.²⁴⁴ While the cited WIPO

²³⁸ WIPO Background, p. 141:

Act No. 3134 was patterned mainly on the American Copyright Law of 1909. Section 3 of the Act set forth the rights included in copyright. This was reproduced in its entirety in Section 5 of Presidential Decree No. 49, the current Copyright Law.

See also *The Intellectual Property System: A Brief History*, Intellectual Property Office of the Philippines, INTELLECTUAL PROPERTY OFFICE OF THE PHILIPPINES, available at <<https://www.ipophil.gov.ph/news/the-intellectual-property-system-a-brief-history/>>.

²³⁹ See *ABS-CBN v. Gozon*, supra note 63; *Pearl & Dean (Phil.), Incorporated v. Shoemart, Incorporated*, 456 Phil. 474 (2003).

²⁴⁰ Ruben E. Afpalo, STATUTORY CONSTRUCTION 185 (2009 ed.), citing *Wise & Co. v. Meer*, 73 Phil. 655 (1947) and *Carolina Industries, Inc. v. CMS Stock Brokerage, Inc.*, 97 SCRA 734 (1980).

²⁴¹ Id., citing *Cu v. Republic*, 89 Phil. 473 (1951).

²⁴² Id. at 187, citing *People v. Yadao*, 94 Phil. 726 (1954).

²⁴³ *Procter and Gamble Philippine Manufacturing Corp. v. Commissioner of Customs*, supra note 139, at 175.

²⁴⁴ *Ponencia*, p. 25.

Guide in the *ponencia* indeed explains that “the making available to the public of works in a way that the members of the public may access the work from a place and at a time individually chosen by them”²⁴⁵ **covers, in particular, on-demand, interactive communication through the internet**, this clarification is **not** intended to narrow down the scope of communication to the public to exclude broadcasting, as the *ponencia* states.²⁴⁶ This is clear from the same cited WIPO Guide which also states that the WIPO Copyright Treaty recognizes “**a broader right of communication to the public**” apart from the rights recognized by the Berne Convention.²⁴⁷ In other words, apart from the right of broadcasting — which, as discussed, is included in the right of “communication to the public” — the WIPO Copyright Treaty expanded the coverage of the right by including, in particular, on-demand, interactive communication through the Internet. Verily, the right of communication to the public also covers other wire or wireless channels like the use of a loudspeaker.

To be sure, the interpretation proffered by the *ponencia* that the right of communication to the public is only limited to on-demand, interactive communication through the Internet is directly in conflict with the IP Code, as amended by RA 10372 in 2013. To recall, RA 10372 refined the definition of “communication to the public” to eliminate the misconception that broadcasting, rebroadcasting, retransmitting by cable, broadcasting and retransmitting by satellite are not included in the definition of “communication to the public.”

For another, reliance on this US law doctrine is unnecessary, as the act of transmitting said radio broadcasts by Anrey’s restaurants to a “new public,” *i.e.*, the customers dining at these restaurants, is already covered by the definition of “communication to the public” under Section 171.3 the IP Code in relation to Article 11 *bis* of the Berne Convention.

To be sure, I agree with the *ponencia* that “it is immaterial if the broadcasting station has been licensed by the copyright owner,”²⁴⁸ but **not** “because the reception becomes a new public performance requiring separate protection,”²⁴⁹ under the doctrine of multiple performances.²⁵⁰ Rather, it is immaterial because any communication to a “new public” beyond the original broadcast is **a separate exercise** of the right to communicate to the public, pursuant to Section 177.7 in relation to 171.3 of the IP Code and Article 11 *bis* of the Berne Convention.

²⁴⁵ *Summary of the WIPO Copyright Treaty (WCT) (1996)*, WORLD INTELLECTUAL PROPERTY OFFICE, available at <https://www.wipo.int/treaties/en/ip/wct/summary_wct.html>.

²⁴⁶ *Ponencia*, p. 25: “Apparently, the phrase ‘the public may access these works from a place and time individually chosen by them’ refers to interactive on-demand systems like the Internet. It does not refer to other traditional forms like broadcasting and transmitting of signals where a transmitter and a receiver are required as discussed in the WIPO Guide to the Berne Convention.”

²⁴⁷ *Id.*

²⁴⁸ *Id.* at 19.

²⁴⁹ *Id.*

²⁵⁰ *Id.*



In sum, I proffer that absent any showing that the musical pieces played by Anrey on the radio were not simply sound recordings, but were likewise being played live before an audience (which could theoretically constitute, separately, as a “performance” in itself), as in this case, it would be improper to hold, as the *ponencia* does, that “the act of playing radio broadcasts containing copyrighted music through the use of loudspeakers (radio-over-loudspeakers) is in itself, a performance.”²⁵¹ I respectfully disagree that the playing of radio broadcasts as background music through a loudspeaker by Anrey’s restaurants is “public performance.” On this score, contrary to the conclusion reached by the *ponencia*, I submit that such radio broadcasts constitute an infringement only of the right to communicate to the public, and not of the right of public performance.

Lest I be misconstrued, however, I stress that I concur with the *ponencia* that Anrey, by playing radio broadcasts as background music in its restaurants despite not having obtained any license from FILSCAP, is guilty of copyright infringement.

III.

ANREY MUST PAY FILSCAP ACTUAL DAMAGES.

Section 216 of the IP Code enumerates the remedies for infringement. Specifically, paragraph (b) provides how the award to be paid should be computed, *viz.*:

SECTION 216. *Remedies for Infringement.* — 216.1. Any person infringing a right protected under this law shall be liable:

x x x x

(b) Pay to the copyright proprietor or his assigns or heirs such actual damages, including legal costs and other expenses, as he may have incurred due to the infringement as well as the profits the infringer may have made due to such infringement, and in proving profits the plaintiff shall be required to prove sales only and the defendant shall be required to prove every element of cost which he claims, or, in lieu of actual damages and profits, such damages which to the court shall appear to be just and shall not be regarded as penalty.

As seen in the provision, there are two alternative awards that courts may order the infringer to pay to the copyright proprietor or his assigns, namely:

- (i) **actual damages**, including legal costs and other expenses, as he may have incurred due to the infringement as well as the **profits** the infringer may have made due to such

²⁵¹ Id. at 16.



infringement, and in proving profits the plaintiff shall be required to prove sales only and the defendant shall be required to prove every element of cost which he claims; or, in lieu of actual damages and profits,

- (ii) **damages** which to the court shall appear to be **just** and shall not be regarded as penalty.

Notably, Section 216 of the IP Code mirrors the rules on awarding actual damages prescribed under the Civil Code.²⁵² Thus, if the Court were to award a copyright owner actual damages, such damages “must not only be capable of proof, but must actually be proved with reasonable degree of certainty.” Further, to be recoverable, the Court “cannot simply rely on speculation, conjecture or guesswork in determining the amount of damages[,]” such that there must be “competent proof” of the actual amount of loss incurred.²⁵³ Otherwise, in the absence of such “competent proof”, or if the amount of such loss “cannot be proved with certainty[,]” temperate damages which must be “reasonable under the circumstances” should instead be awarded.²⁵⁴

Here, the *ponencia* orders Anrey to pay FILSCAP: (1) ₱10,000.00, as “temperate damages; and (2) ₱50,000.00 as attorney’s fees and litigation expenses.”²⁵⁵

The *ponencia* recognizes that FILSCAP charges a fixed amount of license fees or royalties based on its rate cards.²⁵⁶ However, the *ponencia* submits that the annual license fees demanded by FILSCAP appears to be inequitable considering that FILSCAP was only able to prove use by Anrey’s restaurants of songs belonging to FILSCAP’s repertoire on 12 occasions.²⁵⁷ Accordingly, the *ponencia* deems it proper to award temperate damages of ₱10,000 considering that:

- 1) the license fees were charged annually and Anrey was only shown to have publicly performed FILSCAP’s songs on two different days; and 2) the license fees [represent] the use of over 20 million songs of FILSCAP’s repertoire and Anrey was only shown to have publicly performed FILSCAP’s 12 songs in total.²⁵⁸

I do not agree. Anrey should pay FILSCAP ₱12,600.00, or ₱6,300.00 per store, as actual damages for unpaid public performance license fees for two of the three of Anrey’s stores involved in the case.

²⁵² CIVIL CODE, Title XVIII.

²⁵³ *Republic v. Looyuko*, 788 Phil. 1, 16 (2016). citing *Dueñas v. Guce-Africa*, 618 Phil. 10, 20-21 (2009); CIVIL CODE, Art. 2199.

²⁵⁴ See *Yamauchi v. Suñiga*, 830 Phil. 122 (2018); CIVIL CODE, Arts. 2224-2225.

²⁵⁵ *Ponencia*, p. 39.

²⁵⁶ *Id.* at 41.

²⁵⁷ *Id.*

²⁵⁸ *Id.*



For one, the annual license fee of ₱6,300.00 was based on FILSCAP's rate cards prevailing at the time for restaurants playing mechanical music only, whose seating capacity is less than a hundred.²⁵⁹ This amount being claimed by FILSCAP corresponds to its **annual** license fee for the year 2009,²⁶⁰ which should have been paid by Anrey to FILSCAP "[h]ad [Anrey] secured a public performance license" from the latter.²⁶¹ As well, as alleged by FILSCAP, [b]y not paying the said amount, [Anrey] was effectively able to 'save' on expenses and accordingly increase its profits at the expense of [FILSCAP]."²⁶²

For another, FILSCAP was also able to substantiate through monitoring reports that music from FILSCAP's repertoire were played in Anrey's Sizzling Plate restaurants at (i) 116 Session Road, Baguio City, on July 2 and September 3, 2008, and (ii) 136 Abanao Extension, Baguio City, on July 18 and September 17, 2008, respectively.²⁶³ Thereafter, FILSCAP sent Anrey's restaurants six demand letters from July 24, 2008 to March 10, 2009,²⁶⁴ but all such demands remained unheeded.²⁶⁵

Based on the foregoing, it is clear that FILSCAP's members lost out on license fees for one year when two of Anrey's restaurants played copyrighted work starting July 2008 until 2009. Notably, the license fee that FILSCAP regularly charges "restaurants playing mechanical music only" is computed not based on a daily rate, but is fixed on an annual basis.²⁶⁶ Thus, it would be sufficient for FILSCAP to prove, as it did, that Anrey's restaurants publicly performed or communicated to the public copyrighted work in FILSCAP's repertoire at any time within a one year period (*i.e.*, year 2009) in order to substantiate its claim for actual damages.

That FILSCAP was able to prove Anrey's use of songs included in its vast repertoire only on 12 occasions is of no moment, and should not render award of actual damages inequitable. Verily, the annual license fee charged by FILSCAP is a fixed fee and not a variable rate dependent on the number of songs that will be played or used by the establishment. Thus, if Anrey decides to play the songs protected by FILSCAP **only on a single occasion, or even on multitude of occasions**, FILSCAP would still charge the same fixed annual license fee of ₱6,300.00 per year for each establishment.

As well, I find the *ponencia's* award of ₱50,000.00 as attorney's fees as likewise proper pursuant to Section 216.1 (b) of the IP Code. Here, as

²⁵⁹ Id. at 40. (citing Records Vol. II, p. 549).

²⁶⁰ *Rollo*, pp. 71 and 74.

²⁶¹ Id. at 143.

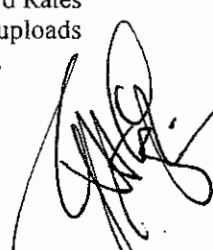
²⁶² Id.

²⁶³ Id. at 149-15 and 203-204.

²⁶⁴ Dated July, 24, 2008, August 12, 2008, November 28, 2008, January 7, 2009, March 5, 2009 and March 10, 2009, respectively.

²⁶⁵ Id. at 204.

²⁶⁶ *Ponencia*, p. 40 (citing Records Vol. II, p. 549); *rollo*, pp. 71 and 74; *see also* FILSCAP Standard Rates Restaurant/Fast Food/Canteen/Café/Coffee Shop, available at <<https://filscap.org/wp-content/uploads/2018/02/FILSCAP-Standard-Rates-Restaurant-Fast-Food-Cafe-Coffee-Shop-Food-Chain.pdf>>.




observed by the *ponencia*, FILSCAP presented during trial vouchers for the legal expenses it had incurred, and the said amounts were stipulated upon by the parties during trial.²⁶⁷

In light of the foregoing, I vote to **GRANT** the petition.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

CERTIFIED TRUE COPY



MARIA LUISA M. SANTILLA
Deputy Clerk of Court and
Executive Officer
CCC-La Banc, Supreme Court

²⁶⁷ *Ponencia*, p. 42 (citing Records, pp. 443-520; TSN dated August 23, 2011, p. 8).